Imagining the Neoliberal State

Assar Lindbeck and the Genealogy of Swedish Neoliberalism

Pressfeldt, Victor

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STUDIA HISTORICA LUNDENSIA

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Victor Pressfeldt

When the Lindbeck report was released in 1993, it was heralded as a neoliberal coup d'état, marking a significant shift in the governance of Sweden. By the mid-2020s, the radical proposals initially outlined in the report have become deeply ingrained in the Swedish political mainstream, influencing areas well beyond just economics. This doctoral thesis offers a genealogical exploration of Swedish neoliberalism through the works of economist Assar Lindbeck, the principal author of the 1993 report. The study traces the roots of its radical neoliberal proposals to Lindbeck's early writings from the 1950s, exploring their development through key debates of the 1960s, 1970s, and 1980s. This exploration reveals a unique and eclectic form of neoliberalism, shaped significantly by its Swedish context. This form, influenced by the theories of Hayek, Buchanan, Becker, Coase, and Friedman, uniquely blends elements of the welfare state and active labour unions within its broader vision of what can be described as a Swedish neoliberalism.

Victor Pressfeldt, born in 1984, is an historian at Lund University, Sweden. *Imagining the Neoliberal State* is his doctoral dissertation.

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Abstract:
This doctoral thesis explores the history of the Swedish present by investigating the genealogy of Swedish neoliberalism through the authorship of economist Assar Lindbeck. The study commences with the influential 1993 Swedish governmental report “Nya villkor för ekonomi och politik” and extends back to Lindbeck’s early authorship in the 1950s. The study shows how Lindbeck’s influential authorship was inspired by and eclectically re-articulated ideas from central neoliberal actors such as Freidrich von Hayek, Gary Becker, Milton Friedman, James Buchanan, and Ronald Coase.

The concept of neoliberalism utilised in the thesis is based on a Foucauldian and post-Foucauldian interpretation, emphasising Hayek’s idea that markets act as the most effective information processor available to humans. Further, neoliberals use the private enterprise as a template for governing. This also applies to how individuals are encouraged to govern themselves as competing firms in the form of human capital. Third, neoliberalism should not be mixed up with laissez-faire; instead, it emphasises active statecraft in both the creation and protection of markets and entrepreneurial subjects, as well as moral systems, family structures, and so on that help perpetuate (entrepreneurial) conduct of conduct, which I, following Foucault, call (neoliberal) governmentality.

The form of neoliberalism articulated by Lindbeck is a product of the unique Swedish context in which he operated. During the 1960s and 1970s, Lindbeck was profoundly influenced by debates against representatives of the New Left and neo-Malthusians, whose grievances he re-articulated and translated into a neoliberal framework. Eastern Bloc economists, whom Hayek influenced, also profoundly impacted Lindbeck’s authorship. Additionally, I have shown how Lindbeck problematised unemployment in a way that differs from the views of, for example, Chicago School neoliberals, reflecting a uniquely Swedish context. I have demonstrated that reshaping influential Swedish unions was part of a strategy to facilitate the production of entrepreneurial subjects and human capital. I argue that the accumulation of human capital should not be seen merely as the gaining of knowledge and education but is intimately linked to governing human behaviour.

I have also demonstrated how the form of neoliberalism that Lindbeck consistently articulated and re-articulated – often in an eclectic manner and always intertwined and hybridised with other governing models – exhibited a growing scepticism towards elected politicians and democratic influence, instead advocating for exerting influence through consumer actions in the marketplace and increasing the political influence of business leaders and economists.

Key words: neoliberalism, Assar Lindbeck, governmentality, Sweden, human capital, democracy

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MADE IN SWEDEN

For Morfia

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Writing a PhD thesis is a peculiar endeavour that has marked a significant epoch in my life. On the one hand, the PhD process can be seen as a solitary pursuit; on the other, it is also a journey characterised by intellectual comradeship. In every respect, a dissertation emerges from its social and academic environment, and this work is certainly no exception. While I take full responsibility for any errors, misjudgements, or awkward phrasing that may remain, despite thorough and constructive feedback, I must underscore that completing this thesis would not have been possible without the support and insights of the remarkable people around me.

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PART I

Introduction, purpose, and research problems

In 2020, the economics community mourned the loss of Assar Lindbeck, who passed away at the age of 90.[1] Renowned for his vigorous engagement in academia and public debate until his final days, Lindbeck was widely recognised as a pivotal figure in modern Swedish economics, with an influence that echoed well beyond Sweden's borders. His friend and colleague Hans Tson Söderström noted that Lindbeck's legacy could be compared to that of Swedish economists such as Knut Wicksell, Gustav Cassel, Eli Heckscher, Erik Lindahl, Gunnar Myrdal, and Bertil Ohlin.[2] From a national perspective, these were giants with significant international outreach.

Internationally, Lindbeck was arguably best known for his influential role on the committee of the Alfred Nobel Memorial Prize in Economic Sciences, often called the Nobel Prize in Economics. His dominant role in the selection of winners from the late 1960s to the early 1990s helped steer the field of international economics in a neoliberal direction.[3] In Sweden, however, Lindbeck was perhaps publicly best known for his leadership of the Economy Commission, commonly known as the Lindbeck commission. Published in 1993 after a notably swift three-month inquiry, the commission's 113 recommendations marked a radical departure from the long tradition of Keynesian politics. Heavily influenced by a range of neoliberal thinkers, including Friedrich von Hayek, Milton Friedman, James Buchanan, and Gary Becker (all of whom had been awarded the Alfred Nobel Memorial Prize in Economics with Lindbeck's support), these recommendations were described in the media as an attempt at "a peaceful coup d'état".[4] The majority of these

[1] Lars Calmfors et al., "Till minne: Assar Lindbeck," *Dagens nyheter*, 2020-09-08, 2020, 90, https://www.dn.se/familj/till-minne-assar-lindbeck/.

[2] Hans Tson Söderström, "Mentorn Assar Lindbeck – ett personligt porträtt," *Ekonomisk Debatt* 2 (2021): 9.

[3] Avner Offer and Gabriel Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn* (Princeton, NJ: Princeton University Press, 2016), 179; Philip Mirowski, "The Neoliberal Ersatz Nobel Prize," in *Nine Lives of Neoliberalism*, ed. Dieter Plehwe, Quinn Slobodian, and Philip Mirowski (London: Verso, 2019).

[4] Assar Lindbeck, "Lindbeckkommissionen och framtiden," *Ekonomisk Debatt* 4 (2013): 16.

recommendations have since been implemented, initiating significant policy shifts such as the abandonment of full employment and a democratically controlled central bank.[5]

Yet, it remains challenging to assess the impact of Lindbeck's research, as Söderström noted at the time of his death. However, his influence as a government advisor, public intellectual, and figurehead within academia is easier to determine. Lindbeck's prominence in the public debate was not achieved through a regular newspaper column or similar outlets; rather, it stemmed from his standing as a pre-eminent Swedish economist who often acted as a political advisor. This status endowed him with the authority to speak as an expert across a broad spectrum of subjects, extending beyond the traditional boundaries of economics.[6] Some of his peers attributed his success in economics to his prodigious output as a researcher, where he prioritised the application of new theories over the time-consuming development of original empirical work. Drawing upon a Hayekian metaphor, which posits that intellectuals act mainly as intermediaries rather than originators of novel ideas, and aligning with Söderström's characterisation, Lindbeck can aptly be described as one of Sweden's most successful "second-hand dealer in ideas".[7]

While Assar Lindbeck's writings are central to this dissertation, my aim is not to create a comprehensive biography of his life. Instead, I focus on examining Lindbeck's writings and the context in which they were produced, leading up to the formulation of the 113 recommendations of the Lindbeck commission's report, published in 1993. This analysis is intended to trace the genealogy of a specific form of neoliberalism that existed in Sweden in the 1990s and had its culmination with these recommendations. My aim is to discover how Lindbeck, originally a social democratic economist, intricately and non-linearly transformed his thinking as represented in his authorship by using neoliberalism to answer specific problematisations. In analysing this genealogy, my study will also shed light on the moments when his thinking intersected with, and at times diverged from, traditional neoliberal thinking.

In conducting this analysis, I have particularly been inspired by Michel Foucault's insights into the role of the author and what he calls the "author-function". For Foucault, engaging with an author's writings is a means of grasping a specific discourse, rather than commenting on the person behind the text. This perspective informs my approach to Assar Lindbeck's work, as I seek to explore the genealogy of a particular form of neoliberal

[5] Johan Juhlin, "Nationalekonomen Assar Lindbeck är död," *SVT.se* (Stockholm), 2020-08-28 2020, https://www.svt.se/nyheter/inrikes/nationalekonomen-assar-lindbeck-ar-dod. Calmfors et al., "Till minne: Assar Lindbeck."; Niklas Ekdal, "Assar Lindbeck – forskaren vi har att tacka för Sveriges stabilitet," *Dagens nyheter*, 2020-09-06, 2020, https://www.dn.se/ekonomi/niklas-ekdal-assar-lindbeck-forskaren-vi-har-att-tacka-for-sveriges-stabilitet/.

[6] Or so is hinted in Tson Söderström, "Mentorn Assar Lindbeck – ett personligt porträtt," 19-20.

[7] Hayek famiously argued that intellectuals should reader be described as "secondhand dealers in ideas" and that those wo seek to change society should try to influence journalists, academics and, so on. Friedrich A. von Hayek, "The Intellectuals and Socialism," *The University of Chicago Law Review* Spring 1949 (1949).

discourse and the history of the Swedish present. Foucault highlighted in his analysis of Freud and Marx that the "distinctive contribution of these authors is that they produced not only their own work but also the possibility and the rules of formation of other texts".[8] In this analysis, I extend my examination of Lindbeck beyond his individual contributions as an economist to consider how his writings, through their engagement with and influence on prevailing discourses, illuminate the genealogy of neoliberal thought within Sweden. This approach recognises Lindbeck's position as arguably the most institutionally influential economist in Sweden from the 1980s onwards.[9] Mark Blyth's observation on Lindbeck's pivotal role in the shift towards neoliberalism encapsulates the transformative impact of his work: "Once Lindbeck had shifted, the discipline as a whole shifted, and what was once unthinkable was fast on its way to becoming a new orthodoxy."[10] This statement underscores the profound influence Lindbeck wielded, prompting a major discursive shift within the field of economics in Sweden. Following Blyth's understanding of the importance of Lindbeck, my objective in exploring Lindbeck's body of work is to deepen our understanding of the broader neoliberal discourse as it has unfolded in the Swedish context.

The collective authorship of some of the texts analysed in this dissertation, particularly the government reports, including the so-called Lindbeck commission report, is of secondary importance to my primary objective. While I acknowledge Lindbeck's significant influence in shaping these texts, my focus is less on his individual authorship and more on how these works as a whole contribute to the genealogy of Swedish neoliberalism. My analysis, therefore, utilises these texts not just as products of Lindbeck's thinking, but as instruments for tracing the genealogy of a specific neoliberal discourse which had a major impact on Swedish statecraft.

While recognising the importance of structural factors over individual agency in historical analysis, I would argue that an examination of neoliberalism requires a strong focus on its key figures and proponents. This approach aligns with that of Michel Foucault, a staunch structuralist who nonetheless placed significant emphasis on prominent neoliberal thinkers. In his 1979 lecture series "Birth of biopolitics", Foucault undertook an in-depth analysis of works by Friedrich von Hayek, Ludwig von Mises, Gary Becker, Milton Friedman, Wilhelm Röpke and Walter Eucken, among others, in order to dissect the logics of

[8] Michel Foucault, "What is an Author?," in *Aestehetics, Method and Epistemology*, ed. James D. Faubion (New York: The New Press, 1998), 217.

[9] Mark Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," *World Politics* 54, no. 1 (2001): 16, http://www.jstor.org/stable/25054172.

[10] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 16.

neoliberalism.[11] His method demonstrates that understanding neoliberalism necessitates engaging with the contributions of its major thinkers.

Although there is widespread consensus on the immense influence of Assar Lindbeck, the nature of his legacy remains a subject of debate and is somewhat shrouded in confusion. Divergent views on Lindbeck's intellectual stance illustrate this contention. As shown by (among others) Agneta Hugemark, Assar Lindbeck was one of the key actors behind the transformation of the Swedish field of economics away from Keynesianism.[12] Historian Bo Stråth has, however, somewhat downplayed Lindbeck's significance, categorising him merely as another social democratic economist.[13] Historian Jenny Andersson describes him as a dissident "of the social democrat world view, and key interpreter of the mixed economy",[14] which included, but also extended beyond, elements of neoliberal thinking.[15] Further, political scientist Mark Blyth acknowledges Lindbeck's inspiration from neoliberalism but contends that he "did not go all the way"[16] in embracing its principles fully.[17] I posit that the prevailing interpretations of Lindbeck are, at least in part, shaped by his own narrative of being a social democrat who grew disenchanted with his party's adoption of the wage earner funds, suggesting that he merely responded to what he perceived as social democracy's excessive reach during the 1960s and 1970s. The other aspect, his incomplete embrace of neoliberalism, stems, I believe, from a misconception of neoliberalism as entirely antagonistic towards the state. This viewpoint tends to misinterpret both Hayekian and public choice theories on state transformation as mere compromises in a misconstrued dichotomy of state versus markets.

While there is no comprehensive study that meticulously follows Assar Lindbeck's intellectual journey throughout his entire career, the influence of neoliberal thinkers on his work is well documented by scholars such as Jenny Andersson, Philip Avner Offer, and Gabriel Söderberg. This facet of Lindbeck's intellectual influences is accepted without dispute in this dissertation, recognising the significant impact that neoliberal ideas have had on his body of work. This acknowledgment provides a solid basis for a deeper examination of Lindbeck's writings.[18] Lindbeck's intellectual journey was characterised not just by the

[11] Michel Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, ed. Michel Senellart (Basingstoke England; New York: Palgrave Macmillan, 2008).

[12] Agneta Hugemark, *Den fängslande marknaden: ekonomiska experter om välfärdsstaten* (Lund: Arkiv, 1994).

[13] Bo Stråth, *Mellan två fonder: LO och den svenska modellen* (Stockholm: Atlas, 1998).

[14] Jenny Andersson, "Neoliberalism Against Social Democracy," *Tocqueville Review* 41, no. 2 (2020): 90.

[15] Andersson, "Neoliberalism Against Social Democracy," 90.

[16] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 16.

[17] Stråth, *Mellan två fonder: LO och den svenska modellen*, 174.

[18] Andersson, "Neoliberalism Against Social Democracy."; Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*; Mirowski, "The Neoliberal Ersatz Nobel Prize."

increasing influence of neoliberal thought, but also by his significant contributions to its evolution, including his unique take on the welfare state from a neoliberal perspective. Despite embracing fundamental principles of neoliberalism, Lindbeck's relationship with neoliberalism was somewhat complex. While he aligned with certain neoliberal tenets, his approach to and application of these ideas within the Swedish context, or in his broader economic philosophy, had distinctions that set him apart from other neoliberal thinkers. He was also not a direct member of any prominent transnational neoliberal networks, like the Mont Pelerin Society. Moreover, his ideas were also influenced by other economic schools, including neoclassical economics and neo-Keynesianism, which occasionally stood in contrast to neoliberalism. As will be explored in detail in my research, and as previously established, Lindbeck's intellectual development was influenced by a variety of thinkers, with established neoliberal figures being just one category among many.

In summary, this dissertation aims to illuminate the genealogy of a particular form of Swedish neoliberalism, using the writings of Assar Lindbeck as a primary lens. By examining his writings, which often addressed contemporary problems, this study seeks to unravel the emergence and development of a distinct strain of neoliberalism that came to prominence in Sweden during the 1990s. This exploration reveals a journey that was far from linear and lacked a predetermined goal or telos. While acknowledging that the history of neoliberalism can be approached from various perspectives, it is important to recognise that this dissertation does not encompass the totality of neoliberalism as implemented in Sweden. Instead, it focuses on a significant aspect where Lindbeck's writings played a key role.

Outline

This dissertation begins with an exposition of my theoretical and methodological framework. Given that my methodological approach is rooted in theory, I have opted not to distinguish between the two. Key analytical concepts such as context and articulation are introduced here, along with my interpretations of governmentality, the state, and state phobia. This is followed by an overview of my research material and the practical methodology employed for its selection and analysis. Next, I present an in-depth exploration of neoliberalism, incorporating a critical examination of both international and Swedish research on the subject. This section aims to synthesise new interpretations with my critical analysis of seminal neoliberal texts, particularly those from the public choice school of thought.

The succeeding chapter analyses Assar Lindbeck's engagement with neoliberalism, starting with biographical insights and progressing to a detailed examination of his intellectual evolution. I focus on his interactions within the social democratic debate and with the Old Left in the 1950s, his early period in the United States during the 1960s, his dealings with the New Left and the environmental movement (including neo-Malthusians) in the 1960s and 1970s, and his involvement in the wage earner funds debate in the 1970s, which led to his departure from the Social Democratic Party. This is followed by an in-depth analysis of Lindbeck's role in the Bjurel delegation on industry and trade policy in the late 1970s, culminating in the 1979 publication of the report *Vägar till ökad välfärd* ("Roads to Increasing Prosperity"). I present both the preparatory work for the report and a detailed examination of the report itself. Next, I explore Lindbeck's intellectual journey during the 1980s, with emphasis on his participation in the welfare debate and the development of his insider-outsider theory. This leads into an analysis of the 1993 report by the Lindbeck commission, followed by a comparative study of the two reports and culminating in the conclusions drawn from the research.

Questions of theory and methodology

A genealogical approach

First referred to in the introduction, Michel Foucault's genealogical approach warrants a more comprehensive presentation. I interpret Foucault's genealogy as a method for writing the history of the present, aiming to understand how today's peculiar tendencies have emerged from a non-teleological historical background. This perspective underscores the idea that today's form of neoliberalism is not a result of historical inevitability but emerged from a series of unpredictable events. The genealogical approach, as outlined by Foucault in his foundational work, "Nietzsche, Genealogy, History", prompts historians to challenge the established narratives of "unbroken continuity" and instead explore the emergence of the novel and the unprecedented. It emphasises the rejection of the notion that the historical trajectory taken was the only conceivable path. Foucault insists instead that:

> to follow the complex course of descent is to maintain passing events in their proper dispersion; it is to identify the accidents, the minute deviations — or conversely, the complete reversals — the errors, the false appraisals, and the faulty calculations that gave birth to those things that continue to exist and have value for us; it is to discover that truth or being do not lie at the root of what we know and what we are, but the exteriority of accidents.[19]

The genealogical method does not seek the origins of the specific form of neoliberalism whose development I aim to trace through Lindbeck's writings. Instead, it focuses on understanding its formation through a confluence of "unpredictable events" and "clashing political forces".[20] My interest, therefore, does not lie in tracing the origins of a Swedish form of neoliberalism, as if following its teleological journey through history towards a predetermined goal. Rather, my focus is on how it emerged from a heterogeneous set of diverse ideas and discourses, intersecting through history, akin to threads interweaving to form a complex fabric.

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[19] Michel Foucault, "Nietzsche, Genealogy, History," in *Language, Counter-Memory, Practice: Selected Essays and Interviews*, ed. Donald Bouchard, F. (New York: Cornell University Press, 1977), 146.

[20] David R. Howarth, *Discourse*, Concepts in the Social Sciences, (Buckingham England ; Philadelphia, PA: Open University Press, 2000), 71-73.

My approach to history, causality, and contingency, though grounded in Foucault's genealogical method, has been significantly shaped by the poststructuralist school of discourse analysis. While I aim to prevent my analysis from becoming overly burdened by theoretical jargon, it is essential to clarify certain epistemological and ontological considerations before proceeding.

Analytical concepts

Before proceeding, I will first discuss six analytical concepts essential to the methodological framework I employ. Subsequently, I will explore two broader analytical concepts with significant implications for my analysis: governmentality and context. These will then lead into a discussion of a range of related analytical concepts integral to deepening the study.

Discourse

The first is the concept of discourse. While this dissertation is not a post-structural discourse analysis in the instrumental sense — meaning I do not aim to identify nodal points, floating signifiers, elements, and moments — I share the post-structural understanding of discourse by using a broad definition. Broadly speaking, discourses shape and construct our perception of truth, reality, and societal norms, influencing how subjects are created, governed, and encouraged to govern others and themselves. My post-structural understanding of discourse has led me to perceive central societal conventions as socially constructed, potentially contested, and open to rapid and sudden change. For instance, I view logic and rationality (acknowledging the existence of multiple forms of logics and rationalities) as determined by discourse. This also applies to who is considered credible or able to speak truth in a given context, as well as what is regarded as good, bad, right, or wrong. All of these notions thus become objects of my analysis.[21] This approach does not distinguish between discursive and non-discursive practices. For example, I see the act of being an entrepreneur as just as meaning-creating as a text that describes what an entrepreneur is or should be.

I acknowledge that there are multiple and competing discourses offering different logics about what can be considered true and which rationalities can be used to claim legitimacy or the right to be taken seriously in a given field.[22]

In line with poststructuralist thought, my approach to discourse analysis challenges the notion of causal explanations of social phenomena. I contend that society is not governed by universal laws awaiting discovery. Consequently, theories rooted in natural sciences

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[21] Howarth, *Discourse*, 1ff.

[22] Howarth, *Discourse*, 1ff.

cannot be directly applied to social sciences or humanities.[23] Here I am inspired by David Howarth's notion of how a discourse theorist ought to work. He writes that:

> discourse theorists are concerned with how, under what conditions, and for what reasons discourses are constructed, contested and change. They seek, therefore, to describe, understand and explain particular historical events and processes, rather than establish empirical generalisations or test universal hypotheses, and their concepts and logics are designed for this purpose.[24]

This way of addressing problems is perhaps not new, and it is in line with a long tradition of historians who attempt to explain historical notions, events, or ideas from their historical contexts, rather than trying to use history to find mechanisms to foretell the future. Nor can I work from the assumption that it is possible to assume that the historical material that I analyse is governed by any universal law. Rather, I see all human action as contingent on their given context in time and space.

Articulation

The second concept is *articulation*, by which I mean the act of partially fixating meaning within a given discourse of that which is articulated. I say partially, because meaning can never be completely fixed because "there will always be forces against which it is defined".[25] There will always be competing definitions of a concept, even if one definition is predominant. Neither can meaning ever be historically fixed but is always open to change.. My focus is on what is openly done, said, and written, and the contexts in which these actions occur. As I will describe below, this contextual approach allows for the analysis of the implicit effects of these articulations.

Dislocatory event

Thirdly, the concept of a dislocatory event is crucial to my understanding of discourse. A dislocatory event is for example an economic depression, or a crisis, that makes old discursive truths and theories appear false or inadequate. According to Jason Glynos and David Howarth:

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[23] Howarth, *Discourse*, 131.

[24] Howarth, *Discourse*, 131.

[25] Howarth, *Discourse*, 102-03.

> A dislocatory experience such as an economic depression may thus reveal the contingency of taken-for-granted social practices, highlighting the fact that the existing system represents only one way of organising social relations amongst others.[26]

A crisis, then, can make truths and logics that were previously confined to marginalised discourses move and replace truths and logics in the dominant or general political discourse. Both the reports that serve as the main sources for the latter part of this dissertation will be read as relating to such dislocatory events: the so-called oil crisis during the 1970s and the Swedish financial crisis during the early 1990s. I will discuss these dislocatory events as historical contexts in greater detail in my analysis.

Problematisation

The fourth concept is that of *problematisation*, which I use with inspiration from Michel Foucault. Problematising politics, for example, means interrogating politics regarding "what it had to say about the problems with which it was confronted".[27] In Foucault's words, problematisation is:

> a question of a movement of critical analysis in which one tries to see how the different solutions to a problem have been constructed; but also, how these different solutions result from a specific form of problematisation.[28]

A key word here is construction.[29] Problematisation thus works to, through the process of articulation, construct meaning for the entities problematised in each context. The concept of context needs a more in-depth explanation since it has strongly affected my analysis. I use it in relation to another of my central analytical concepts, speech act, which I will also discuss below. These analytical concepts work together with the methodological framework discussed above.

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[26] Jason Glynos and David Howarth, *Logics of Critical Explanation in Social and Political Theory*, Routledge innovations in political theory ; 26, (London: Routledge, 2007), 104.

[27] Michel Foucault, "Polemics, Politics and Problematizations: An Interview Conducted by Paul Rabinow in May 1984," in *The Essential Works of Foucault, 1954-1984*, ed. Paul Rabinow and James D. Faubion (New York: New Press, 1997), 115.

[28] Foucault, "Polemics, Politics and Problematizations: An Interview Conducted by Paul Rabinow in May 1984," 118-19.

[29] As is pointed out by Jason Glynos and David Howarth in Glynos and Howarth, *Logics of Critical Explanation in Social and Political Theory*, 167.

Ontology and epistemology

Because, as I will soon discuss, neoliberalism is based on ontological and epistemological premises, I need to clarify what I mean by ontology and epistemology.[30] Ontology is a branch of metaphysics, or philosophy, that deals with the question of being.[31] In the context of this dissertation, an ontological question could be "What is a market?" or "How do the market and the state relate to each other?"

Epistemology is a branch of philosophy that deals with the question of what can be known, what is knowable, or how knowledge can be attained.[32] I will henceforth discuss questions of what can be known, or problems related to what can be known, as epistemological questions. Epistemological questions are often, as in the case of neoliberalism, related to ontological questions. For example, the statement that information is radically fragmented and dispersed in society is ontological, while the statement that this leads to the idea that individuals must utilize markets to handle information is epistemological.

My focus on the epistemological and epistemic aspects of neoliberalism is partly influenced by how I view, in alignment with Philip Mirowski's research, Friedrich von Hayek's article "The Use of Knowledge in Society" as a foundational text in the neoliberal canon, if such a term can be used.[33] This also aligns with Michel Foucault's notion that, within liberalism and neoliberalism, the market functions as a site for veridiction — that is, the authority to determine what is true and false — right and wrong.[34]

Context

Concerning the use of "context" and "contextualisation", my approach draws heavily on Mitchel Dean's and Kasper Villadsen's interpretation, which is rooted in both post-Foucauldian and poststructuralist perspectives. They adopt Quentin Skinner's idea of "context", integrating it with Foucault's understanding that statements should be

[30] Philip Mirowski, "The Political Movement that Dared Not Speak its own Name: The Neoliberal Thought Collective Under Erasure," *Institute for New Economic Thinking* Working Paper No. 23 (2014), https://www.ineteconomics.org/uploads/papers/WP23-Mirowski.pdf.

[31] Peter M. Simons, "ontology," in *Encyclopedia Britannica* (2015). https://www.britannica.com/topic/ontology-metaphysics.

[32] A.P Martinich and Avrum Stroll, "epistemology," in *Encyclopedia Britannica* (2024).

[33] Friedrich A. von Hayek, "The Use of Knowledge in Society," *Online Library of Liberty* (2009), http://oll.libertyfund.org/title/92. Martin Beddeleem, "Recording Liberalism," in *Nine Lives of Neoliberalism*, ed. Dieter Plehwe, Quinn Slobodian, and Philip Mirowski (London: Verso, 2020). Mirowski, "The Political Movement that Dared Not Speak its own Name: The Neoliberal Thought Collective Under Erasure."

[34] Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 32ff.

interpreted as actions, not merely as semantic constructs.[35] This approach to contextual analysis is also prevalent in poststructuralist thinking.[36]

Despite originating in distinct intellectual traditions that might appear difficult to reconcile, Michel Foucault and Quentin Skinner arrive at a strikingly similar methodological conclusion: statements are always actions (or attempted actions) in the context in which they are articulated. This perspective emphasises the importance of understanding the action that a statement represents within its specific context, rather than seeking an intrinsic meaning, a meaning "in itself".[37] This approach is critical for my analysis, as it shifts the focus from the inherent meaning of a statement to the role it plays within a particular discourse or historical moment.

In his classical text "Meaning and understanding in the history of ideas" from 1969, Skinner argues against what he calls the two main orthodoxies in the history of ideas.[38] The first, and according to him the dominant one, implies that a text always carries its own meaning and that it should be understood autonomously with little or no consideration of its context. The other orthodoxy states, to the contrary, that the meaning of a text is determined by its framework and that "religious, political and economic factors" totally define it.[39] Rather than treating the context as a determinant of what is being articulated, or alternatively totally disregarding it, Skinner urges us to treat the context as "an ultimate framework for helping to decide what conventionally recognisable meanings, in a society of *that* kind, it might in principle have been possible for someone to have intended to communicate".[40] We can thus understand the context as a framework that determines the boundaries of what is possible to do or think in any given moment of history. "Our society", writes Skinner, "places unrecognised constraints upon our imaginations".[41] This epistemological conclusion intersects with Michel Foucault's understanding of how

[35] Kaspar Villadsen and Mitchell Dean, "State-Phobia, Civil Society, and a Certain Vitalism," *Constellations* 19, no. 3 (2012): 402.

[36] Glynos and Howarth, *Logics of Critical Explanation in Social and Political Theory*; David R. Howarth, *Poststructuralism and After: Structure, Subjectivity and Power* (New York: Palgrave Macmillan, 2013).

[37] Even if Skinner is still preoccupied with trying to figure out the intentions of a specific author, I think that his conclusions are compatible with for example Roland Barthes argument about the death of the author and Foucault's notion of the author function. I am not looking for what the authors "really" meant in a specific context, but rather how the text, articulation, speech act etcetera could be interpreted in a historical context.

[38] Perhaps, some might argue, these "orthodoxies" have less relevance today, especially since we in the historical community have experienced many so-called "turns" away from the scientific paradigms that Skinner in 1969 positioned himself against (the so-called linguistic or cultural one being the most significant).

[39] Quentin Skinner, "Meaning and Understanding in the History of Ideas," *History and Theory* 8, no. 1 (1969): 3.

[40] Skinner, "Meaning and Understanding in the History of Ideas," 49.

[41] Skinner, "Meaning and Understanding in the History of Ideas," 53.

discursive formations work as limiting frameworks for possible thinking and doing, but it is an idea that Quentin Skinner attributes to a Marxist tradition.[42]

Skinner's assumption leads to the conclusion that classical texts (or for that matter any historical text) "cannot be concerned with our questions and answers, but only with their own".[43] Thus, the reason why I study historical texts about neoliberalism should not be to find an answer to what neoliberalism really is, or to establish whether Assar Lindbeck really was a neoliberal, but rather to see what is being done when (for example) neoliberal logics are articulated and utilised in a specific (historical, spatial, intellectual, and so on) context.

In his archaeological method, Michel Foucault was concerned, as Dean and Villadsen have demonstrated, not with what concepts signify, but with what they do within the context of a discursive formation. This orientation becomes even more accentuated in Foucault's later genealogical approach, where he "emphasise[s] the intelligibility of statements and forms of knowledge as actions rather than mere semantic decoding".[44] As Dean and Villadsen point out, both Skinner and Foucault (in spite of their differences — especially on the matter of whether an author's genuine intention can be discovered) would agree that an articulation (or a speech act) should be understood as illocutionary. Skinner's understanding of an illocutionary act is borrowed from the philosopher J.L. Austin who regards all speech acts as performances that have direct consequences. Utterances about what the state really is, for example, can be understood as illocutionary acts that "seek to intervene in a particular field",[45] contesting the state's presumed duties and engaging in contestation of differing views regarding its responsibilities. It is this type of intervention that I, in my analysis, will try to make clear and explicit by analysing the consequences of the specific utterance in the context in which it is being used. To be clear, I am not primarily interested in explaining or mapping what a specific articulation of (for example) the state means in itself, but rather what role the concepts of the state have in the specific contexts in which they are articulated. In order to make this possible, I will try to make the possible interlocutors of a specific text explicit, as far as it can be done. This means that I will continuously try to make sense of what a specific articulation does (or aims to do) and, importantly, at whom it is targeted.

Governmentality

In this thesis, I will scrutinise how Lindbeck articulates and re-articulates how governing should be conducted and facilitated, from what logic and rationality and to what aims. Following an understanding of governing and government inspired by Michel Foucault,

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42 Skinner, "Meaning and Understanding in the History of Ideas," 53. Mitchell Dean and Kaspar Villadsen, *State Phobia and Civil Society: the Political Legacy of Michel Foucault* (Stanford: Stanford University Press, 2016), 10-11.

43 Skinner, "Meaning and Understanding in the History of Ideas," 50.

44 Dean and Villadsen, *State Phobia and Civil Society: the Political Legacy of Michel Foucault*, 11.

45 Dean and Villadsen, *State Phobia and Civil Society: the Political Legacy of Michel Foucault*, 12.

this examination, while recognising the important role of the state, extends beyond questions related to the roles and actions of the state. According to Michel Dean, this broader Foucauldian concept of governing and government includes any means to regulate conduct, defined as behaviour or a set of behaviours possible to undertake in a specific context, in one aspect or another. Dean writes that:

> Government is any more or less calculated and rational activity, under-taken by a multiplicity of authorities and agencies, employing a variety of techniques and forms of knowledge, that seeks to shape conduct by working through the desires, aspirations, interests and beliefs of various actors, for definite but shifting ends and with a diverse set of relatively unpredictable consequences, effects and outcomes.[46]

To scrutinise how governing works thus also entails examining the form of rationality, which can be defined as any mode of thinking that "strives to be relatively clear, systematic, and explicit about aspects of 'external' or 'internal' existence, about how things are or how they ought to be."[47] This form of rationality, in turn, is formed by discourse and potentially challenged by other discursive notions regarding what is rational.

This broader definition of governing leads me to focus on what Michel Foucault calls governmentality, understood in this dissertation as the "conduct of conduct." As explained by Michel Dean, this definition relates to several aspects of the notion of "conduct". He writes that "'to conduct" means to lead, to direct or to guide, and perhaps implies some sort of calculation as to how this is to be done".[48] These insights shed light on the ethical and moral dimensions of conduct, where morality is understood as how one makes oneself accountable for one's behaviour. This is linked to self-direction and appropriate behaviour in specific situations, such as in the workplace or various social contexts. Conduct thus also refers to evaluative and normative aspects of behaviour, that is, how one should behave, what is good and bad behaviour and so on, as well as how this can and should be regulated and controlled by, for example, teachers if we take the context of, the classroom as a concrete example but also through norms of conduct that in turn can be seen as regulatory for those that regulate behaviour. This perspective on governing, encapsulated in the conduct of conduct, refers not only to how subjects are governed by external authorities but also to how individuals are encouraged or incentivised to govern themselves and how those who govern others also govern themselves. For instance, individuals are encouraged to self-regulate or self-govern without external disciplining mechanisms or outside authorities by creating, supporting, or altering moral systems and similar regulatory frameworks.[49]

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[46] Mitchell Dean, *Governmentality: Power and Rule in Modern Society* (Thousand Oaks, California: SAGE Publications, 2010), 18.

[47] Dean, *Governmentality: Power and Rule in Modern Society*, 18-19.

[48] Dean, *Governmentality: Power and Rule in Modern Society*, 17.

[49] Dean, *Governmentality: Power and Rule in Modern Society*, 16ff.

Thus, I consider virtue and morality as potential objects for governmental intervention aimed at altering the conduct of conduct, both for those being governed and those who govern. From a Foucauldian perspective, these notions of conduct are closely associated with strategies[50] of modern governing. What is articulated as rational, right, wrong, good, bad, and so on thus becomes the object of my analysis, as these articulations determine who should be governed, how they should be governed, and to what ends they should be governed.

My governmental perspective or focus on the "conduct of conduct" is closely connected to my understanding of neoliberalism and the concrete strategies of indirect governing associated with neoliberalism. According to Foucault, liberalism and neoliberalism should be understood not as a theory, ideology, or set of policies but rather as a specific governing rationality oriented towards particular objectives. Foucault's examination of governmentality as the conduct of conduct coincided with his exploration of neoliberalism, particularly the American neoliberalism associated with the Chicago School and economist Gary Becker on one side and German ordoliberalism on the other. I will elaborate on this further down, in my discussion on neoliberalism.

Further, since I, in this dissertation, will focus on articulations of the state, I find it necessary to discuss what a state is or how articulation of the state can be interpreted. To do this, I borrow from Michel Foucault who refuses to articulate a theory of the state. This, according to Foucault, is necessary because "the state does not have an essence".[51]

> The state is not a universal nor in itself an autonomous source of power. The state is nothing else but the effect, the profile, the mobile shape of a perpetual statification (*étatisation*) or statifications, in the sense of incessant transactions which modify, or move, or drastically change, or insidiously shift the source of finance, modes of investment, decision-making centres, forms and types of control, relationships between local powers, the central authority, and so on. In short, the state has no heart, as we well know, but not just in the sense that it has no feelings, either good or bad, but it has no heart in the sense that it has no interior. The state is nothing else but the mobile effect of a regime of multiple governmentalities.[52]

As such, the state does not have an inner secret that waits to be uncovered or revealed and any ambition to do so would be futile.

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[50] Following Foucault, I will sometimes refer to arguments aimed at achieving a specific outcome within a particular discourse or context as strategies. These strategies do not imply individual or hidden intentions but rather reflect the "almost universal, found everywhere relationship in which specific forms of power and knowledge are used to 'direct, in a fairly constant manner and with reasonable certainty, the conduct of others'." Alan McKinlay and Eric Pezet, "Foucault, Governmentality, Strategy: From the Ear of the Sovereign to the Multitude," *Critical Perspectives on Accounting* 53 (2018/06/01/ 2018), https://doi.org/https://doi.org/10.1016/j.cpa.2017.03.005, https://www.sciencedirect.com/science/article/pii/S1045235417300291.

[51] Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 77.

[52] Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 77.

Deeply connected with Foucault's reading of the state is the phenomenon of state phobia. State phobia, according to Foucault, is an intellectual tradition that can be traced back at least to the enlightenment. It can be found in "liberal and neoliberal ideas of civil society, in assertions of the nation against the state […] in republican ideas of human wickedness that leads to government against the inherent goodness of civil society, and in revolutionary Marxist aspirations for the 'withering away of the state'".[53] More concretely, Foucault understands state phobia as a sign of something that tends to manifest itself as a crisis in governmentality. Therefore, we can uncover signs of state phobia throughout the political spectrum.[54]

In the context of this dissertation, then, the concept of state phobia is primarily relevant because I seek to study how the state is articulated through the act of linking and problematisation. When analysing notions of the state as a problem, and actions outside the sphere of the state (a notion that Michel Foucault himself calls state phobia), we must consider that this has a long history in Western thinking. The concept of state phobia transcends left and right divisions, linking ideologies from Marxist socialism to classical liberalism and contemporary neoliberalism. It is essential to clarify that the prevalent notion in modern political discourse — which associates a strong state with leftist politics and critique of the state with right-wing politics — is overly simplistic and often misleading. This misconception is perhaps accentuated by the pronounced antistatist rhetoric within right-wing circles since the 1980s. However, it is critical to recognise that such rhetoric may not necessarily reflect the actual practices or foundational principles of right-wing or neoliberal governance. Furthermore, equating leftism broadly with state defence is equally problematic. For instance, Marx envisioned the ultimate telos of communism as the dissolution of the state, while on the other hand a neoliberal thinker like Hayek saw a strong (albeit limited) state as essential for ensuring a functioning market economy and a "free society". Further, the fundamental critique of the state as an instrument for the bourgeoisie's class domination can be traced from Marx via Engels to Lenin. Perhaps this also, in part, explains why many Marxists, due to their state phobia, left Marxism for the neoliberal or neoconservative movement when Marxism began to collapse as an intellectual movement in the 1980s. In some circles, these movements were seen as presenting credible alternatives to contemporary governance. As a result, former Marxists had to accept the second-best alternative in their critique against the state.[55]

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[53] Villadsen and Dean, "State-Phobia, Civil Society, and a Certain Vitalism," 404.

[54] Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 76.

[55]See for example David Brolin, *Omprövningar: svenska vänsterintellektuella i skiftet från 70-tal till 80-tal* (Lund: Celander, 2015).

Source materials

Since this analysis is qualitative, I will not attempt to argue whether my material is representative of Swedish neoliberalism or even Assar Lindbeck's authorship in general. Instead, I will discuss how and why I selected my sources here. I will also attempt to problematise my own selection process, highlighting what I believe are both strengths and potential problems, acknowledging that other choices could have been made.

Before I explain my source selection process chapter by chapter, I will comment on how it follows my poststructural understanding of Skinner's notion of context and Foucault's genealogical approach.

Due to the genealogical nature of my study, the initial selection process is the reverse of the analytical approach presented in this thesis. By this, I mean that I began at the study's end, tracing the genealogies of the arguments and discourses presented in the 1993 Lindbeck report backwards. During a second reading, however, I went through the material chronologically in order to create a better overview of the chronological development of Lindbeck's authorship and how it was developed through the attempt to solve a series of problematisations. In some ways, I have even moved sideways, inspired by Foucault's analogy of the crawfish, attempting to understand how different problematisations are interlinked — for example, the problems of the state, civil society, knowledge, virtue, and so on.[56]

My selection process has been guided by the question of what is problematised in the material, how these issues are connected, and how certain articulations addressing contemporary questions can be traced back to earlier problematisations in seemingly unrelated debates. From a Foucauldian genealogical perspective, this approach means that the material selection process has both influenced and been influenced by the ongoing study.

I have used Lindbeck's publication list, which was published in 2009, as a guide to create an initial overview of what he has published. It spans an impressive 31 pages, encompassing over 400 publications — which is not exhaustive.[57] Two pivotal guides in the endeavour to pinpoint important and formative articles, debates and so on for Lindbeck have been his 2012 autobiography, *Ekonomi är att välja* (Economics is Choosing), and a 2021 issue of *Ekonomisk Debatt* posthumously dedicated to Lindbeck by his colleagues. Additionally, Avner Offer and Gabriel Söderberg's *The Nobel Factor*, which discusses Lindbeck, has proved invaluable for creating an overview in the source selection. Jenny Andersson's work has also offered insights regarding valuable sources. My genealogical method, where I follow Lindbeck's authorship backwards, has further allowed me to independently examine his intellectual journey rather than simply relying on his self-articulated historical narrative. In

[56] Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 78.

[57] Assar Lindbeck, "Publications by Assar Lindbeck in chronological order," (2009). http://perseus.iies.su.se/~alind/Links/PublALCHRON.pdf

choosing texts and sources, I have followed the leads and themes that emerged organically from the texts I have reviewed.

Further, given my methodological approach, which posits that Lindbeck's articulations should be contextualised within the political milieu where they target specific antagonists, I have elected to examine the key debates that appeared instrumental in shaping his intellectual formation. First, I scrutinised the 1993 Lindbeck report and then moved backwards, studying Lindbeck's engagement in the welfare debate and his formulation of the insider and outsider theorem in the 1980s. Moving back further, I examined Lindbeck's involvement in the 1979 "Road to Increasing Prosperity Report." Following this, I investigated Lindbeck's interactions with proponents of wage-earner funds within the Social Democratic Party — a matter that ultimately led him to sever his ties with the party.

Continuing backwards, I explored his involvement with the environmental movement and the Neo-Malthusians, particularly in the wake of the Limits to Growth report by the OECD. Tracing the genealogy of Lindbeck's authorship through the 1960s, I delved into Lindbeck's engagement with the New Left, which emerged as a significant adversary of those advocating market-oriented solutions between the 1960s and the 1970s. Finally, I reach the beginning of this thesis's analytical chapter, which covers Lindbeck's internal debate with the Social Democrats, focusing especially on his interactions with the ideas of the so-called Old Left. This faction primarily sought solutions in more "classical" models of socialism, advocating for economic planning and similar approaches.

However, my investigation is not without its limitations. This dissertation is not intended as an exhaustive biography — personal, intellectual, or academic — of Lindbeck. Areas such as his involvement with the Research Institute of Industrial Economics, his role in the OECD, and his consultancy work for the Swedish Ministry of Finance are not exhaustively investigated. Both would require major independent studies with extensive archival work. Additionally, they would likely not change the results of my study in a significant way, as Lindbeck's work in the OECD has already been covered in the research field, particularly regarding the neo-Malthusian debate in the 1970s.

To provide a more balanced view, I have accessed Assar Lindbeck's personal archive at Stockholm University and included other works that mention him, for example those of influential characters in the Swedish public debate during the post war era, such as Sture Eskilsson. Additionally, I have consulted critical academic literature on Lindbeck and his oeuvre, as well as archival material that became available after his death. Collectively, these sources enable us to understand and explain Lindbeck's complex relationship with neoliberalism.

Because of the eclectic nature of the sources, I shall frequently have occasion to return to considerations of their relevance, context, and other pertinent factors. Continuing, I will now present the main sources on a chapter-by-chapter basis, along with a very brief explanation of why they have been chosen for my analysis. Since I have worked genealogically, moving from the most recent sources to the oldest, I am presenting the chapters in an order that is reversed from how they are arranged in this thesis, where the material is presented in chronological order.

The Lindbeck report

The report itself is the main source in my chapter on the 1993 report. It is a product of the Lindbeck Commission published under the title *Nya villkor för ekonomi och politik*[58] or "New conditions for economics and politics" in the SOU series, Statens Offentliga Utredningar or "Swedish Government Official Reports". The report was commissioned by the Swedish centre-right government to tackle Sweden's severe financial crisis in the early 1990s.

The archival material related to the Lindbeck Commission is notably and exceptionally sparse. There are no minutes of meetings or other materials offering insights into the report's preparatory work within the SOU archive at the Swedish National Archive at Marieberg in Stockholm. I will discuss the implications of the lack of archival material in my report analysis. To fully complement the lack of archival sources, I will also discuss testimonies from the commission members in journalistic interviews, academic articles, and Lindbeck's autobiography.

My analysis of the Lindbeck report had vast implications for which themes in Lindbeck's authorship that I have chosen to trace genealogically. These themes include Lindbeck's articulation of the state and its responsibilities, the role of markets and the price mechanism related to Hayekian epistemology, governmental strategies concerning the conduct of conduct, the question of human capital, the role of consumption in decision-making and the fulfilment of individual desires, the role of unions vis-à-vis the state, the concept of pluralism, the articulation and problematisation of welfare and unemployment, the articulation of environmental issues, the articulation of long-term stability and its implications for democratic decision-making, and the problematisation of politics and politicians in decision-making, among others. My selection of sources in my other chapters has been directly contingent on my reading of the 1993 Lindbeck report.

Lindbeck in the 1980s'

The selection of sources in this chapter is based on central themes, primarily regarding Lindbeck's articulation of welfare and his discussions on the insider and outsider dilemma, which are key concepts in the 1993 report. To scrutinise Lindbeck's discussions on the welfare state in the 1980s, I have used Volume II of The Selected Essays of Assar Lindbeck,

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[58] Assar Lindbeck et al., *SOU 1993:16: Nya villkor för ekonomi och politik* (Stockholm: Finansdepartementet, 1993).

titled "The Welfare State,"[59] as a guide. I have examined the articles "Redistribution Policy and the Expansion of the Public Sector" (1985), "Interpreting Income Distribution in a Welfare State: The Case of Sweden" (1983), "Disincentive Problems in Developed Countries" (1981), "Consequences of the Advanced Welfare State" (1988), "Work Incentives in the Welfare State" (1981), "Tax Effects versus Budget Effects on Labour Supply" (1982), "Limits to the Welfare State" (1986), and "Individual Freedom and Welfare State Policy" (1988) before deciding which texts to analyse in depth. I have chosen to closely analyse the articles "Consequences of the Advanced Welfare State" and "Individual Freedom and Welfare State Policy" because of their broad themes and implications for the arguments that could be traced genealogically from the Lindbeck report. Although only these two texts are cited in my analysis, all of the mentioned articles have been read to determine what texts deserve a closer examination.

For my discussion on the insider-outsider dilemma, I have chosen to scrutinise Lindbeck's initial book on the topic, namely *Involuntary Unemployment as an Insider-Outsider Dilemma*[60] (1984), which he wrote with Dennis J. Snower. I believe the choice of this initial book is helpful in understanding how the articulation of the insider-outsider theorem addresses central problematisations regarding both the unemployment question and the issues of welfare and union power in Lindbeck's authorship.

Challenging Keynesian governing: Roads to increasing prosperity

The main source in this chapter is the final report of the Bjurel delegation, the 1979 *Vägar till ökad välfärd*[61] (hereafter referred to as "Roads to increasing prosperity") part of the so-called "departementsserien" or Ministry Publications Series (Ds). Its explicit objective was to address legislative issues impacting the business sector, as identified by the Swedish government in the aftermath of the 1970s oil crises.

I have further examined the Riksarkivet (Swedish National Archives) at Marieberg in Stockholm for information on the Bjurel report. Core materials have been minutes of meetings, supplemented by correspondence among delegation members and reports related to the delegation's activities. These documents have been invaluable in shedding light on the internal debates within the delegation.

"Roads to Increasing Prosperity" is a significant text in the genealogy of Lindbeck's authorship, even though it was not written solely by him. It also played a crucial role in the debate regarding the "structural problems" of the Swedish economy and Swedish politics

[59] Assar Lindbeck, *The Selected Essays of Assar Lindbeck Vol. 2: The Welfare State* (Aldershot: Elgar, 1993).

[60] Assar Lindbeck and Dennis J. Snower, Involuntary Unemployment as an Insider-Outsider Dilemma, 1984, University of Stockholm, Institute for International Economic Studies, Stockholm.

[61] Bertil Bjurel et al., *Ds Ju 1979:1: Vägar till ökad välfärd: betänkande* (Stockholm: LiberFörlag/Allmänna förlaget, 1979).

in the late 1970s. The text has not been thoroughly analysed in previous research, which makes it particularly important to scrutinise.

The 1979 report covers many of the same topics as the 1993 report but is written in a fundamentally different political and academic context, with neoliberalism still being marginalised in contemporary research. I consider it fundamental in tracing the genealogy of neoliberal thought and understanding how it develops through a series of problematisations of contemporary issues that Lindbeck addresses in his authorship. For example, his dealings with the unemployment problem in relation to the problematisation of the growing welfare state are ideas that can then be traced to the articulation of the insider-outsider theorem.

Leaving social democracy

In this chapter, I continue backwards and scrutinise Lindbeck's authorship when he was on the verge of leaving the social democratic movement in the mid-1970s. Here, I examine how Lindbeck used the concept of pluralism in the Swedish public debate against the proponents of the wage-earners fund. An important source for this is his newspaper article in *Dagens Nyheter*, "Dödsdom för pluralism"[62] from 1976. Following themes prominent in both the Lindbeck report and the Bjurel report, I also analyse Lindbeck's discussion on the economist's role in governance. This led me to examine his articles "Strategier för den ekonomiska rådgivaren"[63] from 1978 and "Stabilization Policy in Open Economies with Endogenous Politicians"[64] from 1976, which are central texts on the topic.

Furthermore, this chapter relies heavily on secondary sources, especially when discussing Lindbeck's involvement in the OECD during the mid to late 1970s. I have synthesised research from Jenny Andersson, Matthias Schmelzer, and Vincent Gayon to trace Lindbeck's role in the OECD.[65] This chapter also includes an analysis of Gordon Tullock's

62 Assar Lindbeck, "Dödsdom för pluralism," *Dagens Nyheter* (Stockholm), 1976-03-25 1976.

63 Assar Lindbeck, "Strategier för den ekonomiska rådgivaren," *Ekonomisk Debatt* 8 (1978).

64 Assar Lindbeck, "Stabilization Policy in Open Economies with Endogenous Politicians," *The American Economic Review* 66, no. 2 (1976), http://www.jstor.org/stable/1817192.

65 Jenny Andersson, "The Future of the Western World: the OECD and the Interfutures Project," *Journal of Global History* 14, no. 1 (2019), https://doi.org/10.1017/S1740022818000384, https://www.cambridge.org/core/article/future-of-the-western-world-the-oecd-and-the-interfutures-project/25812E9C60E68D3DEFFD2BD57A15C761; Matthias Schmelzer, *The Hegemony of Growth: The OECD and the Making of the Economic Growth Paradigm* (Cambridge: Cambridge University Press, 2016). https://www.cambridge.org/core/books/hegemony-of-growth/A80C4DF19D804C723D55A5EFE7A447FD; Vincent Gayon, "Debating International Keynesianism: The Sense of the Acceptable and the Neoliberal Turn at the OECD," *Annales. Histoire, Sciences Sociales* 72, no. 1 (2017), https://doi.org/10.1017/ahsse.2018.21, https://www.cambridge.org/core/article/debating-international-keynesianism-the-sense-of-the-acceptable-and-the-neoliberal-turn-at-the-oecd/8CBF6FBF584D0E25C67981F9494D7DB2.

Svenskarna och deras fonder[66] from 1978, translated to Swedish and published by Timbro, to highlight the similarities between Lindbeck's authorship and Tullock's, a central neoliberal figure in the Virginia School.

Engaging the environmental movement, and the neo-Malthusians

This chapter emphasises the importance of environmental issues for Lindbeck, as highlighted in both governmental reports. Following Lindbeck's focus on environmental questions, I delve into his engagement with the proponents of the influential OECD report, *Limits to Growth* from 1972.

Important sources for this chapter include material from Lindbeck's archive at Stockholm University, which contains personal correspondence regarding environmental issues. The chapter centres on an analysis of Lindbeck's newspaper debates, including "Domedagsprofeternas julafton"[67] published in Dagens Nyheter in 1974, as well as his response to critics in the Dagens Nyheter article "Replik om tillväxtens gränser,"[68] also from 1974. Another key source is Lindbeck's article published in Ekonomisk Debatt, "Den ovissa framtiden — en studie i anpassningsmekanismer,"[69] also from 1974, which can be seen as an academic version of his newspaper articles.

These sources illuminate how Lindbeck, in an eclectic manner, formed his understanding of environmental issues by heavily leaning on transnational neoliberal thinkers. I have chosen them to trace the genealogy of the environmental question in Lindbeck's authorship by scrutinising a context in which Lindbeck was debating his neo-Malthusian adversaries, adversaries in the New Left, and others.

Entering the 1970s

In this chapter, I utilise the research from Offer & Söderberg and Philip Mirowski to explain Lindbeck's involvement in awarding the so-called Nobel Prize in Economics.[70] Additionally, the anthology *Ekonomiska system*[71], with introductions to central neoliberal texts by Assar Lindbeck, has proven to be an important source for understanding how

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[66] Gordon Tullock, *Svenskarna och deras fonder: en analys av SAP-LOs förslag* (Stockholm: Timbro, 1978).

[67] Assar Lindbeck, "Domedagsprofesternas julafton," *Dagens Nyheter* (Stockholm), 1974-01-13 1974.

[68] Assar Lindbeck, "Replik om Tillväxtens gränser," *Dagens Nyheter* (Stockholm), 1974-02-05 1974.

[69] Assar Lindbeck, "Den ovissa framtiden – en studie i anpassningsmekanismer," *Ekonomisk Debatt* 8 (1974).

[70] Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*; Mirowski, "The Neoliberal Ersatz Nobel Prize."

[71] Assar Lindbeck, ed., *Ekonomiska system: en antologi* (Stockholm: Rabén & Sjögren, 1971).

Lindbeck engaged with neoliberal thinkers and Hayekian epistemology, especially in his problematisation of the state and governance in relation to his understanding of the problem of fulfilling individuals' desires through politics.

Further, I scrutinise Lindbeck's 1971 article "The Efficiency of Competition and Planning,"[72] tracing his use of Hayekian epistemology in relation to his definition of efficiency. This text is fundamental to understanding the articulation of efficiency in the 1979 Bjurel report. The article "Ekonomiska system — ett mångdimensionellt problem"[73] is also examined to elucidate Lindbeck's worldview, including how he problematised his contemporary world and its trajectory, and his projections for the future in the 1970s. I work from the assumption that the way Lindbeck problematised his contemporary world and its potential trajectories was central to the development of his authorship, as well as his utilisation of neoliberal ideas as a means to intervene in contemporary debates.

Engaging the New Left

Moving backwards, I scrutinise Lindbeck's engagement with the New Left during his scholarly visit to Columbia and Berkeley in the late 1960s. This period appeared to be formative for his authorship and his utilisation of neoliberal ideas, particularly Gary Becker's theory of human capital. This theory, which can be considered one of the main pillars of the neoliberal articulation of human behaviour, became central for Lindbeck in his later work, especially evident in the 1993 report.

In this chapter, I have used material from Lindbeck's archive at Stockholm University to understand his perspectives on the world and the United States. To gain insight into Lindbeck's engagement with the New Left at Berkeley and Columbia, I have searched in Dagens Nyheter and found the article "Svensk lärare i USA: Studenternas våldsmetoder farliga"[74] from 1969, in which Lindbeck is interviewed about the student movement.

The most central sources in this chapter, however, are Lindbeck's debate book *The Political Economy of the New Left: An Outsider's View*[75] from 1971, as well as his article "Den nya vänstens nationalekonomi"[76] from 1970. I use these texts to scrutinise how Lindbeck

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72 Assar Lindbeck, "The Efficiency of Competition and Planning," in *Planning and Market Relations: Proceedings of a Conferene held by the International economic Association at Liblice, Czechoslovakia*, ed. Michael Kasher and Richard Portes (London: The McMillan Press LTD, 1971).

73 Assar Lindbeck, "Ekonomiska system - ett mångdimensionellt problem," *Ekonomisk Debatt* 1 (1971).

74 Sigfrid Leijonhufvud, "Svensk lärare i USA: Studenters våldsmetoder farliga," *Dagens nyheter* (Stockholm), 1969-05-25 1969.

75 Assar Lindbeck, *The Political Economy of the New Left: An Outsider's View* (New York: Harper & Row, 1971).

76 Assar Lindbeck, "Den nya vänsterns nationalekonomi," in *Ekonomisk politik i förvandling: Några bidrag till debatten kring samhällsekonomiska problem*, ed. Erik Lundberg and Torkel Backelin (Stockholm: P A Norstedt & Söner förlag, 1970).

problematised the New Left, acknowledging many of their grievances but refuting their answers, instead seeking solutions within the form of neoliberalism primarily associated with the Chicago School. Central to this is the idea of the economist as a universal expert, or an expert on all matters related to governing or human behaviour. I work from the understanding that Lindbeck's articulation of the optimal role of the economist must be seen, at least in part, as a result of his interactions with the New Left.

Contending for the future of social democracy

In this chapter, I critically discuss Offer and Söderberg's findings about how Lindbeck was affected by his visit to the United States and the influence of neo-Keynesian and neoclassical ideas during the late 1950s. The main primary source in this chapter is Lindbeck's article "Att förutse utvecklingen,"[77] published in 1959. Tracing Lindbeck's utilisation of the notion of human capital in the late 1960s, I scrutinise Lindbeck's notion of Pareto optimality as a form of moral code for governing, and his critique against proponents of planning and redistribution.

Equally important is how Lindbeck, in the internal social democratic debate, articulates social democracy in a way that seems compatible with broader neoliberal ideas, emphasising the need for a strong state in what could be called market governance and in the utilisation of the price mechanism. Further, I scrutinise the 1962 book *Bostadsbristen* on the question of the housing shortage because it seems formative for Lindbeck's critique against planning while simultaneously showcasing similarities with neoliberal intellectuals such as Milton Friedman and George Stigler. I then examine the road to Lindbeck's PhD in economics. His text "Den klassiska 'dichotomien'" shows how Lindbeck was inspired by discussions with socialist market economist Oskar Lange, who was engaged in the Vienna debate against neoliberals in the 1920s. Additionally, I superficially examine Lindbeck's dissertation *A Study in Monetary Analysis* from 1963 since it gives leads to how Lindbeck problematizes dominating notions in economics.

Lindbeck's professional archive at Stockholm University has served as an important source for this chapter, particularly in the contextualisation of his dissertation, his personal networks, and other relevant aspects of his career.

[77] Assar Lindbeck, "Att förutse utvecklingen," in *Inför 60-talet: Debattbok om socialismens framtid*, ed. Roland Pålsson (Stockholm: Raben & Sjögren, 1959).

Raised in social democracy

This chapter serves as a way to contextualise Lindbeck's background, which I believe is important to understand how he ended up in Social Democracy. In this chapter I have critically discussed Lindbeck's autobiography

I will now move to briefly discuss how I handle the governmental reports that serve as important sources for the latter part of this dissertation.

On Swedish governmental reports

The SOU and Ds reports that are my main pillars of source material belong to official series of reports ordered by the Swedish Government, where the main difference is that the production of a Ds report has usually been ordered by a specific government department, while the SOU series has the imprimatur of the state as such. Ds reports are also a formal part of the normal Swedish legislative process, while SOU reports are often used in the preparatory work of the legislative process. For the purpose of this study, however, this difference has little real practical significance, especially since the 1979 report was commissioned by the government and the prime minister. As I understand it, this Ds report could just as well have been published as an SOU report (and vice versa). Historian and gender theorist Sara Edenheim indicates that Swedish government reports traditionally served functions that were *preparatory* (through research) and *negotiatory* (by acting as mediators between different interests). Swedish government reports have thus been part of governmental action where legislation or governing is (at least articulated as) the result of compromise. The SOU and Ds give insight into how this compromise is conducted.[78] "In other nations", Sara Edenheim writes, "similar investigative work is usually done in more closed forms, where each administrative unit (ministry) takes care of the current question."[79] Choosing government reports as a lens to understand how Assar Lindbeck's ideas were manifested in practical governing offers a unique insight regarding the process of neoliberalisation in Sweden and also in how neoliberalism could be adapted through negotiation between specific interest groups, compromises sought, and so on. The SOU also enables a degree of insight into the implementation of neoliberalism in Sweden that would be difficult to find in other countries.

I approach the question of what a Swedish government report is from a perspective in line with the methodology related to poststructural discourse analysis presented above. What an SOU is, what it problematises, and how it can conduct problematisations is not historically stable and must be handled as an empirical question. I thus see a government report as what is articulated as a government report in a government report. Just as in Foucault's notion

[78] Sara Edenheim, *Begärets lagar: moderna statliga utredningar och heteronormativitetens genealogi* (Eslöv: Symposion, 2005), 17-18.

[79] Edenheim, *Begärets lagar: moderna statliga utredningar och heteronormativitetens genealogi*, 18.

of the state, government reports do not have an inherent form, deviations from which can be identified, even though I can compare the forms of the reports I analyse with the results of earlier conventions. As a part of my analysis, I will examine the conventions regarding what a government report, or SOU, can be, what questions it can seek to answer, how it can articulate problems and so on. That said, it is worth noting that the Swedish government report is a type of source that offers quite unique insights regarding statecraft, practical governing, the logics of governing and the compromises that are made and articulated when governing.

Usually a commission, or sometimes a single author, is responsible for the authorship of Swedish government reports. In the case of both the Bjurel delegation's and the Lindbeck commission's report, as I will discuss below, Assar Lindbeck in the end wrote or re-wrote major parts of the report himself. I will discuss the question of authorship and compromises made whenever it is relevant to do so.

Archive sources

As noted above, I have consulted Assar Lindbeck's personal archive, made available at Stockholm University following his death in August 2020. While this archive is substantial enough to serve as the foundation for a standalone dissertation, I have utilised it primarily to contextualise my main material. My focus has been on documents from the years 1978, 1979, 1980, 1992, 1993, and 1994. I will integrate the insights gleaned from this archive material into my broader analysis and particularly my discussion of Assar Lindbeck, as appropriate.

I have also consulted the Swedish National Archive at Marieberg in Stockholm and thoroughly analysed the materials related to the 1979 Bjurel Report and the 1993 Lindbeck Commission. The Bjurel Report archive is extensive, including meeting minutes, preparatory work, and other relevant documents. In contrast, the Lindbeck Commission archive is notably sparse, containing little more than copies of newspaper articles related to the publication of the report.

Lastly, I have reviewed the Hoover Institute's Mont Pelerin Society archive at Stanford University in California, USA. The materials I discovered there have provided some understanding of some contextual matters.

Defining neoliberalism and its epistemologies

There are many contending definitions of neoliberalism. The aim of this subchapter is to explain my definition of neoliberalism as an analytical concept, which builds upon a vast and ongoing international research field.

As mentioned earlier, the primary objective of this dissertation is to trace the genealogy of a specific form of neoliberalism by scrutinising the writings of Assar Lindbeck. To achieve this, it is imperative to engage in a detailed discussion of how neoliberalism can be conceptualised and understood. This exploration is not only crucial for comprehending the unique characteristics of neoliberalism but also for distinguishing neoliberal rationalities, or modes of thinking, from other types of rationalities present in the material. Such an understanding will provide a solid foundation for analysing the distinct features and implications of neoliberal thought as it has evolved and manifested itself in various contexts.

Due to their respective influences on my analysed material, I will primarily focus on the ideas associated with Friedrich von Hayek; the school of public choice, represented by Gordon Tullock and James Buchanan; and Chicago school neoliberalism, represented by Milton Friedman and his monetarist ideas, as well as Gary Becker, who is mainly associated with the concept of human capital. I will also briefly examine the German form of neoliberalism, known as ordoliberalism, although its influence is not very prominent in the material upon which my analysis is based.

Neoliberalism is anything but easily definable and there are major differences among neoliberals that we must take into consideration. There are, however, some common denominators that most, but not all, neoliberals would agree upon.[80] Before discussing the differences and different histories within neoliberalism, I will begin by making these common denominators clear. Further on, I will provide a more in-depth explanation of why neoliberalism can best be understood on the basis of these common denominators. However, my intentionally schematic approach will leave out some of its internal contradictions, differences, and paradoxes, as well as historical changes. Thus, I am aware

[80] Me and Kristoffer Ekberg work from a similar definition in Kristoffer Ekberg and Victor Pressfeldt, "A Road to Denial: Climate Change and Neoliberal Thought in Sweden, 1988–2000," *Contemporary European History* 31 (11/10 2022), https://doi.org/10.1017/S096077732200025X.

that these common denominators do not paint the whole picture of something as complex, heterogeneous and constantly evolving as neoliberalism and neoliberal thought. Inspired by Max Weber's concept of the ideal type, I acknowledge his assertion that fully capturing the totality of a phenomenon, with all its complexities, is impossible. Weber argues that meaningful analysis requires the construction of an abstract model. This model serves as a benchmark against which analyses of, for example, often chaotic historical events can be compared and interpreted, helping to make sense of what might otherwise be perceived as meaningless chaos in the world.[81]

The first point that most neoliberals agree upon, or can unify under, is a novel epistemic position primarily associated with Friedrich von Hayek, the intellectual godfather of neoliberalism, which asserts that the market is the best information processor known to man. According to Hayek, information is (necessarily) decentralised, implicit or "tacitly embedded in traditions and customs".[82] The best way to handle, coordinate, or transmit information is through (the construction of) markets or price signals that are associated with markets. This epistemic conclusion has historically placed neoliberals at odds with those who believe that government action can be planned based on, for example, scientific models, an assumption that was dominant when neoliberalism was taking its early forms.[83]

The second point is the notion that the logic of competitive marketplaces and a system of price signals can and should be actively constructed to serve as the foundation for all governmental action. As Jamie Peck argues, "[n]eoliberalism was always concerned […] with the challenge of first seizing and then retasking the state".[84] A central goal for neoliberals is to make even "the state itself a sphere governed by the rules of competition and subject to efficiency constraints similar to those experienced by private enterprise".[85] Hence, neoliberalism is not an anti-state ideology but rather focuses on the restructuring of the state — or the creation of "the strong state"[86] governing in accordance with the logics of competition.[87] This point carries with it an important notion, namely that neoliberalism does not see markets in the same way as does classical liberalism or even neoclassical economics. In earlier conceptions, markets were primarily viewed as places for exchange, rather than, as in neoliberalism, arenas for competition. Therefore, characterising neoliberalism as "market liberalism" or "marketisation" proves deeply misleading, as it

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[81] Max Weber, *Economy and Society* (Cambridge, Massachusetts: Harvard University Press, 2019), 82-98.

[82] Martin Beddeleem, 'Recoding Liberalism: Philosophy and Sociology of Science against Planning', *Nine Lives of Neoliberalism* (2020), 33.

[83] Beddeleem, "Recording Liberalism."

[84] As quoted in Philip Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown* (London; New York: Verso, 2013), 54.

[85] Pierre Dardot and Christian Laval, *The New Way of the World: on Neoliberal Society* (London; New York: Verso, 2013), 216.

[86] Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 53-54.

[87] Dardot and Laval, *The New Way of the World: on Neoliberal Society*, 216.

presumes that the term "market" is stable and always signifies the same thing.[88] Many neoliberals have also since the beginnings of the movement, as historians Ben Jackson and Zofia Semplowska point out, been highly critical of "a merely economic analysis of human behaviour and expressed grave doubts about the long-term viability of a social order grounded in a pure form of capitalism".[89] Thus, neoliberalism is not — and this cannot be stressed enough — an ideology, philosophy, or epistemology, or way of governing, that merely (or even mostly) deals with "the economy".

The third point is the notion that if given the right conditions by active statecraft, human ingenuity and entrepreneurialism have the potential to solve all of humanity's problems.[90] Neoliberalism should thus not be confused with laissez-faire or older notions of liberalism, where the market is seen as an isolated and natural sphere that should simply be left alone.[91] On the contrary, neoliberalism should be understood as rooted in a kind of constructivist thought, wherein neither markets nor entrepreneurial subjects are assumed as given. Rather, they necessitate active creation through deliberate statecraft and ongoing state vigilance. Foucault provides a compelling illustration of this constructivist approach when he delineates how the central neoliberal subject, the entrepreneur, differs significantly from the *homo œconomicus* of classical liberalism:

> The characteristic feature of the classical conception of *homo œconomicus* is the partner of exchange and the theory of utility based on a problematic of needs.

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[88] Wendy Brown, *In the Ruins of Neoliberalism: The Rise of Antidemocratic Politics in the West* (New York: Columbia University Press, 2019), 33.

[89] Ben Jackson and Zofia Stemplowska, ""A Quite Similar Enterprise … Interpreted Quite Differently"?: James Buchanan, John Rawls and the Politics of the Social Contract," *Modern Intellectual History* (2021): 6, https://doi.org/10.1017/S1479244320000487, https://www.cambridge.org/core/article/quite-similar-enterprise-interpreted-quite-differently-james-buchanan-john-rawls-and-the-politics-of-the-social-contract/63BEF10039E0FF8EAF2FF7A62874F85E; See also Brown, *In the Ruins of Neoliberalism: The Rise of Antidemocratic Politics in the West*, 23ff.

[90] See, for example, Mirowski, *Never Let*, 53–67. For a historical background, see Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge, Massachusetts: Harvard University Press, 2018); Pierre Dardot and Christian Laval, *The New Way of the World: On Neoliberal Society* (London: Verso, 2013). The third notion is often described as cornucopianism in the field of environmental policy, with Julian Simon serving as the main proponent and theorist. In Sweden, Johan Norberg is the most prominent individual within this school of thought, see Vettese, 'Limits'.

[91] Sometimes, however, neoliberals tend to articulate the entities which they wish to construct, such as markets, as natural even though they see them as constructed. For a discussion on what neoliberals see as natural, see Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 55-56.

> In neo-liberalism — and it does not hide this; it proclaims it — there is also a theory of *homo œconomicus*, but he is not at all a partner of exchange. *Homo œconomicus* is an entrepreneur, an entrepreneur of himself.[92]

In neoliberalism, according to Foucault, *homo œconomicus* is understood as "entrepreneur of himself, being for himself his own capital, being for himself his own producer, being for himself the source of [his] earnings".[93] This subject, however, is not just simply assumed to pre-exist. It too must be produced, or constructed, through the actions of active statecraft that enables a form of self-governing that I call governmentality, as in the conduct of conduct where the individual is encouraged to take responsibility for his or her own life decisions, as well as their consequences. This is probably best exemplified in Becker's theory of human capital, as shown by Foucault. The notion of human capital places great emphasis on the concept of the individual as an entrepreneur of oneself. This entrepreneur of oneself is not, as in classical liberalism, assumed to be an inherently rational actor who constantly attempts to maximise economic interests. Instead, homo economicus is treated as a manipulable subject, whose behaviour can be modified by altering their environment and who produces their own satisfaction through the act of consumption.[94] A governmental perspective clarifies how neoliberal governing strategies establish moral and incentivising frameworks that empower individuals to govern themselves autonomously by continuously adapting to the ever-changing and complex world.[95]

The above-mentioned points have not, however, swept away many of the misconceptions and misunderstandings regarding neoliberalism — if we agree that it is associated with figures like Hayek, Friedman, Becker, Buchanan, and the Chicago School — that still weigh down academic and public debates alike. The concept of neoliberalism is still controversial and often ill-defined.[96] On the one hand, debaters from the right argue that "neoliberalism" is only a pejorative strawman used (primarily) by leftists.[97] On the other hand, Marxist scholars have argued that talking about neoliberalism just hinders our understanding of capitalism and its logics.[98] Rather than seeing a neoliberal turn of direction, some Marxists

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[92] Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 226.

[93] Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 226.

[94] Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 226.

[95] Dean, *Governmentality: Power and Rule in Modern Society*, 69-74.

[96] See an excellent discussion on this subject in Mirowski, "The Political Movement that Dared Not Speak its own Name: The Neoliberal Thought Collective Under Erasure."

[97] Sarah Babb and Alexander Kentikelenis, "Markets Everywhere: The Washington Consensus and the Sociology of Global Institutional Change," *Annual Review of Sociology* 47, no. Volume 47 (2021), https://doi.org/10.1146/annurev-soc-090220-025543, https://www.annualreviews.org/content/journals/10.1146/annurev-soc-090220-025543; For a Swedish context, see Mattias Svensson, "Antiliberalism som akademisk disciplin," *Smedjan*, 2020-10-03 2020, https://timbro.se/smedjan/antiliberalism-som-akademisk-disciplin/.

[98] For a Swedish context, see Kajsa Ekis Ekman, "Nyliberalismen: Så funkar den," *Dagens nyheter* (Web), 2014, http://www.dn.se/kultur-noje/kulturdebatt/nyliberalismen-sa-funkar-den/.

would argue that we have just seen a strengthening of bourgeois power in the capitalist system or perhaps a natural adaption to the material conditions of capitalism. The Marxist critique tends to — in the words of neo-Gramscian scholars Dieter Plehwe and Bernhard Walpen — underestimate "conflicts between different forces and orientations within the ruling classes and global elites".[99] Also, as Pierre Dardot and Christian Laval have observed, Marxist notions of neoliberalism tend to overlook the fact that manifestations of capitalism differ through time and space.[100] Neoliberalism, Dardot and Laval argue (with an antagonistic edge towards Marxist scholarship), "cannot be reduced to the spontaneous expansion of the commodity sphere and the field of capital accumulation".[101] The Marxist reductionist tendency to do exactly this risks making the analysis blind to the novelties of neoliberalism and neoliberal capitalism.

Another common misconception regarding neoliberalism concerns the fact that it is often misunderstood as a mere continuation, or return to, a form of pure, classical liberalism. Neoliberals explicitly aimed to address the issues and contradictions of classical liberalism, often defining their own positions in opposition to these perceived shortcomings. Already in *The Road to Serfdom*, for example, Hayek argued that freedom and state action (through for example enforcing legislation) are not only compatible but deeply interconnected.[102] This idea he contrasts against 19th century liberalism, for example by stating: "The question whether the state should or should not 'act' or 'interfere' poses an altogether false alternative, and the term laissez-faire is a highly ambiguous and misleading description of the principles on which a liberal policy is based."[103] The notion that a "legal framework" was essential for a functioning market (on which a functioning society seems to be contingent) was further developed in Hayek's post-war writings.[104] He, for example, problematises classical liberalism, arguing that it cannot answer the questions of our time, in his new (1978) introduction to his magnum opus *The Constitution of Liberty*, originally published in 1959.[105]

Hayek, however, also develops a clear definition of what government must not do, such as formulating any form of "social" objectives for governmental action. According to Dardot and Laval, an even more important notion concerning Hayekian neoliberalism is that

[99] Dieter Plehwe and Bernhard Walpen, "Between network and complex organization: The making of neoliberal knowledge and hegemony," *Neoliberal Hegemony: A Global Critique* (01/01 2006): 44.

[100] Dardot and Laval, *The New Way of the World: on Neoliberal Society*, 6-8; Mirowski, "The Political Movement that Dared Not Speak its own Name: The Neoliberal Thought Collective Under Erasure."

[101] Dardot and Laval, *The New Way of the World: on Neoliberal Society*, 7.

[102] See for example Friedrich A. von Hayek, *The Road to Serfdom*, Routledge classics, (London: Routledge, 2001), 85-86.

[103] Hayek, *The Road to Serfdom*, 84.

[104] See for example Friedrich A. von Hayek, *Frihetens grundvalar*, trans. Barbro Ahlström and Carl Johan Ljunberg (Stockholm: Ratio, 1983).

[105] Hayek, *Frihetens grundvalar*, 8.

neoliberals like Hayek do not subscribe to Robert Nozick's ideas of a minimal state or forms of anarcho-capitalism. They do not support the privatization of the army, police, justice system, and similar institutions.[106] In the main body of research on Swedish neoliberalism, Robert Nozick has generally been included as a primary example of neoliberal thinkers, even though neoliberals were often directly antagonistic to his thinking.[107]

Theologian Adam Kotsko emphasises, quite correctly, that another of the main differences between "classical liberalism" and neoliberalism has to do with the understanding of in what spheres the logics, or the rules, of the marketplace should be allowed to exist. To put it succinctly, many followers of classical liberalism thought that markets would thrive if they were just allowed to be left alone, to be laissez-faire, within their own natural sphere. In neoliberal thinking, the logics of the competitive market are understood to be all but omnipresent.[108] There is no obvious natural sphere of the market and the competitive logics of the marketplace exist everywhere. Neoliberalism, as explained by for example Philip Mirowski, can be seen as a theory of everything that can explain how "something as small as a gene or as large as a nation-state is equally engaged in entrepreneurial strategic pursuit of advantage".[109] Perhaps the best example of this is Chicago school neoliberal Gary Becker, who, in his radical neoliberalism, claimed that economic theory could explain all (non-random) human behaviour, extending far beyond the economy. This included fields such as criminology, understandings of family relations, and more.[110]

Understandings of neoliberalism as nothing more than a return of classical liberalism, capital re-gaining power, and/or of the state being rolled back in favour of global markets are not only too narrow — they do not necessarily have to do with neoliberalism at all or with what is going on in society that many would call neoliberal. Understanding neoliberalism as simply a process of marketisation, for example, disregards an entire market socialist tradition (often associated with anarchism connected to the ideas of Pierre Joseph Proudhon) that has little to do with either the classical liberal or the neoliberal notion of the marketplace.[111] Also, as for example Ian Bruff points out, both neoliberal thought and

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[106] Dardot and Laval, *The New Way of the World: on Neoliberal Society*, 141ff; Brown, *In the Ruins of Neoliberalism: The Rise of Antidemocratic Politics in the West*, 23ff.

[107] Examples of scholars who place Nozick at the very centre of their definition of neoliberalism are Lena Halldenius and Kristina Boréus. Lena Halldenius, *Liberalism*, 2 ed. (Malmö: Bokbox, 2011); Kristina Boréus, *Högervåg: nyliberalismen och kampen om språket i svensk debatt 1969-1989* (Stockholm: Tiden, 1994). Regarding that Nozick can hardly be seen as a neoliberal, see Jackson and Stemplowska, ""A Quite Similar Enterprise … Interpreted Quite Differently"?: James Buchanan, John Rawls and the Politics of the Social Contract."

[108] Adam Kotsko, *Neoliberalism's Demons: on the Political Theology of Late Capital* (Stanford, California: Stanford University Press, 2018), 5-7.

[109] Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 59.

[110] Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 269ff.

[111] Drew Pendergrass and Troy Vettese, *Half-Earth Socialism: A Plan to Save the Future from Extinction, Climate Change and Pandemics* (London: Verso, 2022); Mirowski, "The Political Movement that

processes of neoliberalisation are "strongly characterised by the importance of 'nonmarket' domains".[112]

The matter of defining neoliberalism does not become easier if we acknowledge that most prominent neoliberals since the 1950s all but stopped using the word neoliberal as a self-describing signifier.[113] After the 1950s, neoliberals choose to lean on more vague concepts such as "classical liberalism", which aimed at articulating a continuity and coherence with earlier forms of liberalism that simply did not exist and which neoliberals had denied during the 1930s and 1940s.[114] This might seem strange, especially since the explicit critique of the omissions, or errors, in classical liberalism never ceased to be articulated.

Even if we acknowledge that certain definitions of neoliberalism are incorrect or less than accurate (such as the interpretation that equates neoliberalism solely with laissez-faire policies, deregulation, free markets or the rollback of the state), it remains essential to consider the existence of competing theoretical schools that offer coherent explanations of neoliberalism.[115] To do this, we must give up the assumption that neoliberalism can exist in any pure or stable form. Geographer Jamie Peck elaborates on this as follows:

> The fact that all neoliberal experiments are antagonistically embedded means that they can only exist as unstable, mongrel formations; in practice, there can be no 'pure-bred' neoliberalisms. Critical theories of neoliberalisation must therefore be purposefully addressed to the contradictory dynamics between neoliberal theory and practice; neither purely abstract-ideational nor purely concrete-institutional analyses will alone suffice.[116]

Not only do we have to deal with a heterogeneous set of theoretical models — we must also take into consideration the almost endless ways in which these models take concrete form, often functioning in a form of hybridity with archaic forms of governing and statecraft. Thus, the emergence of neoliberalism cannot be described as a clean-sweep change from older dominant forms of governing and statecraft. The practical results of neoliberalism all over the world, as Wendy Larner shows, were usually messy. The strengths of neoliberalism were its ability to attach and transfigure already existing forms of governing. Implemented

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Dared Not Speak its own Name: The Neoliberal Thought Collective Under Erasure."; Introduction to the English Edition in Dardot and Laval, *The New Way of the World: on Neoliberal Society*.

[112] Ian Bruff, "Overcoming the Allure of Neoliberalism's Market Myth," *South Atlantic Quarterly* 118, no. 2 (2019): 364, https://doi.org/10.1215/00382876-7381194.

[113] Mirowski, "The Political Movement that Dared Not Speak its own Name: The Neoliberal Thought Collective Under Erasure."

[114] Mirowski, "The Political Movement that Dared Not Speak its own Name: The Neoliberal Thought Collective Under Erasure," 11; See also chapter one in Dardot and Laval, *The New Way of the World: on Neoliberal Society*; Dardot and Laval, *The New Way of the World: on Neoliberal Society*.

[115] Simon Springer, "Neoliberalism as Discourse: Between Foucaudian Political Economy and Marxian Poststructuralism," *Critical Discourse Studies* 9:2 (2012).

[116] Jamie Peck, "Explaining (with) Neoliberalism," *Territory, Politics, Governance* 1, no. 2 (2013/11/01 2013): 145, https://doi.org/10.1080/21622671.2013.785365.

neoliberalism can thus be described as always being eclectic, with manifestations that differed from country to country, region to region, and city to city.[117] Understanding neoliberalism thus makes it necessary to study the concrete ways in which it manifests itself both spatially and temporally. Thus, we cannot just read Hayek or Friedman and from that try to deduce what neoliberalism *really is*.

In 2009, Philip Mirowski and Dieter Plehwe addressed the internal contradictions within neoliberalism and among its proponents by defining it as a thought collective centred around the Mont Pelerin Society, established in 1947. Key figures such as Friedrich von Hayek, Ludwig von Mises, Milton Friedman, James Buchanan, Wilhelm Röpke, and Gary Becker are identified as the intellectual core of what they call the neoliberal thought collective.[118] However, Plehwe has since taken the argument even further, claiming that neoliberalism cannot be understood as a thought collective in the singular, that "the making of the neoliberal thought collective should either say 'the making of the neoliberal thought style' or the 'making of neoliberal thought collectives'"[119] in the plural. Many of the different understandings of neoliberalism can be explained by the existence of several neoliberal schools and the difference between ideas produced by neoliberals and the often messy practices of governing, policymaking, and statecraft. Neoliberalism is feasibly best explained as many different, constantly evolving (but related) schools of thought in which there can usually be found the three common denominators mentioned above. To make sense of how neoliberalism is not a stable entity, and how neoliberals always work to answer questions from their given contexts, I argue that it is essential to look at the history, or histories, of neoliberalism. I am thus not reducing neoliberalism to the question of having, or not having, a membership card for the Mont Pelerin Society, even though the organisation played an important role for neoliberalism, especially during the first half of the Cold War.[120]

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[117] Wendy Larner, "Neo-liberalism: Policy, Ideology, Governmentality," *Studies in Political Economy* 63 (2000).

[118] Dieter Plehwe, "Introduction," in *The Road from Mont Pèlerin*, ed. Philip Mirowski and Dieter Plehwe (Harvard University Press, 2009).

[119] Dieter Plehwe, "Neoliberal Thought Collectives: Integrating Social Science and Intellectual History," in *The SAGE Handbook of Neoliberalism* (London: SAGE Publications, 2018).

[120] One could argue that the Mont Pelerin Society lost its essential role after neoliberalism gained other institutional strongholds, such as the Virginia School, Chicago School, Freiburg School, and so on, even though its role was important for bringing together neoliberal intellectuals from different schools and places around the world.

Questioning the Polanyian approach

Further, many scholars have used the novel work of Polanyi to explain the neoliberal transformation of western societies since the 1980s.[121] Neoliberalism is often understood as a return to what Karl Polanyi quite elegantly called the "utopian endeavour of economic liberalism to set up a self-regulating market system".[122] This endeavour, according to Polanyi, led humanity into the catastrophes of the 20th century, because of the inherent incompatibilities between democracy and capitalism that would lead to fascism when capital sought to protect itself from democracy. While Polanyi's explanation of the development of capitalism and "laissez-faire" liberalism is brilliant and novel, using it to create an understanding of the neoliberal transformation entails problems. The problem arises from the assumption, often made, that neoliberalism merely represents a return to "classical liberalism" or to "laissez-faire", where the goal is to create a clear separation between the sphere of the state and the sphere of the market. Polanyi shows that even laissez-faire capitalism was dependent on an active and intervening state (even though this was seldom acknowledged by central liberal thinkers of the 19th and 18th centuries). Interestingly, so do central neoliberal figures such as Hayek. Both Polanyi and Hayek had their intellectual foundations shaped during the interwar period in Vienna and articulated critiques of classical liberalism that show notable intersections. Despite Polanyi's explicitly more pessimistic view of capitalism compared to Hayek's, they agreed on the principle that markets cannot operate independently of the state. Nevertheless, their conceptions of what constitutes a market differed significantly. Polanyi perceived the marketplace primarily as a site of exchange or trade. In contrast, Hayek, along with many of his neoliberal contemporaries, viewed the market fundamentally as a space of competition.[123] Karl Polanyi's theory of disembedded markets delineates a situation where markets operate autonomously, unbounded by social norms, regulations, and political oversight. This notion starkly contrasts with the dynamics observed within neoliberalism. Unlike the theoretical model posited by Polanyi — and indeed, classical liberalism — neoliberals recognise the indispensable role of statecraft in ensuring the functionality of markets. In this light, neoliberal markets are invariably "embedded"; their operational efficiency and dominance are contingent upon active governmental intervention. This represents a fundamental divergence from the classical liberalist view, where market dominance emerged precisely because of its detachment from societal and political frameworks.

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[121] See for example Mark Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century* (New York: Cambridge University Press, 2002); Kari Polanyi Levitt and Mario Seccareccia, "Thoughts on Neoliberalism from a Polanyian Perspective," (2016). https://www.ineteconomics.org/research/research-papers/thoughts-on-mirowski-and-neoliberalism-from-a-polanyian-perspective.

[122] Karl Polanyi, *The Great Transformation: the Political and Economic Origins of Our Time*, 2nd Beacon Paperback ed. ed. (Boston: Beacon press, 2001).

[123] Karl Polanyi, *Den stora omdaningen: marknadsekonomins uppgång och fall* (Lund: Arkiv, 2002), 89.

Having discussed my definition of neoliberalism as an ideal type, where I emphasize Hayekian epistemology which highlights radical uncertainty and the notion that the market is the best information processor known to man, I will now define some neighbouring concepts to neoliberalism.

Neighbouring concepts

I will here clarify neighbouring concepts to neoliberalism that need to be specified to understand some of my analytical points. These are as follows: classical liberalism, new liberalism (Keynesianism), neo-Keynesianism (or new Keynesianism), and neoclassical economics.

Classical Liberalism

Classical Liberalism is not a topic I will delve deeply into. However, it is essential to note that classical Liberalism is a heterogeneous set of ideas aimed to limit older forms of state sovereignty and promote individual freedom, the rule of law, et cetera. This tradition, developed in the 18th and 19th centuries, extends from the thinking of Adam Smith to Alexis de Tocqueville and John Stuart Mill. It ultimately divided into an unresolved discursive tension between Benthamite (from Jeremy Bentham) social utilitarianism, which advocated for a relatively generous welfare system for the benefit of the many, and Spencerean from (Herbert Spencer), social Darwinistic (or rather social competitive) thinking, which argued for the state to more radically back off and not even taking care of the worst problems that for example inequality brought with it, allowing those who could not succeed in the competitive social environment to perish in the process.

A broadly accepted notion in classical liberalism was understanding the markets as a natural sphere from which the state should stay away. This principle associated with classical liberalism is what I will call laissez-faire. However, there was deep debate over where this boundary should be drawn. This interpretation is indebted to the philosophers Pierre Dardot and Christian Laval's genealogical mapping of modern liberalism but also to Michel Foucault's reading of liberalism and neoliberalism, presented in his 1978–1979 lecture series The Birth of Biopolitics.[124]

While neoliberals often articulate continuity from classical liberalism, not least from John Stuart Mill, I consider the neoliberal movement as a response to articulated problems and contradictions associated with classical liberalism. Some noteworthy differences lie in understanding what a market is and the belief that it (and the logics that govern it) can be

[124] Dardot and Laval, *The New Way of the World: on Neoliberal Society*, 21ff; Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*.

separated from the rest of society.[125] I will further describe this in more depth when discussing neoliberalism's history.

New Liberalism and Keynesianism

To avoid confusion, I will use Keynesianism to describe the form of new liberalism that, just like neoliberalism, emerged as a response to the collapse of classical liberal discourse and laissez-faire in the late 1920s. I here also include the Swedish variations of new liberalism, sometimes known as Keynesianism without Keynes, formed around the Stockholm School of Economics (which I will not delve into in depth in this dissertation; I am merely accepting that the doctrines that are often attributed to Keynes have a somewhat more complicated history than what is often accepted.[126]

With the form of new liberalism that I will henceforth call Keynesianism, I refer to a set of legal, moral, political, economic, and social rationalities aiming to create a society where individuals could be emancipated through "labour protection legislation, progressive income tax, compulsory social insurance, active budgetary expenditure, and nationalisation."[127] Keynesianism challenged the notions in classical and laissez-faire liberalism that markets should be left alone. The underlying rationality of Keynesianism, however, is to protect liberal society from threats such as socialism or the internal collapse of a liberal order. This rationality or purpose is thus shared with neoliberalism, as is the questioning of laissez-faire and classical liberal rationalities. The differences lie in how Keynesianism addresses problems connected to the internal contradictions of classical liberalism and the threats of socialism and totalitarianism.[128] Keynesianism was the dominant political and economic doctrine in the West following the end of the Second World War until neoliberalism started sweeping the world as a tidal wave following the oil crises of the 1970s.

A critical difference between neoliberalism and Keynesianism regarding the understanding of state intervention lies in how neoliberals reject governmental interventions that risk hampering competition, which they see as the most important underlying principle for individual and social existence. Neoliberals also favour limiting markets by creating legal frameworks rather than, as in Keynesianism, through direct corrective or compensatory action.[129] There are, of course, also many other essential differences, such as how neoliberals

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[125] Dardot and Laval, *The New Way of the World: on Neoliberal Society*, 21ff; Mirowski, "The Political Movement that Dared Not Speak its own Name: The Neoliberal Thought Collective Under Erasure."; Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 51ff, 75ff.

[126] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change."

[127] Dardot and Laval, *The New Way of the World: on Neoliberal Society*, 47.

[128] Dardot and Laval, *The New Way of the World: on Neoliberal Society*, 46-47.

[129] Dardot and Laval, *The New Way of the World: on Neoliberal Society*, 47.

tend to see inequality as a positive driving factor for the betterment of society. At the same time, Keynesians instead generally understand it as a destructive force.[130]

Neoclassical economics

Defining neoclassical economics is not easy, nor is it easy to clearly define the difference between neoclassical economics and neoliberalism; I view them as containing both critical differences, especially epistemological ones, while overlapping. The most crucial difference is that neoliberalism does not merely concern the economy and that economists do not mainly constitute neoliberalism. Thus, neoliberalism goes beyond the narrow scopes of neoclassical economics, expanding economic reasoning to encompass almost everything.[131]

Neoclassical economics dates back to the 1870s and is still at the core of mainstream economics, or today's economic orthodoxy. It includes the notion that abstract mathematical models can be used to describe and thus improve the utilisation of resources under constrained conditions. Neoliberals, for epistemic reasons regarding their understanding of what can be known, are, as Philip Mirowski describes, often sceptical of the mathematical projections made by neoclassical economists. Instead, they emphasise notions of radical uncertainty and the need to implement markets and price mechanisms as information carriers.[132] In my understanding of neoclassical economics, I have also included some core postulates. The most central one is the notion of Pareto optimality or Pareto efficiency. Pareto optimality essentially means that any redistribution cannot be accepted if it makes anyone worse off, making demands for radical redistribution very difficult to justify.[133] I will describe this in more depth when discussing Lindbeck's interaction with the notion of Pareto efficiency.

Neo-Keynesianism

Neo-Keynesianism, or New Keynesianism, is a school of thought that accepts certain Keynesian problematisations and provides solutions to these problems within a neoclassical framework. Neo-Keynesian economists, such as Paul Samuelson — whom I will discuss

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130 Mirowski, "The Political Movement that Dared Not Speak its own Name: The Neoliberal Thought Collective Under Erasure."

131 Mirowski, "The Political Movement that Dared Not Speak its own Name: The Neoliberal Thought Collective Under Erasure." Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 59; Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 249ff.

132 Mirowski, "The Political Movement that Dared Not Speak its own Name: The Neoliberal Thought Collective Under Erasure."

133 B. Lockwood, "Pareto Efficiency," in *The New Palgrave Dictionary of Economics* (London: Palgrave Macmillan UK, 2018).

later in this thesis due to his connection to Assar Lindbeck — tended to accept the problems of market imperfections, arguing for the need for government interventions through both fiscal and monetary policy to stabilise the economy and mitigate recessions. The reason for this, for example, stems from the notion of what is called Price and Wage Stickiness, which means that prices and wages do not instantly adjust to changes in economic conditions, necessitating the need for state interventions when the economy is fluctuating, while not refuting neoclassical fundamentals.[134]

Neo-Keynesianism also emphasises that markets can fail and recognises the existence of externalities that markets cannot automatically handle. As explained by Möller Stahl, Neo-Keynesianism, in many ways, more closely aligns with neoliberalism than with classical Keynesianism and perhaps functioned as a bridge from neoclassical economics to neoliberal ideas. For example, Neo-Keynesianism argues for limited state interventions only, when necessary, a very limited role for government in economic management, and an agenda of depoliticising some aspects of the state under the guise of depoliticisation, following the notion that government interventions are often counterproductive.[135]

Following my definitions of classical liberalism, Keynesianism, neo-Keynesianism, and neoclassical economics, I will now continue to discuss how neoliberalism must be seen as a product of specific historical contexts. This understanding will help elucidate how the form of Swedish neoliberalism represented by Assar Lindbeck's authorship can be viewed as a result of the utilization of answers produced in other discursive, historical, intellectual, and spatial contexts, which were then adapted and re-articulated to fit the Swedish context.

Neoliberalism born in history

Historian Quinn Slobodian suggests that while the neoliberal movement's efforts towards creating a competitive order remain more or less stable over time, notions regarding what this means and ideas, strategies, and plans for how to reach that goal differ significantly.[136] Much can be said about the origins and histories of neoliberalism. Many writers on neoliberalism tend to trace the neoliberal movement back to the 1930s and see it as a direct reaction or response to what sociologist Ray Kiely calls a "crisis of liberal modernity",[137]

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[134] Rune Møller Stahl, "From Depoliticisation to Dedemocratisation: Revisiting the Neoliberal Turn in Macroeconomics," *New Political Economy* 26, no. 3 (2021), https://doi.org/10.1080/13563467.2020.1788525.

[135] Møller Stahl, "From Depoliticisation to Dedemocratisation: Revisiting the Neoliberal Turn in Macroeconomics."

[136] Quinn Slobodian, "The Law of The Sea of Ignorance: F.A. Hayek, Fritz Machlup, and Other Neoliberal Confront the Intellectual Property Problem," in *Nine Lives of Neoliberalism*, ed. Dieter Plehwe, Quinn Slobodian, and Philip Mirowski (London: Versi, 2020), 71.

[137] Ray Kiely, *The Neoliberal Paradox* (Cheltenham, UK: Edward Elgar Publishing, 2018), 15.

characterised by the rise of mass democratic movements, the great depression and a global rebalancing of the imperial order.[138] Most recent scholarship would thus agree that neoliberalism represents something new in relation to earlier forms of "classical" liberalism associated with the 19th century.[139] Neoliberalism aimed to address the crises of classical liberalism, a point emphasised by the post-Foucauldian scholars Dardot and Laval in *The New Way of the World*. This endeavour, paralleling the efforts of John Maynard Keynes, sought to rectify the internal paradoxes and problems recognised within classical liberalism.[140]

Neoliberalism has been given different birth dates. Slobodian traces the birth of the intellectual movement to the collapse of the Habsburg Empire and the formation of the Geneva School, which brought together business interests represented by organisations such as the International Chamber of Commerce with academics such as Mises, Hayek, and Röpke.[141] Philosophers Pierre Dardot and Christal Laval emphasise how the Walter Lippmann Colloquium in 1938 articulated neoliberalism as a third-way politics that diverged from both "classical" laissez-faire liberalism and Keynesian "new liberalism".[142] Philip Mirowski and Dieter Plehwe, among others, have shown how the Mont Pelerin Society, founded in 1947, functioned as a base for a transnational neoliberal movement (a form of neoliberal International) that managed to exist outside the hegemony of the dominant Keynesian doctrine until the global breakthrough of neoliberalism and neoliberal governing in the 1970s.[143] I am not going to argue that one of these proposed origins presents a better description of the birth of neoliberalism than another. I am simply content to conclude that neoliberalism has many origins and, therefore, many histories.[144] I do believe, however, that

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[138] Kiely, *The Neoliberal Paradox*, 15.

[139] See, among others Jamie Peck, *Constructions of Neoliberal Reason* (Oxford; New York: Oxford University Press, 2010); Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*; Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*; Quinn Slobodian, *Globalists: the End of Empire and the Birth of Neoliberalism* (Cambridge, Massachusetts: Harvard University Press, 2018); Dardot and Laval, *The New Way of the World: on Neoliberal Society*; Brown, *In the Ruins of Neoliberalism: The Rise of Antidemocratic Politics in the West*; Plehwe and Walpen, "Between network and complex organization: The making of neoliberal knowledge and hegemony."; Melinda Cooper, *Family Values: Between Neoliberalism and the New Social Conservatism* (New York: Zone Books, 2017); Niklas Olsen, *The Sovereign Consumer: a New Intellectual History of Neoliberalism* (Cham, Switzerland: Palgrave Macmillan, 2019); Kiely, *The Neoliberal Paradox*.

[140] Dardot and Laval, *The New Way of the World: on Neoliberal Society*, 46-47.

[141] Slobodian, *Globalists: the End of Empire and the Birth of Neoliberalism*.

[142] Dardot and Laval, *The New Way of the World: on Neoliberal Society*.

[143] Philip Mirowski and Dieter Plehwe, eds., *The Road from Mont Pélerin: the Making of the Neoliberal Thought Collective* (Cambridge, Massachusett: Harvard University Press, 2009). This is also one of the main arguments made by Jamie Peck in Peck, *Constructions of Neoliberal Reason*.

[144] This is discussed in greater detail, by Slobodian, in the podcast Daniel Denvir and Quinn Slobodian, *A History of Neoliberalism with Quinn Slobodian*, podcast audio, The Dig, accessed 2022-04-21, 2018, https://www.thedigradio.com/podcast/a-history-of-neoliberalism-with-quinn-slobodian/.

we must go back to the interwar era to understand how some of the key fundaments of neoliberalism were constructed as an answer to specific political problems.

As I mentioned above, neoliberals tend to agree on the epistemic stance that markets as well as society are largely incomprehensible, at least for any single person. For this reason, markets and society appear to be unplannable entities. This is not because planning is in essence bad, but because it is epistemologically and ontologically impossible. What cannot be known cannot be planned. This conclusion sets neoliberalism apart from both Keynesian and Marxist understandings of the economy, both of which were winning momentum in the interwar era. The aversion to planning did not emerge from nowhere, nor did it appear as a simple result of internal theoretical discussion among intellectuals. It was a direct result of concrete everyday experiences and conclusions reached in the interwar period.[145] Here I will mention two critical factors that affected the epistemic conclusions that came to be fundamental to neoliberalism. The first is the antisocialist position of those intellectuals that developed the foundations of neoliberalism. The second is the failure of this group to predict what was to come in the run-up to the financial crash of 1929.

The circle around the Geneva school, primarily Hayek and Mises, gained prominence as staunch antisocialists, positioning themselves against trade unions and socialist politics, already in the early 1920s in Vienna. Both Hayek and Mises were active in the political administration in Vienna following the collapse of the Habsburg Empire. The legacy of guarding the market economy and the system of private ownership from the masses was one that the Geneva school intellectuals sought to protect.[146] For the Geneva school circle, adopting an epistemic stance that dismissed the feasibility of planning was, in part, a strategy to portray socialism as an unachievable endeavour. Consequently, neoliberal epistemology can be interpreted, at least to some extent, as an antisocialist speech act. Its articulation represents more than just a theoretical position; it is an active component of a political struggle with a distinctly antagonistic character. However, it is overly simplistic to view neoliberal epistemology merely as a form of arbitrary antisocialism. The epistemic opposition to planning should also be seen as emerging from the failure of an attempt to render the world comprehensible.

In the period immediately after the First World War up until the global financial crash of 1929, the core of the Geneva school (including William Rappard, Ludwig von Mises, Wilhelm Röpke, Friedrich von Hayek, Lionel Robbins, Jacob Viner, and Gottfried Haberler, to name a few), were involved in so-called business cycle studies. Their hope was that the collection and analysis of enormous amounts of economic data would make the economy and society predictable.[147] Interestingly, it was this information gathering on global economic cycles that for the first time created the idea of an interdependent world

[145] Beddeleem, "Recording Liberalism," 24-28.

[146] Slobodian, *Globalists: the End of Empire and the Birth of Neoliberalism*. Beddeleem, "Recording Liberalism," 24-28.

[147] Slobodian, *Globalists: the End of Empire and the Birth of Neoliberalism*, 55-58.

economy and of a global economic system with dips and rises with not only local, but global implications. The irony is that this entity more or less collapsed at almost the very moment when it became articulated (and thus made intelligible) as an object of research.[148] Despite their vast collection of economic data, the crash of 1929 came as a shock to those affiliated with the Geneva school. Not only did the crash, as philosophers Pierre Dardot and Christian Laval argue, lead to the discursive collapse of a "classical" liberalism that had been torn between a form of social Darwinist laissez-faire (associated with Herbert Spencer) and a Benthamian form of social liberalism (both of which future neoliberals would reject).[149] The subsequent crisis also led the circle around Hayek and von Mises to the conclusion that the economy and society were virtually unintelligible.[150] How else could they have missed that the newly identified world economy was on the verge of collapse?

Quinn Slobodian sums up the importance of knowledge gained through tough lessons:

> Historians refer to the famous 1938 Lippmann Colloquium in Paris as the 'birthplace of neoliberalism'. They rarely note, though, that it was only one episode in a decade of overlapping projects devoted to studying the conditions of 'the Great Society', not at the national level but at the scale of the globe.
>
> Neoliberalism was born out of the projects of world observations, global statistics gathering, and international investigations of the business cycle. […] [T]he ultimate conclusion of neoliberals about the Great Depression and its aftermath was that numbers were not enough.[151]

The epistemic position that was accepted by neoliberals in the 1930s after the global financial crash also led to the peculiar result that neoliberal theory could not be disproved by pointing at anomalies in the economy and society. Both, as mentioned above, were unintelligible objects. Neoliberal theory, or the conclusions based upon neoliberal logics, thus, from the very beginning, became virtually impossible to disprove by referencing empirical facts.[152] This characteristic of neoliberalism presents a stark contrast to Keynesianism, which faced a crisis of validity when it could not adequately address the simultaneous rise of inflation and unemployment during the so-called oil crisis of the 1970s.[153]

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[148] Slobodian, *Globalists: the End of Empire and the Birth of Neoliberalism*, 56. Timothy Mitchell, "The work of economics: how a discipline makes its world," *European Journal of Sociology / Archives Européennes de Sociologie / Europäisches Archiv für Soziologie* 46, no. 2 (2005): 298, http://www.jstor.org/stable/23999581.

[149] Dardot and Laval, *The New Way of the World: on Neoliberal Society*, 21-47.

[150] Slobodian, *Globalists: the End of Empire and the Birth of Neoliberalism*, 58.

[151] Slobodian, *Globalists: the End of Empire and the Birth of Neoliberalism*, 57-58.

[152] This is one of Mirowski's main conclusions in Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*.

[153] Remarkably, this understanding of theory differs fundamentally from what another prominent member of the neoliberal thought collective, philosopher Karl Popper, was to understand as

The field of research into these divergent histories of neoliberalism has evolved greatly during the 2010s and early 2020s. The greatest catalyst for the new wave of research has undeniably been Michel Foucault's lecture series from 1977 to 1978, the *Birth of Biopolitics*, which was published (in its entirety) in 2004. Rather than explaining neoliberalism as one coherent philosophy, or theory, or school of thought, Foucault acknowledged that neoliberalism was primarily a set of technologies of governing — a form of statecraft — deriving from the logics of competition. Foucault argued that neoliberalism mainly originated in two separate schools: one German that was closely associated with the Freiburg school, known as ordoliberalism, and one associated with the Department of Economics at the University of Chicago. They were linked together by the so-called Austrian school, whose two main figures are von Mises and Hayek, and which existed in a form of exile or diaspora after the 1930s. Even though the schools diverged, they were united in a common understanding of competition as a superior logic that could function as the basis for all governing. According to Foucault, American and German neoliberalism were both mainly articulated as responses against the Keynesian ideas that dominated politics and economics from the thirties onwards. The American and the German schools of neoliberal thought shared an explicit antagonism to state planning and a state-controlled economy. They operated under the assumption that market-derived logics and competition would yield optimal outcomes when applied as governing principles. However, Michel Foucault perceived the American school as being more overtly anti-state compared to its German counterpart. The German school was instead characterised by its emphasis on the necessity of a "strong state", a clear divergence in the approach to the role of the state in relation to market forces.[154]

Already in the 1950s, ordoliberal ideas regarding the relationship between the state and markets became accepted by German social democrats and largely incorporated in German social democracy — thus creating a form of consensus between the German Christian Democrats and their main opposition as regards the logics of governing through competition. According to Foucault, German neoliberalism eventually created a form of sovereignty and state legitimacy that was directly linked to the economy. "The economy", Foucault writes, "produces legitimacy for the state that is its guarantor"[155]. From this, "it produces a permanent consensus of all those who may appear as agents within these economic processes, as investors, workers, employers, and trade unions" because "they accept this economic game of freedom".[156] The German neoliberal project that was realised through active statecraft after the Second World War tried — as Ludwig Erhard[157]

scientific: namely that any claim to scientific truth must be falsifiable. Beddeleem, "Recording Liberalism."

[154] Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 79.

[155] Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 84.

[156] Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 84.

[157] Ludwig Erhard, affiliated with the Christian Democratic Union, was the West German (federal) minister of economics between 1949 – 1963; Chancellor between 1963 – 1966.

expressed it — to balance itself between "anarchy and the termite state" because "only a state that establishes both the freedom and responsibility of the citizens can legitimately speak in the name of the people".[158] Even though Erhart's statements build upon a (neo)liberal rationality of how to govern, the statements must also be understood, as Foucault's novel reading of German neoliberalism makes clear, to articulate the illegitimacy of (and discontinuity from) the former Nazi regime. Because Nazism did not uphold liberal values, it did not represent the people of Germany and thus the people of Germany could not be held responsible for the atrocities conducted under the Nazi regime. Ordoliberalism legitimises the idea that the German people is without guilt. Simultaneously, Erhard's statements give legitimacy to the form of economic and liberal freedom that he himself proposes while also depriving his opponents of legitimacy. The very form of the German market economy, enabled by ordoliberalism, facilitates the manifestation of the will of the people, without the need for referendums, elections and so on.

Therefore, the implementation of German neoliberalism could be articulated as legitimate by linking it to the will of the people — even though Germany at the time of these statements existed under military occupation with severely limited ability to uphold sovereign juridical and legal control over its own territory.[159] Consequently, to understand the concrete forms of German neoliberalism, or ordoliberalism, we must understand the very specific historical situation in which it manifested itself. Here Foucault shows the importance of not simply treating neoliberalism as a set of ideas. Instead, he inspires us to regard its concrete articulation that produces statecraft as a form of speech act where we must always take context into consideration.

Neoliberal epistemologies, speakers of truth, and hostility towards democracy

Philip Mirowski has repeatedly argued that neoliberalism, despite its internal divisions and differences, is all but unified by a novel (Hayekian) epistemic approach that conceives the market as the most advanced information processor known to man.[160] However, matters become significantly more complicated if we acknowledge that neoliberals (as I will discuss below) cannot agree on who has the capability to interpret the knowledge that markets process and generate. The topic becomes even more complex when we acknowledge that

[158] Ludwig Erhard at meeting at Concil at Frankfurt 28th of April 1948 quoted in Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 81.

[159] Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 82-83.

[160] Philip Mirowski in Bruce Livesey, *Is Neoliberalism Destroying the World?*, podcast audio, Ideas2019. See also: Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*.

there is no real consensus within neoliberalism regarding what a market "really" is.[161] Some neoliberals (such as Friedman) have, for example, leaned more heavily on neoclassical understandings of the market than for example Hayek.[162] The latter is the movement's most important intellectual and organisational figure and I believe that he serves as the best example if we are to understand the importance of the epistemology that forms the basis of neoliberalism.

Hayek's epistemology is perhaps most clearly outlined in one of his most influential articles, "The Use of Knowledge in Society" (1945).[163] The text articulates a (Hayekian) neoliberal epistemology that hinges on the notion that human understanding is virtually limited to what can be discerned through price signals. This perspective links truth and knowledge closely with price signals and competitive markets, suggesting that they are the primary, if not exclusive, conduits for genuine insight and understanding of the world. Pinning down neoliberal epistemology, however, is not as easy as just pointing to the thinking of Hayek and from there concluding that we can be done with it. A comparison between the epistemologies of Hayek and Friedman, for example, serves well to showcase the internal epistemic differences within neoliberalism, where the Hayekian argument would state that "there can be no stable or objective scientific perspective on economic activity" and the more positivist (neoclassical) position represented by Friedman would imply that "economics offers a final and definitive judgement" on reality.[164] Political economist João Rodrigues, for example, concludes that:

> Hayek, particularly from the 1940s onwards, invested in the philosophical underpinnings of the political and moral economies of neoliberalism, emphasising the epistemic virtues of markets in contexts of unavoidable uncertainty and limited rationality, while also underlining their embeddedness in a set of abstractly defined rules. Friedman, given his neoclassical leanings, was more openly and thoroughly positivist in his vision of the virtues of so-called competitive capitalism, a system viewed as if populated by self-interested rational maximisers, and in his keenness to propose an

[161] Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 55-56.

[162] On the differences between neoliberal and neoclassical conceptions of the market Mirowski writes: "In brief, neoclassical theory has a far more static conception of market ontology than do the neoliberals. In neoclassical economics, many theoretical accounts portray the market as somehow susceptible to 'incompleteness' or 'failure', generally due to unexplained natural attributes of the commodities traded: these are retailed under the rubric of 'externalities', 'incomplete markets,' or other 'failures'. Neoliberals conventionally reject all such recourse to defects or glitches, in favour of a narrative where evolution and/or 'spontaneous order' brings the market to ever more complex states of self-realisation, which may escape the ken of mere humans." Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 56.

[163] Hayek, "The Use of Knowledge in Society."

[164] William Davies, *The Limits of Neoliberalism: Authority, Sovereignty and the Logic of Competition* (London: SAGE Publications, 2014), 189.

> agenda for government seemingly composed of very concrete and practical market-like technical fixes, to be evaluated in clear means—ends rationalist terms.[165]

While Friedman's brand of neoliberalism, particularly his monetarist approach, bore a strong resemblance to the positivistic tendencies found in neoclassical theory, he, along with many of his peers in neoliberal circles, frequently emphasised his alignment with the hypo-deductive scientific method advocated by Karl Popper. This emphasis on Popper's methodology reflects an attempt to situate neoliberal thought within a broader scientific framework, highlighting its reliance on hypotheses and deductive reasoning.[166] In his Nobel speech, Friedman for example stated that:

> there is no 'certain' substantive knowledge; only tentative hypotheses that can never be 'proved', but can only fail to be rejected, hypotheses in which we may have more or less confidence. . . . In both social and natural sciences, the body of positive knowledge grows by the failure of a tentative hypothesis to predict phenomena the hypothesis professes to explain; by the patching up of that hypothesis until someone suggest a new hypothesis that more elegantly or simply embodies the troublesome phenomena, and so on ad infinitum[.][167]

The quote exemplifies the emphasis on radical uncertainty among neoliberals, a concept also accepted by Friedman, even though he is generally associated with a more positivistic position. This is a key aspect of their epistemic stance. At the core of neoliberalism is the information problem, and the solution often involves the implementation of markets that transmit price signals. However, the fact that humans interpret these price signals and the knowledge produced by the market presents an (at least implicit) problem for neoliberals.

Not surprisingly, many neoliberals were fascinated, or bound, by the question regarding who can speak truth, or who can make sense of the signals expressed by the market. For example, in Wilhelm Röpke's most famous work, *Civitas Humana* from 1944, he states that truth should and could only be told by those selected few who also understand that truth can only be understood by accepting that:

> science is not everything and that there are limits to its claims […] [and this can only be understood by] people who combine rare intellectual and moral characteristics in an even more rare combination.[168]

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[165] João Rodrigues, "Embedding Neoliberalism: The Theoretical Practices of Hayek and Friedman," in *The SAGE Handbook of Neoliberalism* (London: SAGE Publications, 2018), 130.

[166] "Hayek and Friedman have vast, and heavily scrutinised, methodological and epistemological differences, rooted in their different theoretical practices within economics – Austrian and neoclassical, respectively." Rodrigues, "Embedding Neoliberalism: The Theoretical Practices of Hayek and Friedman," 130.

[167] Milton Friedman, "Inflation and Unemployment" (Stockholm, 1976-12-13 1976).

[168] Wilhelm Röpke, *Civitas humana: en människovärdig stat* (Stockholm: Natur o. kultur, 1945), 106.

The epistemological underpinnings of neoliberalism, as adopted by its proponents, establish a unique relationship with science and the general understanding of knowledge. Edward Nik-Khah, for instance, suggests that most neoliberals, echoing Wilhelm Röpke, argue that the scientific community cannot access knowledge external to the marketplace. According to this view, for science to be considered valid it must be subject to market forces.[169] However, this perspective is not without its complexities; it carries an elitist, almost aristocratic dimension. It implies that mere proximity to the marketplace is insufficient for accessing the knowledge it offers. There is an additional expectation of possessing the "right" moral fibre, suggesting that an individual's ethical and moral characteristics are crucial for truly understanding and utilising the knowledge derived from market interactions.[170]According to Mirowski, this exemplifies an assumption among neoliberals, including Hayek, that "[m]en have not become any wiser than they were in the past and […] no amount of enlightenment can ever bridge the natural gulf between the wise and the unwise".[171]

Nevertheless, it is worth noting that there are significant divergences among neoliberals concerning the question of who possesses the capability to perceive and comprehend the truths relayed by the markets. In the ordoliberal school of thought, individuals in close proximity to the marketplace, such as business leaders, are viewed as having privileged access to these market-generated truths. William Davies, however, offers a contrasting perspective:

> In contrast to the ordo-liberal position, in which prices have an explicitness and public aura about them, Chicago epistemology privileges the economist's analytical insights over the institutions of market actors themselves.[172]

Davies thus points out that the neoliberal assumption that all actors are driven by self-interest seems not to have been applied to their own (main) professional group, since economists are assumed to be able to evaluate behaviour and data in an objective and disinterested manner.

The question of who can speak truth (or interpret the "wishes of the market") is also intimately connected to the question of democracy and decision making. The academic debate regarding neoliberalism's (complex and often antagonistic) relation to democracy has been a vivid one during the 2000s and 2010s. A myriad of scholars have pointed out how neoliberals have sought not only to re-define notions of democracy, but also to challenge its

[169] Edward Nik-Khah, "George Stigler and the Marketplace of Ideas," in *Nine Lives of Neoliberalism*, ed. Dieter; Slobodian Plehwe, Quinn & Mirowski, Philip (London: Verso, 2020), 68.

[170] See Brown, *In the Ruins of Neoliberalism: The Rise of Antidemocratic Politics in the West*.

[171] Philip Mirowski, "Hell Is Truth Seen Too Late," *boundary 2* 46, no. 1 (2019): 22, https://doi.org/10.1215/01903659-7271327.

[172] Davies, *The Limits of Neoliberalism: Authority, Sovereignty and the Logic of Competition*, 86.

very foundations.[173] And, as I have already suggested, neoliberalism's relationship with democracy is problematic at best and sometimes directly hostile.[174] The neoliberal relation to democracy can at least in part be explained by the neoliberal's understanding of the so-called knowledge problem or of epistemic conclusions. Most neoliberal schools of thought have been explicit about the need to set up clear boundaries for democratic power, so that it does not threaten institutions such as private ownership. Hayek even makes a distinction between liberalism and democracy by arguing that democracy concerns who exercises power whilst liberalism concerns the limits of power.[175] According to Hayek, instead of endorsing popular sovereignty, political decisions should be entrusted to a select few who comprehend how an optimal "spontaneous order" can emerge under ideal market-like conditions. This stance inherently carries a critique against those who aim to achieve the "common good" through deliberate planning. Hayek's view implies scepticism towards centralised planning and a preference for an organic, market-driven approach to order and decision making, suggesting that only those with a deep understanding of market dynamics are qualified to make significant political decisions. The ordoliberal school had a similar objective, striving to establish a stable legal framework for the economy that politics would be required to adhere to.[176] According to Buchanan and Tullock, a constitution that puts limits on democracy effectively insures the individual against:

> the external damage that may be caused by the action of other individuals, privately or collectively. [...] On balance, 51% of the voting population would not seem to be much preferable to 49%.[177]

[173] See for example Brown, *In the Ruins of Neoliberalism: The Rise of Antidemocratic Politics in the West*; Nancy MacLean, *Democracy in Chains: the Deep History of The Radical Right's Stealth plan for America* (New York, New York: Viking, an imprint of Penguin Random House LLC, 2017); Philip Mirowski, Review of Nancy MacLean, Democracy in Chains, 2019-07-23 2017, Academia.edu, https://www.academia.edu/35881410/My_Review_Nancy_MacLean.docx; Slobodian, *Globalists: the End of Empire and the Birth of Neoliberalism*; Wendy Brown, *Undoing the Demos: Neoliberalism's Stealth Revolution*, First Edition. ed. (New York, Cambridge, Massachusetts: Zone Books, MIT Press, 2015); Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*. Matías L. Saidel, *Neoliberalism Reloaded: Authoritarian Governmentality and the Rise of the Radical Right* (Berlin: De Gruyter, 2023).

[174] Quinn Slobodian, for example, argues that the neoliberal project in its very core concerned the question of "protecting" markets from democratic influence. Slobodian, *Globalists: the End of Empire and the Birth of Neoliberalism*. See also: Møller Stahl, "From Depoliticisation to Dedemocratisation: Revisiting the Neoliberal Turn in Macroeconomics."; Brown, *In the Ruins of Neoliberalism: The Rise of Antidemocratic Politics in the West*; Brown, *Undoing the Demos: Neoliberalism's Stealth Revolution*.

[175] Wendy Brown discusses Hayek's Constitution of Liberty in Brown, *In the Ruins of Neoliberalism: The Rise of Antidemocratic Politics in the West*, 72. See also Saidel, *Neoliberalism Reloaded: Authoritarian Governmentality and the Rise of the Radical Right*.

[176] Brown, *In the Ruins of Neoliberalism: The Rise of Antidemocratic Politics in the West*, 82.

[177] James M. Buchanan and Gordon Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Democracy*, The Collected Works of James M. Buchanan, (Indianapolis: Liberty Fund, 1999 (1962)), 81-82.

By only acknowledging the individual as a legitimate political entity, the legitimacy of "majority rule" can simply be rejected.

Hayek, Buchanan, and Tullock addressed the issue of individuals purportedly not knowing their best interests in markedly distinct manners, as highlighted by Philip Mirowski. For Hayek, the problem could be resolved by aiming to "block most political participation on the part of the great mass of citizens".[178] Hayek defined this limitation as freedom; to consent to being excluded from real democratic influence essentially equated to being free. Moreover, advocating for this form of freedom in the struggle against totalitarianism was construed as a fight for democracy. As such, neoliberal definitions of democracy and freedom are significantly restricted, leading many scholars to emphasise neoliberalism's practical antagonism towards democratic principles.[179]

Mirowski argues that this Hayekian, authoritarian position is rejected outright by Buchanan, who instead "insisted that that the only legitimate political system was one based on complete unanimity".[180] Unanimity, for Buchanan and Tullock, is also closely connected to their notion of the public interest, which they aim to distinguish from special interests.[181] They, for example, claim that any "change that secures unanimous support is clearly 'desirable', and we can say that such a change is 'in the public interest'".[182] Interestingly, they argue that the "'public interest' becomes meaningful only in terms of the operation of the rules for decision-making", such as in the production of constitutional frameworks that put up clear rules and limits for governing.[183] This unanimity, however, could only be found in an imagined historical, (pre)-historical (or extra-historical) time, with its outcome translating perfectly into the optimal neoliberal constitution where democracy was strictly limited and private property rights vigorously protected.[184] Both Buchanan and Hayek, however, argue that only a small elite can perceive the need for (or superiority of) the optimal neoliberal order, legitimised through the articulation of historical continuity or agreement in an extra-historical or imagined moment. It should be noted that this imagined historical situation resembles philosopher John Rawls' ideas about the "original position" that he outlined in *A Theory of Justice* from 1971. Perhaps not so surprisingly, Rawls was also, at least, listed as a member of the neoliberal Mont Pelerin Society.[185] Buchanan himself later commented that "in the final analysis [of *Calculus of*

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[178] Mirowski, Review of Nancy MacLean, Democracy in Chains.

[179] Møller Stahl, "From Depoliticisation to Dedemocratisation: Revisiting the Neoliberal Turn in Macroeconomics," 407.

[180] Mirowski, Review of Nancy MacLean, Democracy in Chains.

[181] Buchanan and Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Democracy*, 283-85.

[182] Buchanan and Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Democracy*, 284.

[183] Buchanan and Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Democracy*, 285.

[184] Mirowski, Review of Nancy MacLean, Democracy in Chains.

[185] Andrew Lister, "The 'Mirage' of Social Justice: Hayek Against (and For) Rawls," (2011). https://www.politics.ox.ac.uk/materials/centres/social-justice/working-

consent], we reach the same point"[186] as John Rawls.[187] For Buchanan and Tullock, the so-called "founding fathers" of the American constitution served as examples of genius (de facto aristocratic) interpreters of the necessity of a specific constitutional framework that laid out clear limitations for democracy at the same time as it guaranteed private ownership.[188] This perception positions the founding fathers not just as political architects but as elite interpreters who understood the intricate balance between democratic governance and the protection of private ownership.[189]

Additionally, Buchanan and Tullock argue that human actions are contingent on specific norms and values, where "traditional" Judeo-Christian values are claimed to be superior to other cultural models.[190] The figureheads of public choice, for example, claim that "Judeo-Christian morality may be a necessary condition to the operation of any genuinely free society of individuals".[191] By guaranteeing (or creating) the right moral and cultural conditions, the desirable forms of subjectivity will have the ability to spontaneously emerge. Thus, subject formation, or the production of desired forms of behaviour, is thought to work best when working indirectly through the construction of systems of morals and values. However, even if Buchanan and Tullock suggest that the rational behaviour of the individual (as an entrepreneur) is highly contingent on the pre-existence of what they call a Judeo-Christian system of values, the value system in no way guarantees the production of well-behaved entrepreneurial subjects. An individual can, even under the best of circumstances, refuse or fail to act (suitably) in accordance with the market logics of competition. Buchanan and Tullock, however, also present a solution to this problem, to coerce individuals to act on (or be exposed to) the marketplace. "[O]nce having been forced to make choices", they argue, the consumer "is likely to be somewhat more rational in

papers/SJ017_Lister_MirageofSocialJustice.pdf; Jackson and Stemplowska, ""A Quite Similar Enterprise … Interpreted Quite Differently"?: James Buchanan, John Rawls and the Politics of the Social Contract."

[186] Buchanan quoted in Jackson and Stemplowska, ""A Quite Similar Enterprise … Interpreted Quite Differently"?: James Buchanan, John Rawls and the Politics of the Social Contract," 2.

[187] As Ben Jackson and Zofia Stemplowska have noted, the similarities can be explained by both Buchanan and John Rawls taking inspiration from Chicago School scholar Frank Knight. See: Jackson and Stemplowska, ""A Quite Similar Enterprise … Interpreted Quite Differently"?: James Buchanan, John Rawls and the Politics of the Social Contract."

[188] Buchanan and Tullock for example write that "in the course of this work [on Calculus of Consent] the authors [Buchanan & Tullock] have come to appreciate more fully the genius of the Founding Fathers in the construction of the American system". Buchanan and Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Democracy*, 298-99.

[189] Buchanan and Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Democracy*, 298-99; Mirowski, Review of Nancy MacLean, Democracy in Chains.

[190] For a discussion on how neoliberals re-invented the notion of "traditional values", see Cooper, *Family Values: Between Neoliberalism and the New Social Conservatism*, 311-16.

[191] Buchanan and Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Democracy*, 300.

evaluating the alternatives before him".[192] Consequently, by encouraging the subject to act in the market within a specific ("Judeo-Christian") value system, the rational entrepreneur — the neoliberal subject, so to speak — ought to have been given the right conditions and will emerge. Paradoxically then, while claiming that "the political theorist should take his human actors as he finds them",[193] Buchanan and Tullock's theory of governing puts the construction of desired subjects at the very centre of their theory on statecraft.

Considering the examples above, I agree with Rune Møller Stahl's claim that in order to understand the neoliberal political project, we must not be misled into thinking that its main antagonist is the state, but rather democratic influence on the economy and the state.[194] This should not, however, make us believe that neoliberalism offers a radical break with older forms of "classical liberalism" as regards democracy. Leading liberals have at least since the 19th century been driven to attempt to limit democracy and the influence of the masses.[195] As Stahl puts it, even "John Stuart Mill, arguably the strongest nineteenth-century proponent of inclusive liberalism, feared the prospect of majority rule and wanted to set up protections of the propertied minority, such as extra votes for the propertied and educated, and restrictions for servants and recipients of public relief".[196] Mill's elitist position also extended far beyond "civilised" Europe and America, where he argued outright that it was necessary and legitimate for "barbarians" to be governed by despotic means.[197] Mill's position should be understood as characteristic of 19th century liberalism, where, as Domenico Losurdo has argued, even slavery managed to be treated as compatible with the liberal project.[198] Not even among liberals, then, could support for popular influence and democracy be taken for granted during the 19th century. Intellectuals and politicians of the time "even in the liberal camp that successively advanced their positions — were usually not only elitists but also antidemocrats".[199] Neoliberal hostility, or scepticism, towards democracy should therefore not be seen as a radical break with earlier forms of "classical" (or 19th century) liberalism.

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192 Buchanan and Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Democracy*, 38-39.

193 James M. Buchanan, "Marginal Notes on Reading Political Philosophy," in *Calculus of Consent: Logical Foundations of Constitutional Democracy*, ed. James M; Tullock Buchanan, Gordon (Chicago: Ann Arbor, 1967), 310.

194 Møller Stahl, "From Depoliticisation to Dedemocratisation: Revisiting the Neoliberal Turn in Macroeconomics," 407-08.

195 Anders Burman, *Dissensus: drömmar och mardrömmar i demokratins idéhistoria* (Stockholm: Natur & Kultur, 2021), SIDA.

196 Møller Stahl, "From Depoliticisation to Dedemocratisation: Revisiting the Neoliberal Turn in Macroeconomics," 416.

197 Burman, *Dissensus: drömmar och mardrömmar i demokratins idéhistoria*, 132-33.

198 Domenico Losurdo, *Liberalism: A Counter-history* (London: Verso, 2011), 1ff.

199 Burman, *Dissensus: drömmar och mardrömmar i demokratins idéhistoria*, 131.

Concluding remarks regarding the definition of neoliberalism

In the preceding sections, I have outlined some key tenets of neoliberalism as well as its historical development. This groundwork is crucial for my analysis, which will focus on tracing the genealogy of a specific form of Swedish neoliberalism that had no predetermined end goal. Assar Lindbeck's writings will serve as a central lens in this exploration. Furthermore, the foundation that has been established will enable comparisons to be made between Lindbeck's texts and those of influential authors within the transnational neoliberal movement, such as Friedrich von Hayek.

Following recent developments in the vast research field of neoliberalism, I understand neoliberalism to be a broad, heterogeneous, and historically evolving movement, which nevertheless includes some common denominators that most neoliberals would agree on.[200] While previous research has demonstrated the effectiveness of defining neoliberalism using the three criteria I mentioned earlier — epistemological, state-friendly, and constructivist — I aim to go beyond merely using these criteria as a checklist for categorising something as neoliberal. Such an approach would be somewhat limited in its scope and utility. Instead, my intention is to explore how these aspects form part of a broader genealogy of a specific form of neoliberalism that primarily manifested itself in Sweden, acknowledging that this genealogy encompasses other components and dimensions shaped by the specific contexts in which they emerged.

I have also argued that even though the Mont Pelerin Society served as an important organising institution for neoliberalism, its definition cannot be reduced to membership of this institution, and I do not treat the question of whether a person was or was not a card-carrying member as crucial. Many important neoliberals, such as Assar Lindbeck (as I will argue), were never members of the Mont Pelerin Society, even though they had close connections to those that were.

I will now proceed to explore the existing body of research on neoliberalism in Sweden. This discussion serves a dual purpose: firstly, to deepen our understanding of the context in which Assar Lindbeck operated, and secondly, to explain the current research assumptions that underpin my work. Additionally, this exploration will engage with and critique these prevailing perspectives, providing a backdrop against which my analysis will be positioned.

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200 Yet, I acknowledge epistemological differences between neoliberals where especially Milton Friedman tended to embrace the positivistic notions often found in neoclassical economics rather than the market epistemology of Hayek. See, for example, João Rodrigues, 'Embedding Neoliberalism: The Theoretical Practices of Hayek and Friedman', in D. Cahill, M. Cooper, M. Konings and D. Primrose, eds., *The Sage Handbook of Neoliberalism* (London: SAGE Publications, 2018).

Neoliberalism in Sweden

In this section, my goal is to provide a summary of the current understanding of Swedish neoliberalism, with particular emphasis on the interactions of prominent Swedish figures within the neoliberal thought collective. Primarily, this entails reviewing existing research in the field. Given the rapid growth and diverse nature of this area of study, it is not feasible to cover every aspect comprehensively. Therefore, I will highlight some key works and integrate relevant research into my analysis to provide some context for my study. Despite Sweden's rapid and extensive neoliberal transformation, which is arguably one of the most significant globally, research on this subject in the Swedish context is still lacking in certain areas. For instance, the involvement of Swedes in the early stages of the transnational neoliberal movement remains significantly under-researched and warrants further exploration.

Additionally, this discussion will be augmented with some findings from my own archival research, including insights into Herbert Tingsten's relationship with the Mont Pelerin Society and Friedrich von Hayek. However, the primary objective of this section is to provide a rough map of the neoliberal landscape in Sweden, something that is crucial for an understanding of the context of the writings and work of Assar Lindbeck.

Assar Lindbeck was certainly not the first Swede to encounter neoliberal thinking. Philip Mirowski notes that the Bank for International Settlements (BIS) served as an arena were Swedes early on encountered neoliberal ideas.[201] For instance, the second General Manager of the BIS, Roger Auboin, was a member of the Mont Pelerin Society who maintained close contact with Swiss banks and had attended the Lippman Colloquium in 1938. Other members of the BIS included Marcus Wallenberg, a member of the Swedish industrial and banking Wallenberg dynasty. The first Chair of the BIS, the Swede Per Jacobsson, found the ideas of Mont Pelerin Society figures such as Fritz Machlup, Wilhelm Röpke, and Walter Eucken to be incisive expressions of the version of economics that underpinned his agenda for "sound money".[202]

Although not primarily concerned with the question of neoliberalism, the work of Rikard Westerberg shows that neoliberalism gained influence within organised Swedish business already in the 1940s, especially through the influence of Fredrich von Hayek and Wilhelm Röpke. Westerberg also shows the importance of taking account of the high degree of organisation of Swedish big business when analysing the struggle over methods of statecraft.[203] Further, Westerberg demonstrates that both neoliberal (Hayekian) and Keynesian sentiments existed within organised business from the 1940s until the 1970s and that the "pro-market" stance of Swedish big business was largely a reaction to the strength

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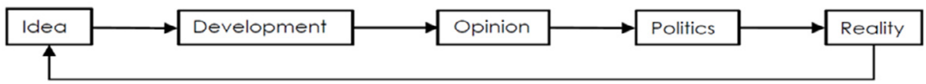
[201] Mirowski, "The Neoliberal Ersatz Nobel Prize," 235.

[202] Mirowski, "The Neoliberal Ersatz Nobel Prize," 235.

[203] Rikard Westerberg, *Socialists at the Gate: Swedish Business and the Defence of Free Enterprice, 1940-1985* (Stockholm: Stockholm School of Economics, 2020).

of the labour movement and ideas associated with it. What Westerberg calls pro-market ideas — which I would in this case describe as neoliberal — were in the main used to combat a labour movement that threatened the interests of Swedish business. The more radical the labour movement was perceived by Swedish big business, the more support for pro-market reforms could be assembled within the neoliberal movement.[204] Westerberg also shows that Swedish business organisations were in close contact with transnational neoliberal organisations such as the Mont Pelerin Society and the British Institute for Economic Affairs from the 1970s onwards, although some ties go back as far as to the origins of the Mont Pelerin Society in the 1940s, as I have indicated above.[205] Further, Westerberg demonstrates that Swedish business organisations adopted a strategy of influencing the minds of intellectuals rather than trying to lobby against the governing party, something that was closely influenced by Fredrich von Hayek's understanding of "intellectuals as 'second-hand dealers' in ideas". The underlying assumption was that once intellectuals were convinced, politicians would follow suit and align themselves with these neoliberal or pro-business viewpoints.[206]

Figure 5.1 "Eskilsson's circle"



Source: Eskilsson, *Från Folkhem*, 218. See also *Näringslivets Fond och Timbro - En kortfattad historik*, A1:1, Timbro, Timbros arkiv, CfN.

Borrowed from Westerberg.[207] .

Arvid Fredborg, a well-known Swedish conservative journalist and former Svenska Dagbladet foreign correspondent in Nazi Germany, holds the distinction of being not only the first Swede to become an active and recurring participant in Mont Pelerin Society meetings, but also one of its more influential members in the post-war era, as highlighted by Dieter Plehwe.[208] Fredborg was an actively contributing member up until his death in 1996. In his undergraduate dissertation, Joakim Bröms did pioneering work on Fredborg's dealings with the Mont Pelerin Society, showing, for example, how his general dislike of

[204] Westerberg, *Socialists at the Gate: Swedish Business and the Defence of Free Enterprice, 1940-1985*, 187, 90-92.

[205] Westerberg, *Socialists at the Gate: Swedish Business and the Defence of Free Enterprice, 1940-1985*, 194.

[206] Westerberg, *Socialists at the Gate: Swedish Business and the Defence of Free Enterprice, 1940-1985*, 196.

[207] Westerberg, *Socialists at the Gate: Swedish Business and the Defence of Free Enterprice, 1940-1985*, 196.

[208] Plehwe, "Introduction," 20.

democracy drew him to the neoliberal movement.[209] It should be noted that Fredborg was a journalist, not an economist — not unusual among those involved in the Mont Pelerin Society.[210] This underlines that neoliberalism covers broader societal concerns and extends beyond purely economic considerations. In the present study, Fredborg's involvement will be briefly examined, particularly in relation to the preparatory work for the 1979 Bjurel delegation report, "Roads to increasing prosperity".

Neoliberalism got its first breakthrough in Swedish political discourse after Swedish business realised that Nazi Germany would not win the Second World War and that consequently there was a need for a new political project that would guarantee private ownership and the interests of Swedish business. Building on the research of Rikard Westerberg, Jenny Andersson writes that:

> in 1943 and 1944, leading businesses and capitalist families in Sweden (not least the Wallenbergs) thought that a Nazi takeover would be preferable to what looked like a large-scale nationalisation plan after 1945. In 1944, realising that Hitler would lose the war, Swedish business translated Hayek's Road to Serfdom as part of a first mobilisation against social democracy.[211]

Perhaps more important for the Swedish links to transnational neoliberalism in the 1940s and 1950s were Herbert Tingsten, Bertil Ohlin, and Erik Lundberg. Here, Tingsten, who was a member of the Social Democratic Party until 1943 and later became renowned for his role as the executive editor of *Dagens Nyheter*, Sweden's largest newspaper, from 1946 to 1959, played a significant role. He attended the inaugural Mont Pelerin Society meeting in 1947 and expressed an interest in participating in at least one more meeting in 1952.[212] Tingsten, also, in his correspondence with Hayek, acknowledged that he approved of the Statement of Aims[213] that was presented at the first Mont Pelerin Society conference (which certainly not everyone at the meeting did).[214] Further, Tingsten made references to Hayek and seemed (to say the least) inspired by Hayek's scepticism towards the unrestricted

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[209] Joakim Bröms, "Arvid Fredborg som nyliberal: Institut d'Études Politiques, International Freedom Academy och Mont Pèlerin Society" (Bachelor Lund University 2016).

[210] Plehwe, "Introduction."

[211] Andersson, "Neoliberalism Against Social Democracy," 96.

[212] Herbert Tingsten, Tingsten to Hayek, 1952-05-30 1952, 79, Hayek (Friedrich A. von) papers 1899-2005, Hoover Institution, 27: Mont Pelerin Society, Stanford.

[213] See appendix 1.

[214] Herbert Tingsten, Tingsten to Hayek, 1947-05-31 1947, 79, Hayek (Friedrich A. von) papers 1899-2005, Hoover Institution, 27: Mont Pelerin Society, Stanford; Friedrich A. von Hayek, Hayek to Tingsten, 1947-05-27 1947, 79, Hayek (Friedrich A. von) papers 1899-2005, Hoover Institution, 27: Mont Pelerin Society, Stanford.

majoritarian democracy.[215] Yet, Tingsten publicly denied any affiliation with the Mont Pelerin Society, claiming that they were too radical for his taste.[216]

Bertil Ohlin, a distinguished liberal politician who led the People's Party from 1944 to 1967 and a renowned professor of economics who was awarded the Alfred Nobel Memorial Prize in Economic Sciences in 1977 and had close associations with Assar Lindbeck, attended the inaugural meeting of the Mont Pelerin Society but chose not to join, citing "prior commitments".[217] Alongside Erik Lundberg, another economics professor closely connected to Lindbeck, who joined the Mont Pelerin Society in 1959 (though he did not attend the first meeting), Ohlin used arguments from Friedrich von Hayek to oppose demands for nationalisations and a planned economy in Sweden after 1945. This collaboration highlights the application and influence of neoliberal ideas, as propagated by Hayek, in countering socialist economic policies in post-war Sweden.[218]

On this, Assar Lindbeck asserted in 2006:

> Ohlin's and Lundberg's main imprint on Swedish society, I believe, is that they helped to dampen the political enthusiasm for central planning and nationalisation during the first decade after World War II. They were also important advocates of free trade. Lundberg, moreover, convinced many Swedish economists about the limits, indeed dangers, of attempts to 'fine tune' macroeconomic policies. He also helped Swedish economists to appreciate the advantages of well-functioning markets, although the work that clarified this point most effectively for me was Hayek's little article 'The Use of Knowledge in Society' in the *American Economic Review* in 1945 — an article also highly appreciated by Lundberg.[219]

As the quote suggests, Lindbeck was not only aware but also appreciative of the intellectual ties that Ohlin, and especially Lundberg, had with Friedrich von Hayek's thought. He

[215] Leif Lewin, *Planhushållningsdebatten* (Stockholm: Almqvist & Wiksell, 1967), 304.

[216] Tingsten writes: "My lack of enthusiasm and aptitude for conferences was proven during some attempts that I felt obliged to make. In April 1947, I was invited to participate in the founding of an international liberal association for researchers and publicists, called the Mont Pèlerin Society after the hotel above Vevey in Switzerland, where the first meeting took place. Many prominent scientists participated, such as Frederic [sic!] von Hayek, Ludwig von Mises, Lionel Robbins, William Rappard, and Wilhelm Röpke, but most represented old-school liberalism, which was completely foreign to me; progressive income tax and social political reforms that are natural from a Swedish perspective were seen as dangerous deviations from a truly liberal order. In a debate, I said that 'if this is liberalism, I am probably still a socialist,' and I never participated further in the society's annual meetings." Herbert Tingsten, *Mitt liv Tidningen 1946-1952* (Stockholm: Norstedt, 1992), 334-35.

[217] Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*, 187.

[218] Regarding the utilization of Hayek in the Swedish post-war debate on planning, see also Nils Edling, "The Languages of Welfare in Sweden," in *The Changing Meanings of the Welfare State: Histories of a Key Concept in the Nordic Countries*, ed. Nils Edling (New York: Berghahn Books, 2019), 84-85.

[219] Assar Lindbeck, "An Interview with Assar Lindbeck," interview by Thorvaldur Gylfason, 2006.

particularly valued their alignment with Hayek's epistemic conclusions, which posited that planning was virtually impossible.

Ingemar Ståhl, another close associate of Assar Lindbeck, also became a member of the Mont Pelerin Society. Like Lindbeck, Ståhl had a history as a social democratic economist, actively involved in laying the groundwork for what was articulated as the "mixed economy".[220] Ståhl's career path frequently intersected with Lindbeck's, making his work and perspectives particularly relevant to this dissertation. According to Jenny Andersson, "Ingemar Ståhl was the single most important Swedish Mont Pelerin Society member and brought welfare economics, contract theory and public choice theory into Swedish economics".[221] While it is challenging to evaluate Ståhl's importance, especially when compared to someone like Fredborg who operated outside the field of economics, Andersson's conclusion highlights the overlap of neoliberalism and social democracy, especially in the field of Swedish economics.

On the topic of social democracy and neoliberalism, Andreas Fagerholm, in his dissertation on Swedish social democracy and neoliberalism, acknowledges that Swedish social democracy has been influenced by neoliberal ideas. However, he asserts that "observations of a total neoliberal shift" are "clearly exaggerated".[222] Fagerholm does not differentiate between neoliberalism and classical liberalism and equates the visions of libertarians like Robert Nozick with those of Hayek. To Fagerholm, neoliberalism primarily signifies the withdrawal of the state and the pursuit of "complete and unrestricted freedom".[223] Consequently, his quantitative study on neoliberalism does not measure the aspects I have discussed above.

In her dissertation on the privatisation discourse in Sweden, Liv Sunnercrantz, in close alignment with Foucault's interpretation of neoliberalism (which resonates with my own understanding), concludes that neoliberalism has exerted a significant impact in Sweden, particularly in shaping the perception that privatisation leads to efficiency. However, like Fagerholm, Sunnercrantz does not draw a clear qualitative distinction between the libertarian or anarcho-capitalist ideologies of Ayn Rand and Robert Nozick, and those of acknowledged neoliberals such as Friedrich von Hayek and James Buchanan. This leads them to somewhat overemphasise neoliberal demands for "a minimal state", while not focusing on how neoliberalism seeks to re-configure the state through active statecraft (and

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220 Andersson, "Neoliberalism Against Social Democracy," 93-96.

221 Andersson, "Neoliberalism Against Social Democracy," 90.

222 Andreas Fagerholm, *Socialdemokrati, nyliberalism och grön politik: en komparativ studie av den västeuropeiska socialdemokratins ideologiska vägval 1970-1999* (Åbo: Åbo Akademis förlag, 2013), 258.

223 Fagerholm, *Socialdemokrati, nyliberalism och grön politik: en komparativ studie av den västeuropeiska socialdemokratins ideologiska vägval 1970-1999*, 63-68.

acts of de-democratisation as discussed above).[224] Sunnercrantz, however, clearly shows that arguments that were put forward by Swedish neoliberals did have a major practical impact on the public discourse during the 1990s, which is an important context to keep in mind.

Political scientist Kristina Boréus' 1994 dissertation *Högervåg* on neoliberalism and the contestation over language in Swedish political discourse is the first major attempt to trace neoliberal ideas in Sweden. It remains a standard piece on neoliberalization in Sweden. While Boréus presents excellent original work on the "turn to the right" in Swedish political discourse during the 1969s to 1989, emphasizing significant discursive shifts, her definition of neoliberalism is somewhat outdated. This perspective, shaped by the research context of the early 1990s, leads her to disregard re-articulations of the state as neoliberal due to her view of neoliberalism as almost entirely antagonistic towards the state. Boréus identifies neoliberalism as a system of ideas aimed at minimizing state influence, allowing markets to reign freely, centering on the individual, assuming humans are rational and self-serving, viewing ownership as a fundamental right, and emphasizing negative freedom.[225] While some of these viewpoints intersect with neoliberalism, they align more closely with anarcho-capitalism, laissez-faire, libertarianism, or even neoclassical economics than with neoliberalism as discussed above.[226] Boréus, for example, disregards Hayek's vision of the state as social liberal because it contrasts with the idea of the night-watchman state.[227] In contrast, most new research on neoliberalism considers Hayek's vision of the state as very typical of the neoliberal project, which aims to re-articulate the state's role.[228]

Jesper Meijling has, by concentrating on the process of "marketisation", shown that public choice and the ideas emanating mainly from James Buchanan have had a major influence in different fields of Swedish statecraft, mainly concerned with healthcare and the railways.[229] Meijling has also shown how Swedish economists, and especially Ingemar Ståhl and Jan Eric Nilsson, were essential in presenting neoliberal ideas in Sweden and especially ideas connected to public choice.[230] Meijling, however, generally hesitates to talk about neoliberalism or neoliberalization, and rather tries to identify it with marketisation (as if

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224 Liv Sunnercrantz, *Hegemony and the Intellectual Function: Medialised Public Discourse on Privatisation in Sweden 1988-1993* (Lund: Media-Tryck, Lund University, 2017), 295-96. http://portal.research.lu.se/ws/files/35264503/e_spik_Liv_S.pdf.

225 Boréus, *Högervåg: nyliberalismen och kampen om språket i svensk debatt 1969-1989*, 92.

226 Neoliberals, as discussed above, for example, do not take the rational individual for granted. Instead, they emphasize that the entrepreneurial subject must be constructed through active statecraft and governmental strategies aimed at enabling individuals to act as entrepreneurs of themselves. Dardot and Laval, *The New Way of the World: on Neoliberal Society*, 101ff.

227 Boréus, *Högervåg: nyliberalismen och kampen om språket i svensk debatt 1969-1989*, 72-73, 92.

228 Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 54.

229 Jesper Meijling, "Marknadisering: En idé och dess former inom sjukvård och järnväg, 1970-2000" (Doctoral thesis, monograph, KTH Royal Institute of Technology, 2020), 280, http://urn.kb.se/resolve?urn=urn:nbn:se:kth:diva-284567 (2306).

230 Meijling, "Marknadisering: En idé och dess former inom sjukvård och järnväg, 1970-2000," 280-81.

they were the same thing). His research, however, shows that public choice has had a substantial impact on Swedish governing.

Another well-constructed and interesting dissertation, which would have gained from a discussion of what sets neoliberalism apart from earlier forms of liberalism and neoclassical economics, is Agneta Hugemark's *Den fängslande marknaden* (The captivating market) from 1994. Based on a study of *Ekonomisk Debatt*, the most prominent Swedish academic economics journal during and after the 1970s, she concludes that there was a radical and rapid shift from the Keynesian to the neoclassical in the field of economics in Sweden during the late 1970s and early 1980s. A self-proclaimed important task for economists during this time was, according to Hugemark, "to convince their audience that the new theory [neoclassical economics], increasingly embraced by them, was useful as a basis for political decisions".[231]

One of Hugemark's most interesting conclusions addresses how the concept of efficiency became central in this shift. For example, she concludes that the new notion of efficiency made economists question the purpose of welfare politics, since they perceived it as interference with the market equilibrium. This is an important observation, which I will take on board since it was a central concept in the argument for abandoning Keynesianism. Rather than helping politicians achieve their policy goals, Swedish economists to a greater extent advocated political change, following agendas increasingly coloured by neoclassical assumptions.[232] Hugemark, however, does not distinguish between neoliberalism and neoclassical economics.[233] In the context of her research, this issue is not too important, but her work does not treat neoliberalism and neoclassical economics as different entities. Not all neo-classical economists are neoliberal and not all neoliberal intellectuals are economists — in fact, most are not (see diagram below).

[231] Hugemark, *Den fängslande marknaden: ekonomiska experter om välfärdsstaten*, 174.

[232] Hugemark, *Den fängslande marknaden: ekonomiska experter om välfärdsstaten*, 175.

[233] For an elaborate discussion regarding how neoclassical arguments could form the basis of even left-wing economics, see Johanna Bockman, *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism* (Stanford, California: Stanford University Press, 2011).

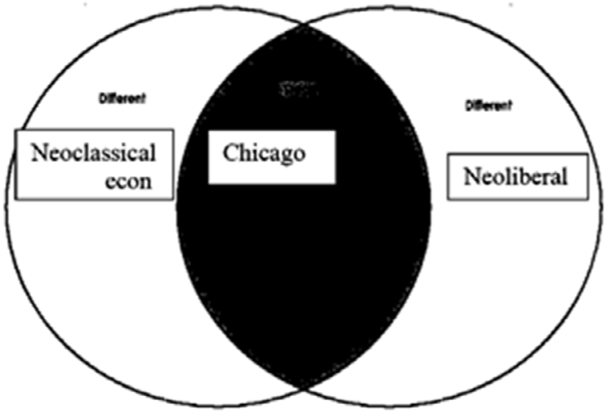

Illustration of the relation between neoliberalism and neoclassical economics, using the Chicago school of economics as an example. Borrowed from Mirowski.[234]

Research on the history of the Swedish right-wing movement, conducted at Södertörn University under Torbjörn Nilsson, has also mapped some key changes in the political debate in Sweden — specifically within the major right-wing Moderate Party.[235] Nilsson shows that neoliberal figureheads — mainly Hayek, Friedman, and Buchanan — gained considerable influence on the internal debate of the Moderate Party up until the 1990s. Drawing on Nilsson's research and juxtaposing it with neoliberal trends within Finland's conservative right, Ilkka Kärrylä argues that neoliberal influences were more pronounced in Sweden than in Finland. This was primarily manifested through calls for tax reductions and privatisations. Kärrylä tentatively attributes this disparity to the Swedish right's stronger affiliations with the Anglo-Saxon world, compared to their Finnish counterparts.[236] One of the most thorough studies of Swedish neoliberalism is political scientist Linda Nyberg's doctoral dissertation, *Market bureaucracy: neoliberalism, competition, and EU state aid policy*. Nyberg's basic understanding of neoliberalism is the same as mine, but her research on neoliberalism in Sweden primarily focuses on the implementation of EU law in Swedish legislation.[237] However, Nyberg, Nilsson, and Kärrylä show that the specific form of neoliberalism, whose genealogy I am tracing, had a major impact in Sweden, especially in the 1990s.

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234 Mirowski, "The Political Movement that Dared Not Speak its own Name: The Neoliberal Thought Collective Under Erasure," 10.

235 Torbjörn Nilsson, *Moderaterna, marknaden och makten: svensk högerpolitik under avregleringens tid, 1976-1991* (Huddinge: Samtidshistoriska institutet, Södertörns högsk., 2003). http://urn.kb.se/resolve?urn=urn:nbn:se:sh:diva-66.

236 Ilkka Kärrylä, "Ideological and Pragmatic Transformations: the Adoption of Neoliberal Ideas by Finnish and Swedish Conservative Parties Since the 1970s," *Scandinavian Journal of History*: 17-19, https://doi.org/10.1080/03468755.2023.2230209.

237 Linda Nyberg, *Market Bureaucracy: Neoliberalism, Competition, and EU State Aid Policy* (Lund: Department of Political Science, Lund University, 2017).

Although it is quite limited geographically, Johan Pries' dissertation on spatial planning in Malmö shows that neoliberalism must be seen as a much wider project than an effort to limit the size or the sphere of influence of the state. Pries shows how neoliberal logics, in Malmö, entangled itself with earlier, post-war, modes of statecraft in an effort to govern social spaces through urban planning.[238] Pries' contributions are significant in highlighting that neoliberal statecraft in Sweden often manifests in hybrid forms, coexisting with other governing logics. This perspective is crucial, as it suggests that the presence and influence of neoliberalism should not be overlooked simply because it does not appear in a pure, unadulterated form.

The international standard piece on "the turn to the right" in Sweden is probably Mark Blyth's *Great Transformations*, of 2002. The book does an excellent job in mapping how Keynesian liberalism was first embedded in Swedish politics and then became disembedded, following a massive campaign by the Swedish business community, which felt more and more threatened by the Swedish form of Keynesian liberalism that had dominated Swedish politics and economics in the post-war era, up until the 1980s. However, Blyth does not analyse the strategy of Swedish business in the context of transnational neoliberalism. Instead, he demonstrates that the political shift to the right in the 1980s and 1990s was the work of a highly organised Swedish business elite that promoted neoliberal think tanks such as Timbro and helped re-structure older think tanks such as the prominent Studieförbundet Näringsliv och Samhälle (Centre for Business and Policy Studies) in order to attack Keynesianism. Blyth also uses the problematic neo-Polanyian notion (which I have discussed above) of neoliberalism as the process of disembedding liberal structures. My research will, I believe, act as a complement to Blyth, who has on the whole focused on organised Swedish business interests in order to explain the emergence of Swedish neoliberalism.[239]

The 2023 anthology *Marknadens tid: Mellan folkhemskapitalism och nyliberalism* (The era of the market: Between welfare state capitalism and neoliberalism), edited by Jenny Andersson, Nikolas Glover, Orsi Husz, and David Larsson Heidenblad, is arguably the most thorough attempt yet to chart the transformative influence of neoliberalism within Sweden's socio-economic framework. While the anthology is undoubtedly a valuable contribution to the field, it does have certain limitations that reflect broader challenges within neoliberalism research. One notable aspect is the absence of a clear definition of neoliberalism. In particular, it primarily treats neoliberalism as a tendency within a broader marketisation, without sufficient effort to differentiate neoliberal markets from other market forms. While the editors and authors acknowledge that the "concept of the market in neoliberalism in many ways differed from other understandings of the market that were

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[238] Johan Pries, *Social Neoliberalism Through Urban Planning: Bureaucratic Formations and Contradictions in Malmö since 1985* (Lund: Faculty of Humanities and Theology, History Department, 2017). http://lup.lub.lu.se/record/0f14cead-f900-46a4-a4fe-499a5173bd85.

[239] See the two chapters on Sweden in Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century*; See also Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change."

also circulating at the same time" and that the "market can obviously contain very different spaces of experience and horizons of expectation: it can entail top-down mandates, but can also channel resistance, hope, and sorrow", they do not make a real effort to scrutinise what differentiates the neoliberal understanding of the market from other market interpretations.[240] The authors included in the anthology convincingly depict the increasing integration of the market concept into various sectors as a reflection of a broader evolving *Zeitgeist*. This trend has had a profound impact on many aspects of society and has influenced people's everyday lives and ways of thinking.

One example of importance to my study is Orsi Husz' intriguing analysis of how in Sweden, during the 1970s, the concept of the rational consumer came into conflict with the idea of the sovereign consumer. The rational consumer was perceived as an individual in need of protection from market manipulations, advertisements, and other external influences. This view contrasts sharply with the notion of the sovereign consumer, a concept associated with the neoliberal project. The sovereign consumer is envisioned as an empowered agent capable of exerting influence through consumption choices in the marketplace, rather than through methods of traditional political participation, such as voting in elections. This dichotomy highlights a significant shift in the perception of consumer agency and its role in society and economics.[241] It is crucial to note that the neoliberal articulation of the consumer, much like the articulation of the market, is contested by alternative (and more dominant) perspectives on consumer identity and roles.

Erik Thorsteman's 2023 analysis of neoliberalisation, which uses the re-regulation of the Swedish pharmacy market as a lens, does a good job of creating an understanding of neoliberalism in Sweden by utilising much of the knowledge gained in international research. By focusing on neoliberalisation as a process of re-regulation, as opposed to deregulation, Thosteman has illustrated how the Swedish welfare state, from the late 1960s to the 1990s, transitioned into a regulated welfare market, thereby altering the very concept of welfare. Thosteman convincingly demonstrates how the process of neoliberalisation in Sweden restructured the state and welfare systems in line with specific market logics, in which the state prioritised control of inflation (but also treated its citizens as consumers) rather than stepping back from interventions.[242]

In concluding this section on the study of neoliberalism in Sweden, I would like to explain that my aim in focusing on Assar Lindbeck (who, as I will show, had no explicit links to

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[240] Jenny Andersson et al., "Bortom vänstervind och högervåg," in *Marknadens tid: Mellan folkhemskapitalism och nyliberalism*, ed. Jenny Andersson et al. (Lund: Nordic Academic Press, 2023), 18.

[241] Orsi Husz, "Kreditkortskriget: Kooperativa Förbundet och den finansiellt rationella konsumenten," in *Marknadens tid: Mellan folkhemskapitalism och nyliberalism*, ed. Jenny Andersson et al. (Lund: Nordic Academic Press, 2023), 217-20.

[242] Erik Thosteman, "Från stat till marknad: Apoteksväsendet och nyliberaliseringen i den ekonomisk-politiska diskursen, 1968–2008," *Nordisk välfärdsforskning | Nordic Welfare Research* 8, no. 3 (2023): 230-31, https://doi.org/doi:10.18261/nwr.8.3.5, https://www.idunn.no/doi/abs/10.18261/nwr.8.3.5.

Swedish business interests) is to bring new insights into the subject. Supported by previous research, I will work from the assumption that the introduction of neoliberalism in Sweden was a multifaceted process, originating from multiple sources and driven by varied motives. While stressing that I am tracing the genealogy of a specific form of Swedish neoliberalism, I also recognise the existence of other genealogies within the spectrum of Swedish neoliberal thought, each characterised by its own unique trajectory. Having established this context, I will now proceed to summarise the research problems I am tackling and articulate the research questions that will guide the rest of my study.

The research field regarding Assar Lindbeck's authorship

Because of the central role of Assar Lindbeck in my dissertation, I will here summarise and comment on the research field regarding Assar Lindbeck's authorship and the work of Assar Lindbeck. I will continuously, throughout this thesis, make comments on the research field and explain why some parts of what is mentioned in this section will be repeated where relevant to my analysis.

As mentioned above, Mark Blyth identifies Lindbeck as a central character in the political transformation in Sweden after the 1980s. However, I believe that Blyth's reading of Lindbeck has been somewhat affected by his neo-Polanyian interpretation of neoliberalism. Blyth acknowledges Lindbeck's inspiration from neoliberalism but contends that he "did not go all the way" in fully embracing its principles.[243] Blyth makes this interpretation because he sees neoliberalism, or the form of market liberalism that started sweeping through Sweden during the 1980s and 1990s, as a wave of deregulations or the state retreating and letting markets take its place. He understands it merely as the pendulum swinging backwards towards a situation where markets are less governed by active statecraft, very similar to the form of laissez-faire of classical liberalism. But, as I have just discussed in depth, neoliberalism is a very different animal from earlier forms of liberalism. Lindbeck's stance is seen as not going all the way because going all the way is expected to be more antagonistic towards the state. Further, Blyth does not trace Lindbeck's authorship backwards and thus views his embrace of neoliberal and pro-market principles as a shift away from what Blyth describes as an earlier Keynesian position in Lindbeck's authorship.[244] This understanding is similar to that of Boréus, who identified Hayek's stance toward the state as a social liberal anomaly in a neoliberal tendency. Understanding the central position of the state in the neoliberal project, I believe, will enable a different reading of Lindbeck's relationship to neoliberal thinking.

[243] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 16.

[244] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 16ff.

Previous research has delved into Assar Lindbeck's work, particularly his influential role in the Swedish Nobel Economy Prize Committee. Lindbeck's dominance of the committee from the late 1960s to the mid-1990s, as Philip Mirowski has shown, was pivotal in establishing the prize, a feat that seemingly contradicted Alfred Nobel's intentions.[245] The prize's establishment seemed to have aimed at increasing the prestige of economists as governing experts who needed to be freed from the subjugation of democratically elected politicians. Further, Mirowski, for example, has shown how Lindbeck used his position in the prize committee to increase the prestige of neoliberal and neoclassical economics, helping to demote competing schools that did exist in the 1950s and 1960s.[246] Most significantly, the prize's award to Hayek in 1974 seemed to have boosted considerably his intellectual prestige in a context where his thinking, even in the orthodoxy of US economics, was marginalised.[247] As a consequence, Hayekian epistemology, which, according to Mirowski, plays a central role in neoliberalism, gained significant influence among economists worldwide.[248]

Besides Mirowski, Economic historians Avner Offer and Gabriel Söderberg have scrutinised Assar Lindbeck's role in the Nobel Prize, characterising him as a "king maker" who dominated the selection committee from 1969 to 1994, chairing it from 1980 until his resignation. They highlight his initially close relationship with Olof Palme and how his time in the US in the late 1950s influenced him with neoclassical trends as a young economist. Offer and Söderberg also meticulously examine Lindbeck's engagement in the efficiency debate, inspired by Hayek and debates in the Eastern Bloc, which I will discuss in more detail later in this thesis. They reveal how the wage earners fund debate was pivotal in Lindbeck's decision to leave the social democratic movement.[249] Moreover, they show that Buchanan and the public choice school influenced Lindbeck's later writings, particularly in their arguments about the need to limit politicians' power. This influence is especially evident in the so-called Lindbeck Report published in 1993, where he heavily focused on creating proper incentives.[250]

Offer and Söderberg's work has been crucial for my research, even though they primarily focus on Lindbeck's role as an economist and his involvement in the Nobel Prize committee. Following my understanding of neoliberalism as a concept with consequences far beyond the economic field, I aim to read Lindbeck as an author intervening in the discourse on statecraft and governing more broadly.

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[245] Mirowski, "The Neoliberal Ersatz Nobel Prize," 223ff.

[246] Mirowski, "The Neoliberal Ersatz Nobel Prize," 233.

[247] Mirowski, "The Neoliberal Ersatz Nobel Prize," 243ff.

[248] Mirowski, "The Neoliberal Ersatz Nobel Prize," 223ff.

[249] Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*, 174ff.

[250] Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*, 198ff.

Together with Offer and Söderberg, historian Jenny Andersson has probably scrutinised Lindbeck's authorship most in depth. She argues that the form of neoliberalism Lindbeck represents cannot be adequately explained by simply adopting ideas circulating in a transnational context. Instead, Andersson contends that it is an endogenous product resulting from a specific Swedish Social Democratic context, at least in Lindbeck's case. Andersson describes neoliberalism as a kind of "evil twin" of social democracy, where neoliberals viewed the masses as a threat, while social democrats saw them as a solution to political problems. Despite these differing perspectives, both movements emphasised the need for a competitive market economy enabled by an intervening state. This is particularly evident in the case of Lindbeck, who could be argued to have been both a Social Democrat (up to a certain point) and inspired by central neoliberal ideas. Both social democrats and neoliberals used the notion of the mixed economy as a projection surface for ideas where the state, market, and a specific notion of welfare were vital. Andersson's conclusions are significant and lead me to argue, in contrast to scholars like Philip Mirowski, that the development of neoliberalism must also be understood outside the context of the Mont Pelerin Society.[251]

Leaning heavily on the research of Offer and Söderberg, sociologist Stephanie Mudge discusses how Lindbeck and the Swedish Social Democratic movement's shift towards neoliberalism must be understood within the context of an intellectual legacy from figures like Erik Lundberg. Lundberg's rejection of Keynesianism had gained influence even among Social Democratic economists. Those sceptical of Keynesianism, such as Lundberg and Lindbeck, used their positions in the Nobel Prize committee to attempt to influence the trajectory of the form of economics represented by the Social Democratic Party in Sweden.[252] I will aim to explain and understand how Lindbeck's utilisation of neoliberal ideas must be understood within the context of the social democratic debate in Sweden.

Sociologist Agneta Hugemark has demonstrated that Assar Lindbeck, inspired by the School of public choice, problematised the public sector during the 1970s and 1980s. He argued that its expansion did not reflect the genuine wishes of the Swedish population but rather that the expansion fuelled its own demand.[253] Hugemark's analysis has prompted me to delve deeper into the reasoning, logic, and epistemology underlying Lindbeck's conclusions.

Sociologist Walter Korpi has identified Assar Lindbeck as a central character in the enormous influence of what he terms the "Eurosclerosis diagnosis" in Swedish public discourse, especially among experts connected to governing. Korpi uses the Eurosclerosis diagnosis metaphor to refer to the notion that assumes "serious negative effects on economic growth of the welfare state, taxation, and many other forms of political interventions into market forces." Korpi identifies the 1993 Lindbeck report as a pivotal work in the establishment of this

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[251] Andersson, "Neoliberalism Against Social Democracy."

[252] Stephanie L. Mudge, *Leftism Reinvented: Western Parties from Socialism to Neoliberalism* (Cambridge, Massachusetts: Harvard University Press, 2018), 312ff.

[253] Hugemark, *Den fängslande marknaden: ekonomiska experter om välfärdsstaten*, 86ff.

diagnosis in the mainstream while effectively arguing that those public experts, economists, and others who did not agree with the diagnosis (which Korpi himself questions with vigour due to the lack of empirical data supporting the claim) somehow retreated from the public debate. This retreat created a situation where a much-needed discussion on the topic did not occur.[254] While I see no reason to question Korpi's main arguments, I believe his notion of how economists such as Assar Lindbeck question interventions in market forces, implying that they represent a laissez-faire, must be questioned.

Historian Bo Stråth briefly mentions Assar Lindbeck's involvement in the Swedish wage earners fund debate during the 1970s, despite the argument that Lindbeck's role was quite pivotal. Stråth refers to Lindbeck as one of several social democratic economists sceptical of the funds, noting that Lindbeck criticised the concept of economic democracy, particularly regarding what he perceived as an increase in union power facilitated by the state.[255]

Historian David Larsson Heidenblad mentions Lindbeck's importance as a pioneering environmental economist but does not go into depth regarding his thinking or how or if it was connected to neoliberalism.[256] However, Heidenblad's work has inspired me to scrutinise Lindbeck's articulation of the environmental problem in relation to my reading of neoliberalism.

To conclude, while Lindbeck is not unknown in the Swedish research field regarding the political transformations that transpired during the 1980s and 1990s, I work from the assumption that the reading of Assar Lindbeck's authorship has partly been misunderstood due to the general misreading of neoliberalism in the Swedish debate. Furthermore, no comprehensive research exists that assesses the genealogy of Lindbeck's authorship, examining the complex mix of continuity and discontinuity back to the 1950s.

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254 Walter Korpi, "Eurosclerosis and the Sclerosis of Objectivity: On the Role of Values Among Economic Policy Experts," *The Economic Journal* 106, no. 439 (1996), https://doi.org/10.2307/2235214, http://www.jstor.org/stable/2235214.

255 Stråth, *Mellan två fonder: LO och den svenska modellen*, 174-75.

256 David Larsson Heidenblad, *The Environmental Turn in Postwar Sweden: A New History of Knowledge* (Manchester, England: Manchester University Press, 2021). https://www.manchesterhive.com/view/9789198557749/9789198557749.xml.

Research problems, purpose, and operationalised questions

A central purpose of the writing of this dissertation has been to contribute to what Michel Foucault calls the history of the present. There is an intriguing coexistence of significant restructuring of state responsibilities and the welfare state with contemporary neoliberalism, which manages to persist alongside a relatively generous welfare system. I will explore if one of many answers to this broader purpose can be found in the genealogy of Assar Lindbeck's authorship, which can simultaneously be described as the genealogy of a specific form of Swedish neoliberalism.

I have concluded that international research has effectively resolved many prevailing misconceptions about neoliberalism that still seem pertinent in the Swedish research field. This is particularly relevant regarding Assar Lindbeck's role as a social democratic intellectual and economist. To clarify, two primary misconceptions have generated confusion about the neoliberal trajectory in Sweden, misconceptions that become evident through the lens of Assar Lindbeck's multifaceted role. These misconceptions are pertinent to my study.

First, there is the misconception that neoliberalism is primarily about the withdrawal of the state. Swedish researchers, as evidenced by my previous examples, have often been misled by this tendency — a tendency that not only misrepresents the core principles of neoliberalism but also fails to accurately reflect the political and economic shifts occurring in Western countries, especially Sweden. In essence, many scholars have been looking for the wrong thing.

The second misconception veers in a direction opposite to the first: the idea that neoliberalism equates to mere marketisation or an intensified form of capitalism. While the view of some that neoliberalism is an expression of marginal anarcho-capitalist tendencies is too narrow; the "mere marketisation" perspective is overly broad. I argue that the concept of "marketisation" is elusive because a range of political projects, including purely socialist or classical liberal ones, offer different interpretations of the market. Moreover, this overlooks the central role of competition within the neoliberal vision of the market — a factor absent in classical liberal theories and in, for example, Polanyi's critique of market liberalism.

A third point — perhaps not a misconception but more of an overlooked aspect — is the epistemological dimension of neoliberalism that we can infer from Hayek, which treats markets as vital conduits for disseminating information in a world where information is inherently decentralised and fragmented. In any search for neoliberal thinking, this should be considered a fundamental aspect.

Lindbeck has often been seen as a figure influenced by neoliberal thought, but not fully committed to it. By examining how he was directly inspired by key figures in the neoliberal thought collective and how he applied these influences in specific contexts — most notably in the broader Swedish political debate — we can achieve a more nuanced understanding of the pragmatic and often eclectic utilisation of neoliberal thinking in the Swedish context. This allows us to discuss how a uniquely Swedish form of neoliberalism was emerging in relation to a continually evolving transnational discourse, one that had to be constantly adapted to a changing Swedish environment.

The first set of questions I aim to explore relates to my understanding of Hayekian epistemology as a central pillar of neoliberalism. While this aspect has been extensively discussed in an international context, it has often been overlooked in the analysis of Swedish neoliberalism.

- How do neoliberalism and neoliberal epistemologies inform Assar Lindbeck's perspective in the material analysed?
    - How are neoliberal epistemologies articulated in the material?
    - In what ways and for what reasons are neoliberalism and neoliberal epistemologies deployed to articulate problems and propose solutions?

The second set of questions addresses a common misconception that has been challenged internationally but often persists in the Swedish discourse on neoliberalism, namely the role of the state. I posit that an active state and statecraft are integral to neoliberal thought. Consequently, I seek to answer the following questions:

- How is the state articulated in Lindbeck's writings as seen in the analysed material?
    - What are the articulated core functions, responsibilities, and boundaries of the state and legitimate statecraft?

My third set of questions focuses on the constructivist dimension of neoliberalism, as exemplified by the public choice school of thought and Michel Foucault's concept of governmentality as the "conduct of conduct".

- How does Assar Lindbeck employ "conduct of conduct" as a governing strategy, for example through the creation of specific types of subjectivities?
    - In what ways does Lindbeck endeavour to influence and shape the conduct of those he aims to govern?

Lastly, acknowledging that political ideas are formulated and reconstituted within a political environment where statements and utterances are often employed antagonistically, I intend to explore:

- How did the political context surrounding Lindbeck shape his authorship?
    - Who are Lindbeck's interlocutors?
    - What impact did Lindbeck's interlocutors have on his interpretation and application (and articulation) of neoliberal ideas?

PART II

A genealogy of Swedish neoliberalism

This chapter aims to explore and critically explain the genealogy of Swedish neoliberalism through Assar Lindbeck's writings, particularly up until the publication of the "Roads to Increasing Prosperity" report in 1979. To construct this chapter, diverse sources have been utilised, including Lindbeck's 2012 autobiography Ekonomi är att välja (Economy is Choosing), a 2021 issue of Ekonomisk Debatt dedicated to Lindbeck, Offer and Söderberg's The Nobel Factor, and insights from Jenny Andersson's work.

Given my methodological approach, which contextualises Lindbeck's articulations within the political milieu targeting specific antagonists, I examine key debates that shaped his intellectual formation. These include his involvement with the social democrats and the Old Left, his engagement with the New Left, his involvement with the environmental movement and Neo-Malthusians, and his interactions with proponents of wage earner funds within the Social Democratic Party.

To provide a balanced view, I have accessed Lindbeck's personal archive at Stockholm University, consulted works mentioning him, such as those by Sture Eskilsson, and reviewed critical academic literature and archival material available after his death. These sources collectively offer a comprehensive lens through which Lindbeck's complex relationship with neoliberalism can be more fully understood.

Sweden and the "Swedish model" leading up to the 1970s

Attempting to contextualise Assar Lindbeck merely as a respondent to challenges in Swedish economics is fraught with its own unique set of challenges. This is primarily because Lindbeck himself significantly shaped the narrative surrounding Sweden's economic development during the 20th century. This influence is evident both directly and indirectly in seminal works on Swedish economics and economic history, as demonstrated by *En modern svensk ekonomisk historia* (A Modern Swedish Economic History) by Lennart Schön, which regularly references Lindbeck. The same is true of Klas Eklund's *Vår ekonomi* (Our

Economy), with Eklund being something of a Lindbeck disciple.[257] Consequently, I recognise that my economic-historical contextualisation may inevitably carry some remnants of Lindbeck's thinking, thereby serving as a testament to his legacy. Nevertheless, I shall endeavour to mitigate this by incorporating critical interpretations of pivotal issues, such as the relationship between politics and economic crises, and the repercussions of an expanding welfare state, amongst others.

Commencing in the 1930s, the Swedish political-economic framework was characterized by a consensual arrangement between labour and capital, commonly known as the Swedish model. This cooperative relationship was formally established under the Saltsjöbaden Agreement in 1938, between the Swedish Trade Union Confederation (LO) and the Swedish Employers' Association (SAF). The agreement set full employment as the primary policy objective while concurrently safeguarding the interests of private ownership. According to Mark Blyth, the system as constructed operated on the foundational premise that economic expansion at the same time served as the solution to fiscal dilemmas — chiefly those related to deflation during the 1930s — and to unemployment challenges. Concurrently, the state committed to achieving fiscal equilibrium over the span of an entire business cycle, as opposed to adhering to an annual balancing framework. Lastly, the state assumed an intermediary role, facilitating negotiations and agreements between labour and capital stakeholders.[258]

Throughout the post-war era, Sweden was also characterised by a political system dominated by the Social Democratic Party, which held the prime ministerial position (albeit, with one exception, without having a parliamentary majority) for no less than 40 years, from 1936 to 1976. Sweden's economic success, with the country being one of the wealthiest in the world by the late 1960s, was often attributed to the success of the social democratic system, with its striving for consensus between labour and capital.[259]

During the late 1940s, the political discourse in Sweden was notably marked by debates around nationalisation and a planned economy. As previously discussed, this period saw the introduction of Friedrich von Hayek's neoliberal ideas into the Swedish debate, primarily through the efforts of liberal politicians, economists, and journalists like Bertil Ohlin, Herbert Tingsten, and Erik Lundberg. This introduction was facilitated by the Swedish Employers' Confederation (SAF), which financed the translation of Hayek's *The Road to Serfdom*. While the 1940s witnessed a potential shift towards a more explicitly

[257] Lennart Schön, *En modern svensk ekonomisk historia: tillväxt och omvandling under två sekel* (Stockholm: SNS förlag, 2012); Klas Eklund, *Vår ekonomi: en introduktion till samhällsekonomin* (Stockholm: Tiden, 1992).

[258] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 5-6.

[259] Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*, 174-78.

socialist economy and society in Sweden, this tendency significantly diminished in the early 1950s.[260] According to trade union economist Rudolf Meidner this led to:

> both ideological and administrative disarmament [of the labour movement]: the ideas of a planned economy have been pushed aside, free competition has become the redemptive slogan also within the labour movement, everything that could remind of so-called detailed regulations has been dismantled, talk of nationalisation has fallen silent, in short, liberalist winds have during the 1950s swept through the structural thinking of Swedish social democracy.[261]

Considering this historical context, where ideas traditionally linked with economic liberalism could suddenly find expression within social democracy, it becomes comprehensible why individuals who spent their formative years in the labour movement during the 1950s, like Assar Lindbeck, might see capitalism and a market economy as, at the very least, compatible with progressive ways forward. With this perspective, I perceive the end of the Second World War and the intense debates it sparked — marked by a pressing need to conceptualise the construction of a future in a peaceful world — as a dislocatory event (the first that is of importance for this study) that enabled a transfer of thoughts and ideas across different discourses. This event was particularly evident within the social democratic movement, where market solutions, previously alien to social democratic discourse, could now, perhaps unexpectedly, be entertained or reinterpreted within its discourse.[262] It should, however, be noted that other avenues for the future were not closed off, and the debates of the 1940s and 1950s did not exclude the possibility of planning or nationalisations. These options continued to be viewed as viable alternatives in the political discourse for years to come, standing in stark contrast to the ideas represented by the transnational neoliberal movement. During the immediate post-war era, neoliberalism was still largely marginalised, especially when compared to the more dominant Keynesian interpretations of the economy and its relationship to politics.

After this short contextual introduction to Swedish political discourse, I will move on to discuss Assar Lindbeck's intellectual formation.

Raised in social democracy

Assar Lindbeck grew up far away from the political centres in Stockholm, or any of the major universities, in the then small Swedish northern town of Luleå, just south of the

[260] Edling, "The Languages of Welfare in Sweden," 84-85.

[261] Rudolf Meidner quoted in Lars Ekdahl, *Mot en tredje väg: en biografi över Rudolf Meidner. 2 Facklig expert och demokratisk socialist* (Lund: Arkiv, 2005), 107.

[262] See also Meijling, "Marknadisering: En idé och dess former inom sjukvård och järnväg, 1970-2000," 133.

Arctic circle. There, he was raised in a social democratic family where Lindbeck's father acted both as a trade union man and social democratic chairman of the town council.[263] "During my childhood", Lindbeck writes, we "got our interest for social and political questions from our home",[264] which Lindbeck describes as infused by politics and intellectual discussions. The distance from Stockholm did not mean that Lindbeck and his family lacked contact with national politics. For example, Lindbeck tells the story of how politicians frequently visited his childhood home where two of the most prominent guests were social democratic icons such as the former prime minister Rickard Sandler[265] and government veteran Gustav Möller[266] who was one of the fathers of the welfare state, whose fundaments Lindbeck would later challenge. Even though Lindbeck writes that his father joined a left-wing outbreak from the Social Democratic Party following the Russian revolution in 1917, only to return to the party in 1921, Lindbeck describes how his father was driven by pragmatic rather than political ideals.[267] In parenthesis, it is worth mentioning that Lindbeck himself seldom failed to express how he was driven by pragmatism rather than ideological motivations.[268] The story Lindbeck tells of his upbringing is also one of continuity, both in relation to the ideals represented by his father, but also in his own intellectual development.[269] Lindbeck gives no hints of radical breaks or revolutionary upheavals. Politically, Lindbeck emphasises, for example, that since his youth he "saw the great similarities between Nazism and communism",[270] implying his own centrist position while simultaneously arguing that Nazism and communism are unified under the umbrella of a totalitarianism that Lindbeck opposed. Lindbeck often, it seems, favoured describing himself as a person who preferred the "third way" option.

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263 Tson Söderström, "Mentorn Assar Lindbeck – ett personligt porträtt," 21.

264 Assar Lindbeck, *Ekonomi är att välja: memoarer* (Stockholm: Bonnier, 2012), 20.

265 Rickard Sandler (1884-1964) was one of the social democratic intellectual figureheads in Sweden during the early 20th century. He served as Swedish prime minister 1925–1926 as well as foreign minister 1932–1936, and 1936–1939.

266 Gustav Möller (1884–1970) was another of the Swedish social democratic figureheads during the 20th century. He has been credited as the father of the Swedish welfare state, because of his legacy when serving in the Swedish government from 1938 to 1951, 1939–1951 as Minister of Health and Social Affairs.

267 Lindbeck, *Ekonomi är att välja: memoarer*, 19.

268 One does not need to be a Freudian to find it interesting how Lindbeck's explicit ideals is both projected on the image of the father and then internalised as the explicitly motivating factor on himself. What we see can be interpreted as a realization of the Oedipus complex, where the child ends up identifying with the father. "Oedipus complex," in *Encyclopedia Britannica*, ed. The Editors of Encyclopaedia (2023). https://www.britannica.com/science/Oedipus-complex.

269 An interesting anecdote, told by Lindbeck in his autobiography, tells the story of how Gustav Möller later in Lindbeck's life mentioned, to Lindbeck, that "Your father is much wiser than you". The words, 60 years later at the time of writing of Lindbeck's autobiography, "still ring in my ears", Lindbeck writes, hinting that the competitive comparison with his father was a sensitive topic. Lindbeck, *Ekonomi är att välja: memoarer*, 51.

270 Lindbeck, *Ekonomi är att välja: memoarer*, 25.

In the autumn of 1948, when Lindbeck moved to study in Uppsala, his political interest intensified. He joined the social democratic student movement and, during 1951–1952, ascended to the position of chairman of the social democratic student organisation, Laboremus.[271] Even though Lindbeck, as a social democrat, according to himself, took a stance against communism, he describes his social democratic position as quite radical. Lindbeck, for example, remembers being highly critical of the Social Democratic Party's inability to handle the problem of inequality while simultaneously arguing for a development towards democratic socialism. Still, his vision of democratic socialism was one where markets had a central position. While we should remember that this account of Lindbeck's youth was written retrospectively with a public audience in mind, and that Lindbeck seems quite compelled to tell a story of continuity rather than one of radical (political) breaks, his envisioning of how the state can operate in accordance with the logics of the market is interesting. He writes:

> During the first years of study in Uppsala, I had in fact become somewhat radicalised, although I began to understand that a market economy cannot function if price formation is put out of play, as happened in the rental market. But during the basic education in economics, I thought I found new arguments for state-owned enterprises. I imagined that it should be easier to induce state enterprises than private ones to push production up to the point where marginal costs equalled market prices; private companies often charge higher prices than that when there is imperfect competition. Another argument was that state-owned companies should be able to take greater account than private ones of the external effects of production, for example on the environment.[272]

With the help of the work of Johanna Bockman in her book *Markets in the Name of Socialism* (2011) we can deduct that these views were not unique even within the radical left. Market logics, ideas on competition, price mechanisms, and so on, were often envisioned as tools that could be utilised even in a planned economy in the style of the Soviet Union.[273] It is also worth examining how Lindbeck himself scrutinises this earlier position and hints at how he came to affiliate himself with a more neoliberal and neoclassical approach, which brought with it a greatly different perspective on the state and private enterprise. Lindbeck writes:

> In retrospect, I realise that at the time I had a distinctly static picture of the economic system, probably drawn from standard economics textbooks from the 1940s and 1950s. I had not yet realised the benefits of decentralised economic decisions and decentralised entrepreneurial initiatives. […] But towards the end of the 1950s and the beginning of the 1960s, I became more and more positively disposed towards market economy and private entrepreneurship

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[271] Tson Söderström, "Mentorn Assar Lindbeck – ett personligt porträtt," 21; Lindbeck, *Ekonomi är att välja: memoarer*, 40-62.

[272] Lindbeck, *Ekonomi är att välja: memoarer*, 54.

[273] Bockman, *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism*.

— probably through a combination of further studies and experiences of the development in countries with different economic systems.[274]

The discontinuity identified in this context is not primarily concerned with market logics or the price mechanism itself. Rather, it centres on the role of the state, entrepreneurship, and the problematisation of centralisation versus decentralisation. This problem is articulated by closely linking it to the broader problematisation of planning which in turn is linked to the knowledge problem. As discussed earlier, a key neoliberal argument posits that decentralised decision-making by entrepreneurial subjects within a market-like system is often preferred due to its effectiveness in handling a reality where information is perceived to be always fragmented and incomplete. This perspective underpins Lindbeck's position on the preferable extent and nature of state intervention in the economy. Even though this account of the change of Lindbeck's standpoint vis-à-vis markets and the state is a retrospective one, it agrees with his earlier published texts, as I will further discuss below. It is also important to point out what Lindbeck himself saw as novel concerning his later position compared to the earlier one. Note how this second retrospective description fits in well with my three point-definition of neoliberalism, discussed above. This is especially evident if we see that both of Lindbeck's positions are, in vastly different ways, positive towards active state action.

In 1952, Lindbeck finished his undergraduate studies at Uppsala University, with a *politices magister* degree (equivalent to a Master of Political Science) with generally excellent grades.[275] After his studies in Uppsala, Lindbeck conducted his mandatory military service where he was placed at the Defence Staff. By what Lindbeck describes as coincidence,[276] his military service led to an exceptional transfer to the halls of government. Diverging from typical military responsibilities, he assumed the role of assistant to social democratic Finance Minister Per Edvin Sköld. During this time, Lindbeck also got closely affiliated with future social democratic Prime Minister Olof Palme. Lindbeck describes how his military service became "the first link in a chain of coincidences"[277] that made him closely associated with the Ministry of Finance. After a couple of years at the heart of Swedish national politics, in 1955 Lindbeck decided to complete a licentiate degree in political science and economics at Stockholm University. During this time, Lindbeck continued his affiliation with the Ministry of Finance.[278] Simultaneously, he became a close colleague of Erik Lundberg (who was more of an explicit neoliberal, joining the Mont Pelerin Society in 1959). Initially,

[274] Lindbeck, *Ekonomi är att välja: memoarer*, 55-56.

[275] Lindbeck received his highest grades in economics and political science (A and a) while receiving the more modest grades (Ba and B) in statistics and sociology. Betyg- och meritförteckning 1948-1964, Pol. Mag., 1952, Ö4:1/Betyg och meritförteckning 1948-1964, Professor Assar Lindbecks efterlämnade handlingar, Uppsala universitet, Stockholms universitet, Stockholm.

[276] I however find it quite likely that the connections Lindbeck had made during his time in Uppsala played a key-part in this "coincidental move".

[277] Lindbeck, *Ekonomi är att välja: memoarer*, 61.

[278] Lindbeck, *Ekonomi är att välja: memoarer*, 61-86.

Lindbeck did not agree with Lundberg's objections to "political interventions" in the economy, perceiving him as overly enthusiastic concerning market mechanisms. Still, even though they had their differences, Lindbeck eventually studied as well as worked in the United States at the initiative of no other than Lundberg.[279]

Contending for the future of social democracy

The period from 1957 to 1959, when Assar Lindbeck visited Yale and the University of Michigan on a Rockefeller Stipend, seems to have been particularly formative for his early work, even more so than his association with Erik Lundberg.[280] Offer and Söderberg write about Lindbeck's time in the United States, noting how he was greatly impressed by how the liberal wing of economics "was taming Keynesian doctrine into alignment with market optimality".[281] According to Offer and Söderberg, it was during this trip that Lindbeck "internalised its vision of markets as a template for society".[282] Working from the conclusion that the term "markets" can encompass a range of meanings, it becomes important to examine the specific and concrete forms his vision of markets took. Additionally, it is important to examine how, according to Lindbeck, these market concepts should interact with the state and society.

For this, I will examine Lindbeck's involvement in the social democratic debate about the future of the party after his return from the United States. This analysis will focus on the article "Att förutse utvecklingen" ("Anticipating the Development") which was published as a chapter in a debate book regarding the future of social democracy, published in 1959. Illustrative of the role of Keynesianism in the social democratic discourse in which Lindbeck was active, the book's opening chapter, written by its editor Roland Pålsson, fittingly begins with a quotation from none other than Keynes.[283] Most of the authors, who are all members of the Social Democratic Party's young intellectual elite, argue for economic democracy, the possibility of a transition from capitalism to socialism, or the application of Marxist theory in statecraft. In this context, Lindbeck's market-friendly approach stands out. It is however important to observe that Lindbeck's approach is typically cautious in its

[279] Lindbeck, *Ekonomi är att välja: memoarer*, 84ff.

[280] Lindbeck, *Ekonomi är att välja: memoarer*, 86-95; Mats Persson and Claes-Henrik Sieven, "Assar Lindbeck som penningteoretiker - doktorsavhandlingen 1963," *Ekonomisk Debatt* 2 (2021): 27-28.

[281] Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*, 180.

[282] Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*, 180.

[283] "But it will be those peoples, who can keep alive, and cultivate into a fuller perfection, the art of life itself and do not sell themselves for the means of life, who will be able to enjoy the abundance when it comes." Keynes quoted in Roland Pålsson, "Välfärdsstaten som myt," in *Inför 60-talet: Debattbok om socialismens framtid*, ed. Roland Pålsson (Stockholm: Raben & Sjögren, 1959), 9.

argumentation and even ambiguous. He frequently frames his arguments in terms of proposals “that could win the approval of everyone”,[284] combined with a style of reasoning inflated with “mights” and “maybes”. In my analysis of the text, I interpret these cautious descriptive statements as illocutionary speech acts. Thus, the portrayal of a potential measure should be considered, if not as a concrete suggestion, then as a strategy to render the described forms of governing a feasible form of statecraft.

Lindbeck acknowledges the history of modern social democracy as a success story, attributing these triumphs to the policies of the welfare state, characterised by full employment and comprehensive social legislation. In moving his gaze towards the future, however, Lindbeck argues that the solutions to the rising problems of governing lay outside the sphere of welfare politics, which had up until then dominated social democratic statecraft.[285]

A central question for Lindbeck in this debate on the future of social democracy is the role of the state and government, especially in relation to markets and the creation of efficiency in the sphere of private enterprise and production.[286] Contrary to the notion that markets naturally oppose the state or government, Lindbeck argues that a central function of the preferred style of governing is to “create well-functioning markets”. [287] This “means that the price mechanism is used to clean out inefficient forms of production and businesses and to adapt the direction of production to consumer preferences”.[288] The state, or the government, Lindbeck contends, should not only have an essential role in creating markets, but also in ensuring that they operate within acceptable forms, as well as in line with the logics of competition. “Among the many situations in which government intervention can be justified”, Lindbeck writes, “we have first of all those cases where competition is limited by the private entrepreneurs themselves, or when it takes unacceptable forms.”[289] Here, it is noteworthy that markets are not assumed to inherently function effectively if merely left to function untouched. Properly functioning competition might, in fact, necessitate intervention in the form of government action. We should also take a closer look at what kind of market Lindbeck envisions, as it gives a clue to the discourses that have influenced his argument. The markets described by Lindbeck are driven by the logic of competition; they are not merely, or primarily, spaces for the exchange of money and goods. This competitive environment must, because of competitive markets’ perceived inability to function ungoverned, be vigilantly maintained and (re)produced through state action. A central problem, then, which makes laissez-faire solutions nonviable, is the problem of monopolies. This vision of how competitive markets are dependent on state action has

[284] Lindbeck, "Att förutse utvecklingen."

[285] Lindbeck, "Att förutse utvecklingen," 65.

[286] Lindbeck, "Att förutse utvecklingen," 66.

[287] Lindbeck, "Att förutse utvecklingen," 67.

[288] Lindbeck, "Att förutse utvecklingen," 67.

[289] Lindbeck, "Att förutse utvecklingen," 69.

important similarities with central aspects of neoliberal thinking, even though no references are made explicitly.

Further, Lindbeck asserts that while an untouched price mechanism is preferable, because of its superior ability to transfer the information regarding an individual's wishes, the government should, if needed, exert control over the price mechanism. This would especially be to tackle inequality, which he articulates as an undesirable side effect produced by markets, while also acknowledging that striving for equality is a central aspect of the social democratic project.

> A well-oiled price mechanism should therefore be a central feature of economic policy. However, it should be emphasised that the price mechanism can be used in two fundamentally different ways. One way is for the state to passively accept the outcome of 'free' price formation. This is the price formation model of economic liberalism, where the direction of production is assumed to be automatically adapted to the needs of the individual. The other way is that the state, with the help of taxes and subsidies, deliberately manipulates the price mechanism in order to control the use of resources according to certain determined values, we can perhaps call this a 'controlled price mechanism'.[290]

In Lindbeck's view, a system that sometimes accepts state management — or even "manipulation" — of the price mechanism through the implementation of taxes and subsidies is the most advantageous form of governance. However, the untouched price mechanism should be the norm, with accepted and clearly defined exceptions, rather than strictly adhering to the market as a template, as argued by Offer and Söderberg.[291] We might contrast Lindbeck's perspective not only with a centrally planned economy but also with what, in the above quote, is described as "economic liberalism". In his articulation, economic liberalism is akin to laissez-faire liberalism, characterised by a hands-off approach that lets markets function with minimal intervention. Lindbeck effectively articulates a "third way", aligned with his vision of social democracy. While sharing some similarities, this "third way" represents a departure from the central tenets of Keynesianism, which at that time was the predominant influence on social democratic thought, positioning itself as an alternative to both laissez-faire and socialism.

Though similar to the neoliberalism previously discussed, Lindbeck's stance is markedly more favourable than for instance that of Hayek towards state intervention and significantly more sceptical towards inequality (which neoliberals tend to see as a motor for progress[292]). Indeed, his scepticism is so pronounced that one could argue that inequality is a fundamental issue that Lindbeck aims to address in his text. However, competitive markets

290 Lindbeck, "Att förutse utvecklingen," 68.

291 Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*, 180.

292 Mirowski, "The Political Movement that Dared Not Speak its own Name: The Neoliberal Thought Collective Under Erasure."

and the utilisation of the price signal remain in the centre of this vision, something that makes it stand out against the dominant Keynesian notions on governing. This distinction is particularly evident in discussions on housing policy. Lindbeck argues that "housing policy serves as an excellent example of the social distress that arises when the price mechanism is not utilised over an extended period"[293] and regards rent control as the primary cause of housing shortages in Sweden. The class argument utilised by Lindbeck here is interesting. He attempts to show that the application of the price mechanism would serve those less well off, which gives his argument legitimacy in a social democratic context. This also demonstrates that he is articulating his suggestion as part of an emancipatory project compatible with the central goals of the social democratic movement, addressing key problematisations within social democracy related to class and inequality.

In his arguments Lindbeck appears to draw on Hayek's understanding of the importance of the price mechanism in governance, though the reference is not made explicit. This lack of explicit mention is unsurprising, given Hayek's antagonism towards socialism and social democracy with which Lindbeck is affiliated. The influence is evident in how Lindbeck describes the price as essential for linking production to the preferences of consumers. He also uses concepts resembling the idea of the sovereign consumers, rational agents making their wishes known and fulfilled in the marketplace.[294] Here, markets are important primarily in their perceived role as information processors. They are carriers of information regarding the individual's wishes and desires. Lindbeck's statement that "equality should not mean that everyone has to eat the same amount of pea soup!",[295] mocks proponents of economic planning who prevent individuals from choosing how to spend their resources in the marketplace. The quote is also an example of how the very concept of equality is an important point of contestation for those debating the future of social democracy. Lindbeck articulates equality by linking it to notions of competitive markets and consumer sovereignty. Consumers are here perceived as making their wishes intelligible and attainable through rational behaviour in the marketplace.

While Lindbeck's articulation of a "mixed economy" is one where the application of the price mechanism as well as its results are accepted as the norm, he also acknowledges the need for occasional government interventions, when market outcomes are not seen as defensible for various reasons. While Lindbeck accepts the notion that the price mechanism, and markets, are carriers of information regarding the wishes of individuals and that "the free choice of the consumer" should be the norm, there are exceptions. It is acceptable, Lindbeck asserts, to relinquish the price mechanism if the "government does not accept the preferences that are expressed in the marketplace",[296] such as in the case of alcohol consumption, implying the need for a state that to some degree acts paternalistically towards

[293] Lindbeck, "Att förutse utvecklingen," 77.

[294] Lindbeck, "Att förutse utvecklingen," 82.

[295] Lindbeck, "Att förutse utvecklingen," 68.

[296] Lindbeck, "Att förutse utvecklingen," 70.

those who make the wrong choices. The notion of consumer sovereignty is thus used with reservations, even though Lindbeck accepts the epistemic role of the marketplace, in that it has a superior ability to transfer information regarding the wishes of consumers.

Further, Lindbeck justifies governmental intervention on various grounds, including "economic, social, cultural, medicinal, or other factual" [297] considerations. While Lindbeck's vison of social democracy in many ways contrasts with influential tendencies in dominant Keynesian thought of the 1950s, where planning was accepted, we are not dealing with a clean break. Some central elements in Keynesianism, such as the importance of state interventions to keep economic fluctuations in check while simultaneously guaranteeing long-term growth, also persuade Lindbeck of the need for state vigilance and interventions. He writes that

> the instability in the private sector is another example of the need for state interventions. It is becoming increasingly accepted that the state needs a considerable set of economic policy instruments to keep economic fluctuations in check. To the extent that we also want to set a target for the economic growth rate in our country, the need naturally increases further for an arsenal of economic policy instruments.[298]

It should however be noted that while the articulated goal of state intervention here resembles those of Keynesianism, a key difference is Lindbeck's focus on how the economic policy instruments must not threaten the competitive marketplace.

Regarding Lindbeck's view of governmental interventions that are acceptable albeit not in line with market governance, we can, I believe, see the first outlines of a logic for governmental action that can be followed through the further development of Lindbeck's work, namely the idea of government as the manager of what Lindbeck here calls "external economies" or "diseconomies" (later to be problematised as "externalities"). Lindbeck uses the example of polluting industries, a problem that needs to be addressed through governmental action because it cannot be handled by markets.[299] Lindbeck also connects the problem of "external economies" to the question of the role of experts, arguing that extensive expertise is needed for these forms of interventions. Lindbeck's notion is that expert committees can provide an answer to the problem of in what order, and where, "elimination of production-inhibiting laws and regulations" should be implemented.[300] Lindbeck, in contrast to for example Hayek, seemingly rates the knowledge of experts higher than the knowledge that is transferred in the marketplace. Markets are not seen as providing viable solutions to all governmental problems, at least when it comes to the question of where market governance is applicable and where exceptions are needed. Further, and in contrast to the notion that the market should be the template for society,

[297] Lindbeck, "Att förutse utvecklingen," 69.

[298] Lindbeck, "Att förutse utvecklingen," 70.

[299] Lindbeck, "Att förutse utvecklingen," 71.

[300] Lindbeck, "Att förutse utvecklingen," 67.

Lindbeck brings up the question of the commons, or collective goods, such as the use of parks, or military defence, where there are "strong reasons to deviate from the outcomes of the free price mechanism".[301] Regarding the commons, political decisions as opposed to market rationalities should be the guiding governance structure.

Another major theme in Lindbeck's argumentation concerns what it means to be a social democrat. To propose competition as a guiding logic for governance was not uncontroversial for a social democrat such as Lindbeck, who seems to be aware of this when he writes that:

> the social democrats will probably find it difficult to make completely satisfactory efforts in this area, until they get rid of their ambivalent attitude towards competition in business life. A cooperative ideology is in many areas excellent for a democratic reform party. It is, however, not particularly suitable when it comes to achieving an efficiently functioning private sector in business life.[302]

Lindbeck's project, here, seems to be the utilisation of the logics of competition and price mechanisms in the advancement of the social democratic welfare state, but for this to be possible the logic of cooperation must give way to that of competition. Lindbeck suggests that extending democratic ideals into the economic domain, as advocated by the social democratic left, could potentially impede competition and, consequently, hinder efficiency. It is also worth noting how Lindbeck articulates the democratic aspects of governing in opposition to what he refers to as "an efficiently functioning private sector". Following this, Lindbeck argues that any advancement in the struggle for equality must not stand in the way of market mechanisms:

> What is essential, however, is that income equalisation policies are designed in such a way that markets are not destroyed, with all that this would mean in terms of uneconomic resource allocation, queuing, rationing, black markets, price splitting[303] and social injustice.[304]

It is noteworthy that Lindbeck articulates markets (defined by the utilisation of price mechanisms and competition) by linking them to the idea of social justice, while its binary opposite, social injustice, is linked to uneconomic resource allocation etc. Yet, Lindbeck acknowledges that his position lies far outside the social democratic mainstream, an example

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301 Lindbeck, "Att förutse utvecklingen," 71.

302 Lindbeck, "Att förutse utvecklingen," 70.

303 Price splitting occurs when, likely due to some form of governmental regulation, two identical goods are priced differently. A typical example can be seen in the housing market, where one apartment might be priced lower than another similar one due to rent control. In an open market, these apartments would be assumed to have the same price or rent.

304 Lindbeck, "Att förutse utvecklingen," 70.

of how he articulated himself as something of a dissident within the party.[305] "My task has always been to discuss the politically desirable, not what is casually regarded as politically possible", Lindbeck writes while also acknowledging that his suggestion "maybe does not have much to do with the social democratic politics of today".[306]

Lindbeck concludes by articulating a vision of social democracy that aligns with his concept of a mixed economy, combining competitive markets with a commitment to equality and an active role for the state.

> The demand for an active and effective state power is currently in line with the basic attitude of social democracy. A very large part of today's disparities in income and wealth is due to a lack of competition and insufficient new establishment in the business sector, as well as insufficient capacity in our higher education institutions. My proposals are therefore highly likely to contribute to a continued equalisation of income and wealth.[307]

The demand for increased competition in the business sector and increased capacity in higher education can be seen as answers to the problems of inequality that do not involve redistribution measures or threats to private ownership. Lindbeck effectively articulates a solution to inequality that links competitive measures, the preferred solution within neoliberalism, with aspirations for higher education, something that can be seen as less controversial within social democratic discourse. More importantly, perhaps, is the fact that his solution to the question of equality is fully compatible with the notion of Pareto optimality, or Pareto efficiency, which is a central pillar within neoclassical economics. Pareto optimality essentially means that any redistribution cannot be accepted if it makes anyone worse off, making demands for radical redistribution very difficult to accept.[308] Utilising a genealogical perspective, we can here see how elements from disparate discourses, such as social democracy's struggle for equality, neoliberalism's focus on the state's role in enabling competitive markets, and the notion of Pareto optimality from neoclassical economics, are linked together to create something that would not be deemed typical of any one of these discourses. Still, it should be noted that Lindbeck was certainly not the first to articulate this argument. His discussions, particularly those that could be characterised as pertaining to Pareto optimality, bear a strong resemblance to the ideas presented by Oskar Lange and Fred M. Taylor in the 1930s and 1940s in a context that could be described as socialist market economy. Lange's work, in particular, and notably its

[305] The depiction of Assar Lindbeck (and Ingemar Ståhl) as dissidents within the social democratic movement is also used by Jenny Andersson. Andersson, "Neoliberalism Against Social Democracy," 90.

[306] Lindbeck, "Att förutse utvecklingen," 82.

[307] Lindbeck, "Att förutse utvecklingen," 82.

[308] Lockwood, "Pareto Efficiency."

so-called second theorem contributed significantly to the foundation of welfare economics.[309] Neither Lange nor Taylor is referenced in the text.

In Lindbeck's approach, the articulation of market-oriented governance extends beyond the mere question of the state's role. It involves linking this approach to his interpretation of social democracy. When articulating social democracy, he links it to the concept of "active and effective state power", which, in Lindbeck's perspective, should be directed towards (re)producing efficient markets. To state it plainly, in this context, being a social democrat is characterised as opposing laissez-faire while advocating for the establishment of competitive markets. For Lindbeck, who here exhibits hostility towards ideas of economic democracy, planning, and public ownership, the neoliberal approach of indirect governance through price signals and competition thus aligns with his vision of social democracy. This compatibility arises from social democracy's focus on a strong state. In Lindbeck's view, such a state is not only equipped to mitigate the negative effects of markets, such as increasing inequality, but also to address monopolistic tendencies that could undermine effective competition and the proper functioning of markets.[310] Lindbeck's stance that disparity in income "is due to a lack of competition" is a perfect example of how the state can, through vigilant action that (re)produces functioning markets, strive for a goal such as increased equality that is uncontroversial within social democratic discourse. In a sense, Lindbeck expresses the idea that government action that guarantees competition will spontaneously respond to what has been problematised through government action, for example disparities in income and wealth, without the need for planning — or even for redistribution. Lindbeck is here articulating an idea of how competitive markets produce spontaneous order in a way that is very similar to Hayek's, but where inequality is not seen as a driving force for competition. On the contrary, inequality, which is articulated as a central problem for governing, is understood to be solved by enforcing competition, but without the need for redistribution.[311]

Intriguingly, and perhaps counterintuitively, Lindbeck argues that China and the Soviet Union are positive models for how the state can successfully utilise and control markets in order to reach beneficial results (that are unreachable in both laissez-faire and totally state controlled systems).[312] Market governance versus planning is thus not simply the reflection of a geopolitical antagonism between the perceived East and West, or socialism and capitalism.

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[309] "**Second Fundamental Theorem of Welfare Economics** Assume that all individuals and producers are self-interested price takers. Then almost any Pareto optimal equilibrium can be achieved via the competitive mechanism, provided appropriate lump-sum taxes and transfers are imposed on individuals and firms." Allan M. Feldman, "Welfare Economics," in *The New Palgrave Dictionary of Economics* (London: Palgrave Macmillan UK, 2018).

[310] Lindbeck, "Att förutse utvecklingen," 82-83.

[311] Again, this reasoning is similar to, or compatible with, the Second Fundamental Theorem of Welfare Economics.

[312] Lindbeck, "Att förutse utvecklingen," 71-72.

Finally, taking seriously the concept of the speech act, as discussed initially, which posits that the target of argumentation must always be considered in an antagonistic context, Lindbeck affords us a clear insight into the identity of his adversaries. He explicitly states that:

> the edge of the polemic has consistently been directed against those who fail to recognise the disadvantages of disrupting well-functioning markets, and against those who wish to use state power to preserve outdated and inefficient production structures.[313]

Fascinatingly, Lindbeck further claims that "it could be argued that today's 'class struggle' is fought not between entrepreneurs and workers, but between those who accept changes in various areas and those who oppose them".[314] The analogy with the Marxian analysis of dialectical class struggle is telling. It is directly antagonistic to the left, both inside and outside social democracy, who for example make use of Marx in their argumentation for planning. Lindbeck thus, implicitly, articulates the central conflict in society as being for or against planning, or being for or against utilisation of the price mechanism, and so on.

In conclusion, it is also worth noting that Lindbeck acknowledges his involvement in a protracted debate concerning what might be termed optimal or efficient statecraft, where what is deemed impossible here and now might become common sense in the future. Interestingly, this view intersects with Foucault's notion of the author-function, where the author acts as a discursive door opener. We are essentially dealing with a dislocatory speech act, in the sense that Lindbeck utilises solutions typically found outside social democratic discourse as solutions to what has been problematised within social democratic discourse.

Returning to the central analytical concept of problematisation, which I discussed at the outset, Lindbeck's deliberations are driven by two overarching problems. The first is the problem of reconciling the fundamental social democratic ideal of equality with key neoclassical concepts that Lindbeck absorbed during his visit to the US. Among these is Pareto optimality, or Pareto efficiency, a principle suggesting that only transactions that do not make anyone worse off, and potentially benefit others, are considered legitimate. Lindbeck here attempts to find an answer to the central social democratic problem of inequality by not utilising redistribution or planning, and instead looking to increased competition and investment in education as solutions.

The second problem concerns the task of continually adapting governance to accommodate an uncertain future, something that also involves asking questions of experts on governing, and so on. Here, Lindbeck both argues for the need to make use of the price mechanism in an efficient manner in order to align production with consumer preferences, and to utilize experts in order to figure out where such a solution belongs, and where it does not.

[313] Lindbeck, "Att förutse utvecklingen," 81.

[314] Lindbeck, "Att förutse utvecklingen," 80.

At the very centre of Lindbeck's argumentation is the discussion of what it means to be a social democrat involved with the administration of what he calls the mixed economy. Lindbeck consistently positions his vision of social democracy as a "third way", in contestation with other articulations of "third way" and "mixed economy" options, where utilisation of for example planning are accepted, such as the dominant Keynesian approaches. If we return to the concept of a speech act, it is essential to understand who is being antagonistically targeted by Lindbeck's articulations: principally these are the advocates of planning and of solutions that oppose the use of markets or the price mechanism. This is evident in his re-articulation of the basic Marxian concept of class struggle as the primary engine of history. He redefines this struggle as one between proponents of market solutions and those resistant to change.

While markets are undeniably at the centre of Lindbeck's vision of preferable statecraft, functioning as a kind of norm, I believe his vision is more complex than that of merely accepting markets as a template for society, as described by Offer and Söderberg. In the same way, in what could be described as a Keynesian approach, Lindbeck's imagining of social democracy is strategically articulated as situated between unregulated laissez-faire capitalism and communism (or socialism). In Lindbeck's view, and in contrast to the dominant notions in social democratic discourse, utilising markets and the price mechanism is articulated as the preferable norm. Yet, Lindbeck acknowledges the necessity of state and governmental actions. These interventions are essential not only to ensure sustained competition in the marketplace but also to address and mitigate negative side effects such as increased inequality. In part, governmental actions towards markets are accepted as necessary in order to mitigate the need for planning. Lindbeck's is thus concerned with the role or function of the state and government, rather than its reach.

Furthermore, aligning with a key concept in neoliberal thought, Lindbeck presents a version of the sovereign consumer in which consumption is portrayed as the preferred method of expressing desires, as opposed to the prevailing view that consumers require protection from market forces. However, Lindbeck concedes that the state is not compelled to satisfy the demands that are revealed through the marketplace. While Lindbeck seemingly makes use of a kind of Hayekian understanding of the market as information processor, there are no explicit references to any neoliberals. Furthermore, while I believe it is an oversimplification to describe Lindbeck's proposals for the future of social democracy as the consequence of a neoliberal turn in his work, it is certainly the case that his proposed solution to central problems for social democracy — mainly the use of competitive markets — certainly opens the door to acceptance of central aspects of neoliberal thought. However, it is important to emphasise that this approach does not exclude the possibility of exploring alternative solutions. Lindbeck's predominant manner of seeking solutions in alignment with neoclassical principles concerning issues that have been problematised within social democratic discourse renders his arguments, at the very least, compatible with neoliberal thought.

The housing shortage

Assar Lindbeck's first major contribution to Swedish public discourse occurred in 1962, as a result of his work at the IUI (Industrins utredningsinstitut — Industrial Institute for Economic and Social Research), with the publication of *Bostadsbristen* (The Housing Shortage). Jenny Andersson describes the book as "a landmark report in a history of Swedish neoliberalism",[315] particularly due to its challenge of Keynesian ideas that subsidies could solve the housing shortage.[316] It should also be noted that housing appears to have been central to the debate on the viability of planning. Many key experts, along with public and governmental advisors in Sweden, advocated for planning as a solution to the issue of housing shortages amidst a rapidly growing population.[317] The question of housing can thus be seen as a key battleground for those who advocated planning and their adversaries, such as Assar Lindbeck.

The core arguments in the book can be viewed as an extension of Lindbeck's arguments on the significance of the price mechanism within the housing sector, as introduced in the internal social democratic debate during the late 1950s. This book, written before Lindbeck had obtained his doctorate, was co-authored with economists Ragnar Bentzel and Ingemar Ståhl, who would continue to be close collaborators throughout Lindbeck's career. Their professional relationship extended into their work on the Nobel Prize committee, where Bentzel served alongside Lindbeck from 1969 to 1986 and Ståhl from 1981 to 1994.[318]

In a similar manner to the 1946 pamphlet *Roofs or Ceilings* by Milton Friedman and George Stigler, which is not referenced, *Bostadsbristen* stands out because of its argumentation for de-regulation of the rental housing market. Interestingly, and in contrast to the American neoliberals, the authors argue that the government must compensate for side effects such as the risk of increasing the problems of inequality. This reveals the central role of the concept of inequality even outside the internal social democratic discourse. While Friedman and Stigler regard side effects such as increased inequality as a necessary, or perhaps lesser, evil,[319] Lindbeck and his co-authors, in contrast, offer suggestions for remedies. They argue, for example, that increased "taxes on income from property, changes to general housing subsidies, indirect taxes on housing consumption (tax on rents or rent increases), interest

[315] Andersson, "Neoliberalism Against Social Democracy," 93.

[316] Ragnar Bentzel, Assar Lindbeck, and Ingemar Ståhl, *Bostadsbristen: en studie av prisbildningen på bostadsmarknaden* (Stockholm, 1963).

[317] Johan Pries and Mattias Qviström, "Revisiting the Green Geographies of Welfare Planning: an Introduction," *Geografiska Annaler: Series B, Human Geography* 104, no. 3 (2022), https://doi.org/10.1080/04353684.2022.2101137.

[318] Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*, 105, 212ff.

[319] Milton Friedman and George J. Stigler, *Roofs or Ceilings? The Current Housing Problem*, (New York: Fondation for Economic Education, 1946), https://fee.org/resources/roofs-or-ceilings-the-current-housing-problem/.

rate changes, or indirect taxes (or subsidies) on housing production, indirect subsidies to certain household groups, and indirect subsidies to certain household categories"[320] could be utilised to handle the undesired effects of market rents.

> Let us for a moment assume that the state's policy during a transition to equilibrium pricing aims to maintain individual income and wealth distribution. In principle, this could be done so that the increase in property value that occurs when rents rise is returned to the tenant. One possibility would be for the property owner to hand over to each tenant a promissory note for an amount corresponding to the capitalised value of future payments of the rent increase. Another possibility would be for the state to implement a one hundred per cent rent increase tax and then individually refund the corresponding amount to the tenants.
>
> Through measures of this kind, all tenants would end up in an unchanged income and wealth situation. However, other significant changes have occurred. The consumer is now in a situation of market pricing and market equilibrium; the choices in the housing market have increased, and the tenant can optimally adjust their apartment choice. [...] Tenants would thus gain freedom of choice while the privileges associated with rent control would be converted to cash.[321]

While the examples above are taken to the extreme, with the aim of proving that "the market" does not necessarily lead to increased economic inequality, it is generally worth noting how the arguments for market reforms are linked to the prospect of equality.[322] The arguments presented are particularly significant in their assertion that effective market reforms depend heavily on substantial state intervention. This underscores the state's dual responsibility: not only to mitigate the negative impacts of the market but also to ensure that the market functions properly. In this discussion, a clear link is articulated between well-functioning markets and state action, positioning the state as a crucial guarantor of market mechanisms. In this context, a key aspect of the problematisation involves acknowledging the absence of effective market mechanisms. The state's involvement is thus seen not merely as a reactive measure, but as an integral part of enabling and sustaining market solutions to problems in society. In this line of argument, we can see a return of the notion of the sovereign consumer, where the functioning of the market mechanism is dependent on the rational actions of the consumer. Through their acts of consumption, consumers produce the fulfilment of their own desires and, simultaneously, address societal problems in the marketplace (supported by active governmental action).

However, the argument advanced by Lindbeck and his co-authors would not prevail. The housing shortage problem in Sweden was instead handled under the umbrella of the so-called Million Homes Programme (Miljonprogrammet), where the state sought to build one million new housing units over a ten-year period, something that was actually

[320] Bentzel, Lindbeck, and Ståhl, *Bostadsbristen: en studie av prisbildningen på bostadsmarknaden*, 98.

[321] Bentzel, Lindbeck, and Ståhl, *Bostadsbristen: en studie av prisbildningen på bostadsmarknaden*, 106.

[322] Bentzel, Lindbeck, and Ståhl, *Bostadsbristen: en studie av prisbildningen på bostadsmarknaden*, 107.

accomplished.[323] The numbers were especially impressive considering Sweden's population of around 8 million and the total number of dwellings at the start of the project numbering 3 million.[324] Nonetheless, the issues of housing and "rent control" remained high priority topics for Lindbeck throughout his career and were a critical battleground in the discourse on markets versus planning.[325] It is also crucial to observe how Lindbeck and his co-authors continued to explore the compatibility of equality and market governance, alongside the concept of the rational, sovereign consumer. The notion of functioning markets is thus increasingly linked to the existence of a particular type of rational subject in the form of the consumer. Although the basic arguments resemble those presented by Milton Friedman and George Stigler in *Roofs or Ceilings*, the core arguments are re-articulated to link them with the principle of equality.

PhD and professorship

Lindbeck's doctoral dissertation, *A Study in Monetary Analysis*, published in 1963, was further influenced by ideas he seems to have encountered during his time in the USA. During that period, Don Patinkin's 1956 monograph, *Money, Interest and Prices*, emerged as a seminal work that significantly influenced Lindbeck. As noted by economists Mats Persson and Claes-Henric Siven, Lindbeck had already in his 1961 article "Den klassiska 'dichotomien'" (The 'Classical Dichotomy') heavily utilised Don Patinkin's critique of assumptions made in classical economics regarding how the "real sector and the monetarist sector" cannot be analysed using the same (classical) model.[326] Intriguingly, in the article, Lindbeck draws extensively upon the work of the Polish economist Oskar Lange. Lange is renowned for his argument that the price mechanism, as conceptualised by Hayek and Mises, could be employed within a planned, socialist economy, but he is also seen as a figurehead of welfare economics, which leans heavily on neoclassical theory, such as the

323 Thomas Hall and Sonja Vidén, "The Million Homes Programme: A Review of the Great Swedish Planning Project," *Planning Perspectives* 20, no. 3 (2005), https://doi.org/10.1080/02665430500130233.

324 Hall and Vidén, "The Million Homes Programme: A Review of the Great Swedish Planning Project," 303.

325 Gustav Karreskog and Estrid Faust, *Vägen till marknadshyror*, Timbro (2017), https://timbro.se/ekonomi/bostader/vagen-till-marknadshyror/. Pries and Qviström, "Revisiting the Green Geographies of Welfare Planning: an Introduction."

326 Persson and Sieven, "Assar Lindbeck som penningteoretiker - doktorsavhandlingen 1963," 26.

notion of Pareto optimality.[327] Lindbeck highlights that Lange and Patinkin essentially present similar arguments, targeting inconsistencies within classical economics.[328]

It is in "The 'Classical Dichotomy'" that Lindbeck for the first time, to my knowledge, explicitly discusses neoliberal ideas on epistemology. He does this by referring to Milton Friedman (who attempted to combine positivist thinking with some form of deductive methodology à la Karl Popper). Lindbeck writes:

> It is now generally known from empirical studies that the implications of economic theories are often very difficult to test in an unambiguous way. An example of this can be the many empirical studies that have been conducted on the relationship between money supply and prices. Therefore, in some cases, it is easier to test a model's assumptions and try to use these tests as an indirect way to assess the realism of the model's implications.[329]

Intriguingly, Lindbeck's interpretation of Friedman appears to align more closely with Hayek's (who is not explicitly mentioned) focus on uncertainty than with Friedman's positivism, which seeks to prove certain universal causalities. As I will elaborate further below, this concept of uncertainty would later profoundly influence Lindbeck's thinking. It also demonstrates how Lindbeck was engaging seriously with Friedman's work as early as the beginning of the 1960s. Additionally, in his dissertation, Lindbeck cites neo-Keynesian economist Paul Samuelson — specifically his seminal 1947 book, *Foundations of Economic Analysis* — as a significant source of inspiration.[330] Samuelson's work became exceptionally influential in the 1960s and was a part of a project where "Keynesian macroeconomics and neoclassical microeconomics were integrated into a common framework known as 'the neoclassical synthesis'"[331], which has an intricate history of its own.[332]

Lindbeck later, in his autobiography, described his dissertation as "my best work",[333] and at the time of its publication it was well received among his peers. Lindbeck's dissertation

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[327] "Oskar Ryszard Lange: 1904-1965," in *The Library of Economics and Liberty*, ed. The Library of Economics and Liberty. https://www.econlib.org/library/Enc/bios/Lange.html; Feldman, "Welfare Economics."

[328] Assar Lindbeck, "Den klassiska "dichotomien" (The "Classical Dichotomy")," *Ekonomisk Tidskrift* 63, no. 1 (1961): 40-45, https://doi.org/10.2307/3438674, http://www.jstor.org/stable/3438674.

[329] Lindbeck, "Den klassiska "dichotomien" (The "Classical Dichotomy")," 45.

[330] Lindbeck, *Ekonomi är att välja: memoarer*, 76, 100.

[331] Møller Stahl, "From Depoliticisation to Dedemocratisation: Revisiting the Neoliberal Turn in Macroeconomics," 414.

[332] While Paul Samuelson was not a neoliberal, his work, according to Jenny Andersson, played a significant role in paving the way for neoliberal arguments, particularly in the United States. Further, she argues that it was Samuelson who introduced Lindbeck to Chicago theory, where, as I have discussed above, neoliberalism intersected with neoclassical economics. Andersson, "Neoliberalism Against Social Democracy," 102, 05.

[333] Lindbeck, *Ekonomi är att välja: memoarer*, 99.

later came to be celebrated by (neoliberal) third way proponents such as Joseph Stiglitz.[334] Lindbeck's close colleague Erik Lundberg, who helped Lindbeck with his work on the dissertation, for which he was acknowledged in its introduction, somewhat remarkably acted as main opponent during the public disputation.[335] He was, not surprisingly given their intellectual alignment, generally pleased with the work, but expressed some concerns regarding methodology and theory. Above all, the opponent agreed with Lindbeck's anti-Keynesian arguments on "how an inherently neutralising stabilisation policy measure in turn gives rise to disturbances elsewhere" as well as the need for monetary and fiscal policy to work in tandem, rather than to be seen as mutually exclusive.[336] During the early 1960s, when Keynesian ideas were dominant, fiscal policy had generally been given priority over monetary policy in the government's pursuit of a stable economy.[337] While, in the context of the social democratic debate mentioned earlier, Lindbeck regarded governmental stabilisation policy as a legitimate form of government interaction with markets, his dissertation represents a departure from this perspective. Lundberg, who shared Lindbeck's scepticism towards Keynesian assumptions, recommended the second highest grade, ((a), or "with excellent commendation passed"), which was unanimously accepted by the grading committee.[338] Following his dissertation in economics, Lindbeck gained a full professorship at the Stockholm School of Economics in the same year (1963). The position, however, had no other applicants besides Lindbeck.[339]

It is imperative to underscore that Lindbeck's viewpoint was not an anomaly among Swedish economists, even though it diverged from the dominant Keynesian paradigms of the time. Notably, Erik Lundberg and Ragnar Bentzel, both of whom were approximately half to a full generation older than Lindbeck and held distinguished professorships within the Swedish academic landscape, exhibited a leaning towards neoclassical and neoliberal theoretical frameworks. Furthermore, it appears that these scholars exerted considerable intellectual influence on Lindbeck while concurrently aiding his professional advancement. This influence is particularly salient in the case of Bentzel, who assumed the directorship of

[334] It is important to highlight that Joseph Stiglitz's stance on neoliberal economics has undergone a significant transformation since the 1990s when he played a key role in shaping Bill Clinton's third-way politics. Following the financial crisis of 2008, Stiglitz has emerged as one of the most vocal critics of neoliberal austerity politics. See Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*. See also Joseph E. Stiglitz, "Capital Markets and Economic Fluctuations in Capitalist Economies," *European Economic Review* 36, no. 2 (1992): 269, https://doi.org/10.1016/0014-2921(92)90084-A, https://www.sciencedirect.com/science/article/pii/001429219290084A.

[335] Persson and Sieven, "Assar Lindbeck som penningteoretiker - doktorsavhandlingen 1963," 33.

[336] Erik Lundberg, Bedömning av Assar Lindbecks avhandling "A study in monetary analysis" (1963), 1963, Ö4:1/Handlingar rörande Assar Lindbecks avhandling, Professor Assar Lindbecks efterlämnade handlingar, Stockholms universitet, Stockholm.

[337] Persson and Sieven, "Assar Lindbeck som penningteoretiker - doktorsavhandlingen 1963," 27.

[338] Lundberg, Bedömning av Assar Lindbecks avhandling "A study in monetary analysis" (1963).

[339] Lindbeck, *Ekonomi är att välja: memoarer*, 99.

the IUI in 1961 and subsequently provided an institutional platform for Lindbeck's work.[340] Upon his return to the IUI in 1965 to work on agricultural credits, Lindbeck similarly championed a reduction of subsidies and tariffs, coupled with a renewed reliance on the global market, which he anticipated would result in lower prices for consumers. Nonetheless, Lindbeck encountered a dilemma: the persistent need for national self-reliance in the event of war. As a resolution, Lindbeck proposed greater emphasis on vegetable consumption during wartime, due to its lower demands on agricultural land. This approach, he argued, would lead to fewer market-disruptive interventions than livestock farming.[341] Although the example is perhaps exaggerated illustrates Lindbeck's engagement with scenarios where the price mechanism and markets might fail. Simultaneously, it highlights his strategies to reduce the necessity for market-disturbing governmental interventions.

Conclusions

To conclude, up until the late 1960s, Lindbeck endeavoured to articulate a form of third way governance, distinct from Keynesianism, where the concept of equality was intertwined with the principle of competition. While resonating with ideas proposed by socialist market economists like Oskar Lange, who advocated for a regulated and controlled price mechanism as an integral component of economic planning, Lindbeck's vision diverged by positioning the market as the norm, albeit with specific exceptions. Unlike Lange, Lindbeck, echoing Hayek, placed the epistemic function of markets — as conveyors of information — at the centre of his arguments. Tellingly, Lindbeck later argued that the challenge of information processing was precisely why he could not support the socialist market proposals put forward by for example Lange.[342]

Furthermore, Lindbeck's approach is characterised by an eclectic borrowing from diverse discourses, merging elements from social democratic, Keynesian, neoclassical, and neoliberal thinking. My contention is that this synthesis was facilitated by the dislocatory event of the end of the Second World War. The period's heightened awareness of the challenges posed by an uncertain future enabled the amalgamation of previously disparate discursive elements. In an eclectic manner, but where the idea of the market as an essential information processor became evermore central, Lindbeck positioned his arguments in opposition to those, both within and outside of social democracy, who argued for the need and possibility of planning.

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[340] Villy Bergström, "Ragnar Bentzel 1917-2005," *Ekonomisk Debatt* 1 (2012).

[341] Assar Lindbeck, "Assar minns: mina tre perioder på IUI," in *IUI/IFN 1939–2009: Sju decennier av forskning om ett näringsliv i utveckling*, ed. Magnus Henrekson (Stockholm: Ekerlids Förlag, 2009).

[342] Lindbeck, *Ekonomi är att välja: memoarer*, 164.

Engaging the New Left

According to historian Kjell Östberg, the interaction of Swedish social democracy with the so-called New Left marked the first significant threat to the post-war Swedish development and the "Swedish model". This model, characterised by the marginalisation of communism and other leftist elements, and the positioning of representative democracy as the clear driving force behind the burgeoning welfare state, had until the late 1960s generally been regarded as an unequivocal success story.[343] The hardline stance towards the Left continued in the face of the so-called New Left that emerged in the 1960s, which often lacked the Old Left's ties to trade unions and the working class. Instead of directly supporting the emerging protest movements against, for example, the Vietnam War, the Social Democratic Party chose to establish their own peace organisations. The antagonism between the social democrats and the New Left arguably reached its zenith in May 1968. Coinciding with the events in Paris, clashes broke out between students and police in both Stockholm and the university town of Lund, while anti-racist protesters successfully halted a tennis match between Sweden and Rhodesia in Båstad. Although the protests were moderate by international standards, particularly in terms of violence, they significantly disrupted the fantasy of a consensus-based political culture in Sweden.[344] The intellectual upheaval associated with the 1968 movement had a profound impact on Lindbeck. However, it is crucial to note that Lindbeck's engagement with the New Left occurred predominantly within an American, rather than a Swedish, context.

While Lindbeck was attracted to the intellectual milieu in the United States, his perception of the country was far from uncritical. In fact, Lindbeck had counselled a colleague against moving there, citing the nation's major challenges. "U.S. foreign policy can make it embarrassing to be an American", he wrote in a letter to a Danish colleague seeking US residency. Additionally, Lindbeck cautioned about the persistent racial discrimination in the country, suggesting it had the potential to incite vast "race riots".[345] These observations, however, did not dissuade him from returning to the country, and during the period 1968–1969 Lindbeck was a visiting professor at Columbia University and University of California, Berkeley.

At Columbia, Lindbeck worked side by side with "the most radical of the American neoliberals",[346] Gary Becker, whom Lindbeck describes as "perhaps the economist in the

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343 Kjell Östberg, "Vad har hänt med den fordistiska välfärdsstatens ingenjörer: eller Vad har socialdemokratin gjort av sina intellektuella?," in *Efter guldåldern: Arbetarrörelsen och fordismens slut*, ed. Håkan Blomqvist and Werner Schmidt (Stockholm: Carlssons Bokförlag, 2012), 138.

344 Östberg, "Vad har hänt med den fordistiska välfärdsstatens ingenjörer: eller Vad har socialdemokratin gjort av sina intellektuella?," 138-40.

345 Assar Lindbeck, Letter to Bent Hansen, 4/8 1966 1966, Ö4:2, Professor Assar Lindbecks efterlämnade handlingar, Stockholms universitet, Stockholm.

346 For Foucault, the notion of Becker as the "most radical of the American neoliberals" derives from Becker's notion that economics can (or should) be a science of basically everything. Foucault writes: "[A]ny conduct, as Becker says, which 'accepts reality' must be susceptible to economic analysis.

world who most innovatively and successfully managed to use national economic tools to clarify problems previously treated in other social sciences".[347]This ideal, with the economist supposed to break the confinements of classical economics and instead act as something of an expert on everything, seemed to have gained traction with Lindbeck, whose interest in economics had already been affected by his deeper political interest. In the Swedish context, Gary Becker had already significantly influenced the official approach to financing higher education. Lindbeck's colleague, Ingemar Ståhl, who served as an advisor in the Swedish Department of Education, utilised the concept of human capital as a fundamental rationale for major reform of the Swedish higher education system in the mid-1960s. Ståhl later boasted about how one of the major socio-political reforms brought forward by the Social Democratic Party during the era of the 1960s was influenced by the Chicago school.[348]

During his stay in the US, Lindbeck's experience was not solely influenced by interactions with Chicago school neoliberals like Gary Becker. His exposure to an increasingly radical campus environment, fuelled by the growing protest movement against US involvement in Vietnam, also left a significant imprint on his work. Whilst Lindbeck appeared to sympathise with certain demands of the student movement, particularly an end to the Vietnam War and calls for greater equality and student influence, he rejected the solutions proffered by the New Left. "Their tactics", Lindbeck remarked in an interview with *Dagens Nyheter* in May 1969, were "undemocratic and therefore unacceptable".[349] Considering Lindbeck's interactions with the student movement, his antagonistic stance is perhaps not so surprising. In his autobiography, Lindbeck vividly depicts how he, in the spring of 1969, was chased out of his offices by New Left activists who attempted to occupy Lindbeck's faculty building, Fayerweather Hall. Recalling the episode, Lindbeck writes that "I was frightened by the fanaticism I thought I saw in the eyes of some students when they chased me and other researchers out of their offices".[350] Further, describing his time at Berkeley, Lindbeck mockingly describes the scene in Telegraph Avenue (often described as the birthplace of the counterculture) as an "absurd outdoors theatre".[351] Lindbeck later recounted how one of his fellow economists went even further by describing Telegraph Avenue as "the world's largest open-air mental hospital".[352] By drawing this comparison

Homo œconomicus is [according to Becker] someone who accepts reality. Rational conduct is any conduct which is sensitive to modifications in the variables of the environment and which responds to this in a non-random way, in a systematic way, and economics can therefore be defined as the science of the systematic nature of responses to environmental variables." Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 269.

347 Lindbeck, *Ekonomi är att välja: memoarer*, 143-44.

348 Lars Jonung, "Ekonomporträtt: Ingemar Ståhl 1938-2014," *Ekonomisk Debatt* 5 (2018): 63, https://www.nationalekonomi.se/artikel/ekonomportratt-ingemar-stahl-1938-2014/.

349 Leijonhufvud, "Svensk lärare i USA: Studenters våldsmetoder farliga."

350 Lindbeck, *Ekonomi är att välja: memoarer*, 146-47.

351 Lindbeck, *Ekonomi är att välja: memoarer*, 148.

352 Lindbeck, *Ekonomi är att välja: memoarer*, 148.

with his colleague, Lindbeck managed to imply that even in his harsh critique against the New Left he was only a moderate. Nevertheless, Lindbeck's critique was all but merciless. He claimed that the New Left differed from the old one not only by this type of "undemocratic and violent" behaviour, but also by replacing a leftist tradition of "scepticism towards bourgeoise authorities […] with […] a worship of new authorities with a vague Marxist touch of the Marcuse type".[353] Lindbeck turns the New Left critique on its head, articulating his own market friendly project by linking it to a form of anti-authoritarianism that the New Left are failing to achieve.

Although deeply critical towards the New Left, Lindbeck became intrigued by the burgeoning radical student movement that followed in its wake. As a result, he spent a considerable amount of time listening to their arguments, collecting (and reading) their pamphlets, and studying their literature.[354] Based on this research, Lindbeck, in 1969, delivered a series of open lectures on the topic of the New Left at Columbia, MIT, and Berkeley. According to Lindbeck, Paul Samuelson, the neo-Keynesian economist who was to be awarded the Nobel Prize in Economics in 1970, took notice of his work and encouraged him to write a book on the topic of the New Left. Based on the research Lindbeck had conducted for the lecture series, this resulted in the book *The Political Economy of The New Left: An Outsider's View*, published in Swedish in 1970, and in English in 1971. Lindbeck also published the article "Den nya vänsterns nationalekonomi" (The Economics of the New Left) in 1970 on the same topic. As an additional observation, the strategy of providing an external critique of the US as a means of articulating a deeper problematisation of politics was also employed by the Swedish social democratic economist Gunnar Myrdal (who was awarded the Nobel Prize jointly with Hayek in 1974). This approach is also evident in Myrdal's influential book, *An American Dilemma: The Negro Problem and Modern Democracy*, first published in 1944, with a second edition released in 1962.[355] Myrdal had thus demonstrated that both legitimacy and a wider audience could be achieved by invoking a Swedish "outsider's view".

In his work on the New Left, Lindbeck lists many of the central issues highlighted by the movement (which Lindbeck acknowledged was very heterogeneous), especially in the field of economics that, according to the (mostly) young activists, fails to respond to the great predicaments of the late 1960s. "The New Left", Lindbeck recalls:

> has probably contributed to increasing both the interest in fundamental issues and the sense of social responsibility in the political and economic debate — even if the New Left's questions are far more interesting than its answers.[356]

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[353] Leijonhufvud, "Svensk lärare i USA: Studenters våldsmetoder farliga."

[354] Lindbeck, *Ekonomi är att välja: memoarer*, 149.

[355] Gunnar Myrdal, *An American Dilemma: the Negro Problem and Modern Democracy* (New York: Harper & Row, 1962).

[356] Lindbeck, *Ekonomi är att välja: memoarer*, 151.

While dismissing the argument that economics will not be able to provide answers to society's great questions, Lindbeck articulates a degree of agreement with his interlocutors by arguing that the scope of economics has indeed been too narrow.[357] However, while the New Left, in Lindbeck's view, finds its answers in the works of Marxist and/or communist scholars such as Herbert Marcuse, Antonio Gramsci, Vladimir Lenin, Mao Zedong, Che Guevara or Rosa Luxemburg, Lindbeck instead encourages readers to seek solutions from a new generation of economists. For instance, Lindbeck names Chicago school economists Jacob Mincer and Gary Becker — renowned for their contributions to the concept of human capital — who held positions at Columbia University at the same time as Lindbeck.[358]

For Lindbeck, a critical issue highlighted by the New Left is the concern that the economic and political system fails to adequately consider individual preferences. The knowledge of individual wishes is, to put it simply, continually lost or forfeit in a cold and bureaucratic system. Lindbeck here reintroduces a fundamental problematisation related to epistemology, which has already drawn him to neoliberal thinking, by articulating the core grievances of the New Left. The New Left, according to Lindbeck, blames this information problem, regarding the preferences of individuals, on markets and bureaucracy. Lindbeck, however, rejects this linking and argues that the market is the only effective alternative to the failures of a centralised bureaucratic system, where individual preferences are lost since information is by necessity fragmented and decentralised. Lindbeck writes that one "basic dilemma for the New Left that, however, is not brought out clearly in the New Left literature, is that its strong sympathy for decentralisation is difficult to reconcile with its rejection of the market system, which presumably is the only type of economic system that permits far-reaching decentralisation in complex industrial societies".[359] Individuals do not, according to Lindbeck, have the luxury of rejecting both markets and bureaucracy, which Lindbeck implies stand in a form of binary opposition towards each other. Rather, people must choose one of the two, and if individual preferences are prioritised, then markets are the only viable option. This makes Lindbeck conclude that "the more we like decentralisation, the more we should favour market systems".[360] This sentence is, I believe, pivotal for understanding Lindbeck's engagement with the concept of "bureaucracy", where his problematisation of bureaucracy consistently carries strong pro-market implications. It should also be highlighted that Lindbeck's advocacy of markets here stems from arguments of necessity, rather than from a utopian vision of the future. Lindbeck's defence of capitalism, or markets, appears less impassioned and more in line with what Mark Fisher

[357] Lindbeck, "Den nya vänsterns nationalekonomi," 240-43.

[358] Lindbeck, *The Political Economy of the New Left: An Outsider's View*, 11-12, 58-59.

[359] Lindbeck, *The Political Economy of the New Left: An Outsider's View*, 53.

[360] Lindbeck, *The Political Economy of the New Left: An Outsider's View*, 50.

pessimistically describes as "capitalist realism" — the idea that no conceivable futures, or even imaginable alternatives, exist beyond the confines of capitalism.[361]

Further in line with his focus on the so-called information problem, Lindbeck also puts heavy emphasis on the argument, made by representatives of the New Left and especially Herbert Marcuse, that markets only really create artificial demands and manipulate individuals into desiring what they do not *really* want or need. Lindbeck writes that:

> it is also clear that the New Left has been greatly influenced by Herbert Marcuse, although he has little to say about purely economic problems, with the exception of his thesis that preferences for both goods and political parties are manipulated by the established power groups, and that existing individual preferences are therefore not worth respecting.[362]

Lindbeck's counterargument is that there is no other viable system for conveying individual wishes in a complex system, and that the alternative is a centralised system where individual wishes are completely lost. Lindbeck's central argument in defence of markets seems to lean heavily on the Hayekian epistemology that is central to my definition of neoliberalism, where the primary benefit of markets is seen in their role as information processors:

> However, I think it is fair to say that most followers of the New Left have never faced up to the fact that we must have *some* mechanism for (1) obtaining *information* about preferences; (2) allocating resources to different sectors in accordance with these preferences; (3) deciding which *production techniques* to use; (4) creating *incentives* to economise in the use of resources, to invest, and to develop new technologies; and finally, (5) coordinating the decisions of millions of individual firms and households to make them consistent, so that each industry produces just so much and in exactly those quantities that are desired not only by the households but also by firms producing millions of commodities.[363]

Note how markets here are articulated to have a governmental function, beyond their ability to process information and allocate resources. They are seen as creating incentives, enabling a form of indirect governance that allows for the spontaneous and efficient allocation of resources and the development of new technologies, while simultaneously aligning the production of commodities with the fulfilment of individuals' desires. This is a good example of the notion exemplified by Foucault, discussed in the introduction of this thesis, of how consumption in neoliberal thinking — especially in its Chicago School form and in Gary Becker's authorship — is not only an act of exchange in the marketplace but is directly linked to production. A central part of this notion is how individuals produce the fulfilment of their own desires through the act of consumption, which simultaneously aligns the production of commodities with what people truly want.

[361] Mark Fisher, *Capitalist Realism: Is There No Alternative?* (Winchester: O Books, 2009).

[362] Lindbeck, "Den nya vänsterns nationalekonomi," 232.

[363] Lindbeck, *The Political Economy of the New Left: An Outsider's View*, 33.

I believe this argument also illustrates how this articulation of neoliberalism, as described in my initial definition, in the late 1960s, could be seen as having a strong emancipatory dimension. This is due to its strategy of enabling the fulfilment of desires in a system that is articulated as overly bureaucratic and alienating.

Even though Lindbeck seemed to have accepted Hayek's epistemic position on markets as conveyors of information, Hayek is, when discussed explicitly, only mentioned with scepticism. Primarily, Lindbeck does not accept Hayek's problematisation of the state, and especially his central argument in *The Road to Serfdom* that state ownership and nationalisations necessarily lead to dictatorship:

> It also seems to follow from the preceding observations that there is some question about the notion, frequently encountered among conservative politicians and social scientists, (see, for example Friedrich von Hayek's famous *The Road to Serfdom*), that nationalisations of capital will *necessarily* lead to dictatorship. Historically, the order in which nationalisation and dictatorship have occurred seems rather to have been the reverse of that suggested by Hayek. In all communist dictatorships today, dictatorship came first and nationalisation afterwards, rather than the other way around[.][364]

Furthermore, regarding the relationship to the state, Lindbeck is strongly sceptical of the form of laissez-faire antagonism towards the state that is expressed by Milton Friedman. This does not mean that we should consider Lindbeck as directly opposed to the general ideas expressed by neoliberals such as Hayek and Friedman (both of whom Lindbeck will later acknowledge as central to his thinking). However, Lindbeck's criticism is an indication that he does not accept the deterministic notion of the state that was expressed by Hayek in *The Road to Serfdom* and is usually associated with Milton Friedman. Lindbeck writes:

> Sometimes it is striking how closely some New Left criticism of the Welfare State resembles the old Right's fear that increased powers for public authorities would bring the end of individual freedom. This partial convergence of the New Left with the old Right seems, however, to be more characteristic of the American than the European scene. The antipathy towards government is so strongly shared by the extreme (libertarian) Right and part of the New Left that the line bends back on itself and joins in a circle, with the extremes meeting. Thus, a pseudonymous writer of the Chicago laissez-faire school could, by using the flamboyant style of the New Left, sprinkled with four-letter words, bring to mind a New Left book.[365]

Here, Lindbeck sees his own position as implying a third-way defence of a welfare state that is threatened by an unholy alliance between the left and the right. Individual proponents of the New Left, such as Marcuse, have according to Lindbeck "argued that the welfare state is 'a state of unfreedom'"[366] or "laissez-faire". In a sense, Lindbeck here attempts to separate

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[364] Lindbeck, *The Political Economy of the New Left: An Outsider's View*, 64.

[365] Lindbeck, *The Political Economy of the New Left: An Outsider's View*, 48-49.

[366] Herbert Marcuse quoted in Lindbeck, *The Political Economy of the New Left: An Outsider's View*, 48.

Hayekian epistemology from the state-phobic context that it was so strongly associated with (and that was also dominant in the New Left) during the post-war era. It could be argued that Lindbeck here re-articulates a form of neoliberalism that is inspired by Hayekian epistemology regarding the market as an information processor, by de-linking it from its state-phobic notions.

Once more, as in the social democratic debate of the late 1950s, Lindbeck's pro-market argumentation should not be interpreted as a way of choosing sides in the geopolitical conflict between East and West. For Lindbeck, the conflict between markets and planning transcends the geopolitical divisions of the period around 1968. For instance, he again cites the development towards decentralised markets in the Soviet Union, the Eastern Bloc, and Yugoslavia as positive examples. Lindbeck also notes that this shift towards more market-friendly solutions within economies characterised by state-owned businesses is met with scepticism by proponents of the New Left, who were generally critical of the Soviet sphere.[367] Implicitly, Lindbeck also positions himself against the critique of Eastern Bloc policies that may be associated both with the "laissez-faire" Right and with the New Left. The political (and economic) solutions proposed by Lindbeck, guided by Hayekian epistemology, could thus be seen as a form of middle-way alternative positioned between extremes that are unified by their antagonism (or phobia) towards the state.

Another central theme where Lindbeck acknowledges the critique put forward by the New Left pertains to one of his earlier focal issues: the problem of inequality. Previously, Lindbeck had attempted to articulate a solution to the inequality problem that would safeguard private ownership and also not require a redistribution that might contravene the principles of Pareto optimality. Instead of focusing on redistribution, Lindbeck sought answers in the form of increased competition and a focus on education. Whilst the question of competition could be linked to neoclassical and neoliberal thinking (especially in the way Lindbeck argued that the state is responsible for reproducing competitive markets), the focus on education seemed to stem from a less controversial social democratic tradition. When Lindbeck responds to the New Left, the notion of education is re-articulated.

Signalling a discontinuity with his earlier arguments, rather than addressing the problem of redistribution of capital or wealth, Lindbeck now operationalises Gary Becker's theories on human capital as a solution that does not interfere with the right to private ownership (or the notion of Pareto optimality). Lindbeck also, because he tends to aim for the centre of the New Left's critique of the capitalist system, more explicitly discusses the problem of private ownership. He argues that in the pursuit of equality, the significance of formal ownership pales in comparison with the role of political influence and education. He writes:

> In my opinion, a valid New Left criticism of the traditional theory of income distribution is its typically 'static' nature. Economists have, in fact, generally not studied the 'dynamic' socioeconomic process very deeply over long periods of time during which the productivity

[367] Lindbeck, "Den nya vänsterns nationalekonomi," 258, 66.

> of different individuals is *changed* (by schooling, by on-the-job training, as well as by the influence of the whole environment of the individual); they have also largely neglected the development of the distribution of capital over time (for instance, through the system of inheritance). However, it does seem that just these problems have in recent years been studied more and more by academic economists, such as Gary Becker and Jacob Mincer, to mention just two examples, rather than from the critical stance of the New Leftist.[368]

Lindbeck further contends that the concept of human capital renders the New Left project irrelevant.

> Thus, it seems that the application of the concept of human capital, developed by economists such as Theodore Schultz, Gary Becker, and Jacob Mincer, has important implications both for the usefulness of various types of distribution policies and for political ideology. In fact, many New Leftists themselves, as students investing in human capital, are 'capitalists' by this new definition of capital — they own, control, and enjoy the return on capital or will do so later.[369]

Because of the students' participation in the educational system, they act as de facto entrepreneurs or "capitalists" investing in themselves. Lindbeck here implies a form of hypocrisy and, again, similarity to or links with the laissez-faire right among the students, whose very participation in the education system makes them complicit in the capitalist system that they claim to oppose.

Lindbeck's initial attempts to tackle the problem of inequality through a neoclassical framework seemingly opened a door to neoliberal thinking — a door through which he now steps with the help of Gary Becker's concept of human capital. This concept is here articulated as a form of market, or capitalist, subjectivity, whose actions lead to equal distribution and equality (far distant, I believe, from the ideals that someone like Gary Becker would prefer). This, I would argue, exemplifies how Lindbeck strategically utilises neoliberal thinking to address the set of problematisations he encounters, rather than attempting to "stay true" to the authors whose ideas he employs.

The characterisation of the representatives of the New Left as de facto capitalists or spoiled upper-class kids is repeatedly found in Lindbeck's texts. It is worth noting that Lindbeck himself generally argues in the name of the working class when engaging with the ideas of the New Left. For example, he states that:

> workers and others have paid large taxes to subsidise studies at universities. And then suddenly they find that this money is being used for a kind of theatrical activity where you play the revolutionary at the taxpayers' expense.[370]

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368 Lindbeck, *The Political Economy of the New Left: An Outsider's View*, 11-12.

369 Lindbeck, *The Political Economy of the New Left: An Outsider's View*, 58-59.

370 Leijonhufvud, "Svensk lärare i USA: Studenters våldsmetoder farliga."

In his dismissal of the New Left's critique of the consumer society, Lindbeck continues to speak in the name of the working class:

> The point of view of the New Left [when critiquing consumer society] is that more goods is not better than fewer goods. That, I think, is a typical upper-class opinion. [...] Only the children of the upper classes can regard increased consumption as inconsequential — an idea that is obviously quite impossible to sell to the workers, let alone to the great disadvantaged minorities, who still live in meagre circumstances and to whom increased consumption appears as something highly desirable.[371]

It would be easy to dismiss Lindbeck's references to the interests of the working class as a mere rhetorical strategy. But if we take the context seriously, in Skinner's sense, where leaders of the New Left, such as Herbert Marcuse and André Gorz, can be described as acting as Lindbeck's interlocutors, we get a different picture. Marcuse, for example, can be accused of giving up the idea of the working class as a revolutionary subject, instead looking to "'the substratum of the outcasts and outsiders, etc' for any social change".[372] In a more compressed version of his book on the New Left, Lindbeck writes:

> Among other views of Marcuse's, characteristic of certain parts of the New Left, one can also mention the notion that the workers today are mainly 'integrated' into the established socio-economic structure and that the rapidly growing group of students and intellectuals constitute a new revolutionary class of wage earners who are less closely allied with the owners and managers of large corporations than the small group of white-collar workers that existed a few decades ago.[373]

Lindbeck also mentions that some "representatives of the SDS [Students for a Democratic Society] had also been impressed by the Frenchman André Gorz's vision of intellectuals, professionals and students as a new revolutionary class, which would lead the development away from capitalist society"[374]. This understanding of the lack of revolutionary (or radical) potential of the working class can perhaps be said to be quite illuminating of a more general attitude within the counterculture movement that was associated with the New Left during the 1960s and 1970s.[375] Thus, Lindbeck did not really challenge the belief, circulating in parts of the New Left, that the working class had been lost to the capitalist dream. Instead, Lindbeck defended the ideals associated with capitalist consumerism on the basis that it was

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[371] Leijonhufvud, "Svensk lärare i USA: Studenters våldsmetoder farliga."

[372] Arnold Farr, "Herbert Marcuse," in *The Stanford Encyclopedia of Philosophy*, ed. Edward N. Zalta (Summer 2021: Metaphysics Research Lab, Stanford University, 2021). https://plato.stanford.edu/archives/sum2021/entries/marcuse/.

[373] Lindbeck, "Den nya vänsterns nationalekonomi," 232.

[374] Lindbeck, *Ekonomi är att välja: memoarer*, 150.

[375] For an excellent discussion on the legacy of Hertbert Marcuse, the counterculture movement, and the New Left, see Matt Colquhon's discussion of Mark Fisher's work in Matt Colquhon, "Introduction: No More Miserable Monday Mornings," in *Post Capitalist Desire*, ed. Matt Colquhon and Mark Fisher (London: Repeater Books, 2021).

associated with the interests of a working class that the counterculture movement and the New Left were accused of having abandoned. This, I would argue, is an example of how Lindbeck articulates his political project by linking it to the interests, wishes, and desires of the working class that he understood as abandoned by the New Left.

Lindbeck's critique of the New Left targets both their behaviour and their criticism of markets (and private consumption). "This puritanical vein in terms of private consumption", Lindbeck argues, "often contrasts with a more hedonistic vein in other matters, such as views on sexual liberation and drugs".[376] For Lindbeck, this appears to represent the worst of both worlds.

Conclusions

To conclude, the influence of Gary Becker on one hand, and the New Left on the other, significantly impacted Lindbeck's writings. It is interesting to note how Lindbeck articulates the grievances of the New Left much in line with his own previous problematisations. Lindbeck continues to articulate markets as important processors of information, presenting the sole effective counter to the bureaucratic inefficiencies highlighted by the New Left. Further, Lindbeck links his earlier ideas on education as a solution to the problem of inequality with that of human capital. An earlier uncontroversial social democratic stance is here re-articulated to conform with central neoliberal ideas, something that is made visible in the way Lindbeck uses the concept of human capital. This is articulated as a form of market or capitalist subjectivity, whose actions have the ability to spontaneously solve what his interlocutors might see as needing planning. I believe that this is the first time Lindbeck takes an interest in subjectivity, or human behaviour, as a question. It is worth noting how this is done in direct relation to a radical neoliberal, such as Gary Becker. It is also interesting to note how Lindbeck articulates a concern for the working class, in the light of its perceived abandonment by the New Left.

The influence from Becker can also probably be noted in how markets are articulated to have a governmental function, as in the conduct of conduct. They are articulated as creating incentives, enabling a form of indirect governance that allows for the spontaneous and efficient allocation of resources and the development of new technologies, while simultaneously aligning the production of commodities with the fulfilment of individuals' desires. This is a good example of how consumption in neoliberal thinking — especially in its Chicago School form and in Gary Becker's authorship — is not only an act of exchange in the marketplace but is directly linked to production. A central part of this notion is how individuals produce the fulfilment of their own desires through the act of consumption, which simultaneously aligns the production of commodities with what people truly desires.

376 Lindbeck, *Ekonomi är att välja: memoarer*, 152.

This argument also illustrates how this articulation of neoliberalism in the late 1960s, could be seen as having a strong emancipatory dimension, competing with other emancipatory projects and especially the one connected to the New Left. This emancipatory in Lindbeck's strategy to enable the fulfilment of desires in a system that is for example in the New Left Discourse articulated as overly bureaucratic, alienating, and so on.

Lindbeck also articulates a significantly and explicitly more optimistic notion of the state compared to, for example, Hayek. He detaches state-phobic notions from Hayekian epistemology, which posits that information is necessarily fragmented and divided, while competitive markets are the best information processors. It is also interesting to note how Lindbeck concludes that the New Left's critique of the Eastern Bloc largely concerns their newfound interest in market governance. Even though Lindbeck's own pro-market agenda shines through in this interpretation of the antagonism between the New Left and the Eastern Bloc, I believe it also sheds some light on how the general geopolitical development could be perceived during the late 1960s and early 1970s, very distant from the notion of an unbridgeable difference between the East and the West.

Entering the 1970s

While the 1950s and 1960s radiated optimism, the 1970s are often characterised as marked by a series of crises. I perceive these developments as another crucial dislocatory event, capable of quickly transforming discourses in terms of what can be debated and accepted as true or false, right or wrong, and so on. Many scholars argue that in Sweden, these crises originated from a rapid and unanticipated economic transition, as traditional heavy industries gave way to a burgeoning service sector. This economic shift was exacerbated by geopolitical events in the Middle East. The Yom Kippur War in 1973 and the Iranian Revolution in 1979 precipitated a steep escalation in oil prices, which in turn fuelled rampant inflation. This occurred concurrently with a period of global economic stagnation.[377] The coexistence of rising inflation and unemployment confounded those adhering to classical Keynesian doctrines, which posited a trade-off between the two.

Sociologist Göran Therborn describes how the oil crisis of the 1970s that created global economic, social, and political turmoil, involved Sweden only "in a moderate way". Even though the Swedish economy only declined during one year of the 1970s (-1.5% in 1977)[378], economic growth had started to somewhat lag behind the OECD average, which opened up for a major debate regarding whether or not Sweden was struggling as a

[377] Lennart Schön, *En modern svensk ekonomisk historia: tillväxt och omvandling under två sekel* (Stockholm: SNS förl., 2000), 488.

[378] Göran Therborn, "Sweden's Turn to Economic Inequality, 1982–2019," *Structural Change and Economic Dynamics* 52 (2020): 161, https://doi.org/10.1016/j.strueco.2019.10.005, https://www.sciencedirect.com/science/article/pii/S0954349X1930414X.

consequence of structural problems, connected to the Swedish model. However, Therborn maintains that Swedish economic growth "was similar to that of the other richest OECD countries".[379] Swedish firms also seemed to perform better than competitors in Britain and the United States.[380] This fact did not deter those who for various reasons wanted to problematise the then dominating forms of Swedish Keynesianism, which influenced both the left and the right in Swedish politics.[381]

The efficacy of Keynesianism as a governing principle was not a matter of partisan debate between the left and the right, but rather a shared assumption across the political spectrum. Until the late 1970s, both social democrats and right-wing proponents agreed that Keynesian strategies were essential for addressing economic crises. These strategies aimed to bolster domestic consumption by maintaining low levels of unemployment, while also supporting companies through subsidies for production of goods, thereby keeping the economy active even when demand was low. In Sweden, this came to be known as *överbryggningspolitiken* (bridging politics).[382] Its central idea was that this specific form of state intervention would not only dampen the effects of the economic crisis, but also make it more short-lived. But the widely accepted bridging politics did not only mean support for expansive economic measures. For example, the Swedish Trade Union Confederation (LO) in 1974 entered into a wage agreement with the Swedish Employers' Confederation (SAF) that was unusually detrimental to workers but increased earnings for Swedish business. The general rationality behind this decision was the idea that "we are all in this boat together" and LO helped ensure that economic and political measures that did not appear to benefit workers were not met by strikes.[383]

While there was widespread support for the idea that Sweden's economic problems during the 1970s could be handled by focusing on anti-cyclical policies, several economists questioned this mainstream, Keynesian view. Some prominent Swedish economists, represented by for example (or perhaps most notably) by Erik Lundberg and Assar Lindbeck, argued that Sweden's economic crisis had been triggered by bad governance in general, by a too generous (and too expansive) welfare state, and by the strong influence of trade unions and "special interests" on Swedish politics.[384] While Lundberg's understanding of the crisis became more or less accepted among mainstream economists following the 1990s, it should be noted that these explanations have also been criticised even by those who, unlike Therborn, argued that the Swedish economy during the 1970s was struggling

379 Therborn, "Sweden's Turn to Economic Inequality, 1982–2019," 161.

380 Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*, 184.

381 Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*, 186.

382 Lars Calmfors, *Mellan forskning och politik: 50 år av samhällsdebatt* (Stockholm: Ekerlids förlag, 2021), 90.

383 Calmfors, *Mellan forskning och politik: 50 år av samhällsdebatt*, 91.

384 Calmfors, *Mellan forskning och politik: 50 år av samhällsdebatt*.

more than comparable economies. Economic historian Lennart Schön, for example, has argued that Sweden's important heavy industry sector (dominated by a few large companies) had benefitted greatly from, among other factors, Sweden's abundance of natural resources and highly developed infrastructure. A core group of companies were so successful and expansive that few new major companies had room to grow after 1950. The Swedish population was also relatively young during the period of rapid expansion from circa 1850 to 1970, which also benefitted the growing industrial sector. When the crisis of the 1970s struck, Sweden was very dependent on a small group of companies that struggled when international demand for their products declined. By this time the Swedish population had also grown considerably older, a demographic shift that exerted additional strain on the welfare system.[385]

However, it should be noted that even if those inspired by neoliberal and neoclassical ideas argued that the Swedish model was to blame for the crisis, others, such as Schön, argue that the Swedish model made it easier to implement changes to the Swedish economy in a way that was intended to ease the structural problems that had arisen. It can be argued that the transformation from an economy dominated by heavy industry to one with a dominant service sector transpired rapidly in Sweden because the state had the ability to directly steer the development of the economy.[386] That the Swedish model and classical forms of social democracy were to blame for the crisis was not at all a generally accepted truth, but the crisis of the 1970s at least opened up for this to be recognized as a mainstream explanation.

The pessimism and perceived crisis of the 1970s not only created an opening for proponents of neoliberalism and neoclassical ideas but also contributed to a fresh momentum on the left. In Sweden, LO's modest engagement with business interests helped spur a new radical left that gained support at grassroots level and led to a wave of wildcat strikes during the 1970s.[387] The New Left was also still gaining momentum, and, as Mark Fisher puts it, the idea of an alternative to capitalism was generally seen as a realistic idea in leftist circles.[388] The Keynesian mainstream was thus not only challenged by neoliberals, but also by leftists who saw the problems coming to the fore in the 1970s as arguments for the necessity of leaving capitalism behind. Proponents of neoliberal ideas did not only have to battle with what they saw as the failure of the dominant forms of Keynesian statecraft, but also with a broad left who saw alternatives outside of capitalism as realistic goals. As I will discuss below,

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[385] Schön, *En modern svensk ekonomisk historia: tillväxt och omvandling under två sekel*, 472-74; Calmfors also mentiones Nils Lundgren, Johan Myhrman, Lars Jonung, Hans T:son Söderström (and Calmfors himself) as significant voices in this critiqueCalmfors, *Mellan forskning och politik: 50 år av samhällsdebatt*, 96.

[386] Schön, *En modern svensk ekonomisk historia: tillväxt och omvandling under två sekel*, 488.

[387] Ekdahl, *Mot en tredje väg: en biografi över Rudolf Meidner. 2 Facklig expert och demokratisk socialist*, 230-36.

[388] Mark Fisher, "(Unfinished Introduction)," ed. Mark Fisher, *Acid Communism* (BLACKOUT ((poetry & politics)), 2019), https://my-blackout.com/2019/04/25/mark-fisher-acid-communism-unfinished-introduction/.

Lindbeck's 1970s projections of the future entailed quite a pessimistic view of the prospects for "pure" capitalist economies.

Lindbeck and the Nobel Prize

Here, I will briefly outline the significance of Lindbeck's contributions to the Nobel Memorial Prize in Economic Sciences. My contention is that Lindbeck's role on the Prize committee, as described in prior research, provides a valuable context for an understanding of the evolution of his work and his engagement with neoliberal ideas.

In 1969, not yet aged 40 and freshly back from the US and his interactions with Gary Becker as well as with the New Left, Lindbeck joined the selection committee for the prestigious Alfred Nobel Memorial Prize in Economic Sciences, and he remained a member for no less than 24 years (longer than anyone else), chairing the committee from 1980 to 1994. According to Offer and Söderberg, Lindbeck "dominated the selection of Nobel Prize winners during the first twenty-five years of the Prize".[389] During Lindbeck's years on the Nobel Prize committee, the most prominent members of the neoliberal thought collective received the Prize: Friedrich von Hayek in 1974, Milton Friedman in 1976, George Stigler in 1982, James Buchanan in 1986, Ronald Coase in 1991, and Gary Becker in 1992. Lindbeck's ideal of the economist as a generalist seems to have strengthened as a result of his interactions with the New Left during his time at Columbia and Berkeley. The idea that an economist could be rewarded for achievements outside the field of economics had broader support within the Nobel Prize committee, and Lindbeck mentions that the prizes awarded to Mont Pelerin Society members James Buchanan, Friedrich von Hayek, Gary Becker, Elinor Ostrom and Ronald Coase were motivated by their work in the fields of (or at the boundaries of) political science, sociology, and law.[390]

The weighting towards neoliberal economists in the Nobel Prize selection process was at odds with mainstream economics at the time, both in Sweden and internationally. Philip Mirowski, for example, writes that "in the 1950s and '60s there were still scattered home-grown schools of economic thought in various countries that generally published the bulk of their research in their home language".[391] Sweden was definitely no exception, with the Swedish model having been constructed around social democratic economists such as Gunnar Myrdal, Gösta Rehn, and Rudolf Meidner, who in turn built upon the pioneer work of radical social democrats such as Ernst Wigforss. This work offered an alternative to post World War I neoclassical economics and constructed a social democratic economical model that resembled a form of radical Keynesianism. Under Assar Lindbeck, Philip

[389] Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*, 179.

[390] Lindbeck, *Ekonomi är att välja: memoarer*, 117, 412.

[391] Mirowski, "The Neoliberal Ersatz Nobel Prize," 233.

Mirowski writes, almost all schools that were "openly hostile to the American version of neoclassical economics", such as the French regulation school, Italian neo-Ricardians, or Cambridge Keynesians never merited a Nobel Prize. Rather, the Nobel committee, dominated by Lindbeck, sought to "skew the Prize, and therefore the economic profession, in a far more neoliberal direction than would have been expected in the late 1960s".[392]

As discussed earlier, Lindbeck had been following the economic debates and tendencies in the Eastern Bloc closely, using them as positive examples both in the internal Swedish social democratic debate and in his engagement with the New Left. I believe that a further example of this was when the Soviet economist Leonid Kantorovich (who was seen as a more market friendly reformist) was awarded the Economics Prize in 1975, between Hayek and Friedman. In his best-known book, *The Best Use of Economic Resources* (1959), Kantorovich argued for the necessity of using price signals when allocating resources, even within a socialist economy.[393] Lindbeck's endeavours within the Nobel Prize committee should therefore not be interpreted solely as an effort to advance Mont Pelerin Society economists or, alternatively, to position himself within the geopolitical tension field between a West driven by the market economy and a planning-centric East. Rather, Lindbeck bolstered the legitimacy of economists who proposed governance through competition and price signals. Revisiting my methodological discussion on the concept of "context" as proposed by Skinner, it becomes feasible to explain Lindbeck's actions as attempts to redefine the parameters of what is considered reasonable statecraft. Specifically, he championed the implementation of market governance and the use of price signals in both the West and the Eastern Bloc.

A converging world?

Entering the 1970s and heavily engaged in the debate on market governance and the evolution of Western democracies in contrast to the Eastern Bloc, Lindbeck observed distinct trends. He described that while the West was gravitating towards increased planning and growing public sectors, the East was seemingly adopting more elements of market governance. This led Lindbeck to speculate that "the dominant systems in developed countries" (encompassing both Western capitalist nations and Eastern socialist states) might be "converging towards what might be called 'planned market economies'".[394] While Lindbeck viewed the pro-market shift in the East favourably, he regarded the political and economic trajectory of the West,

[392] Mirowski, "The Neoliberal Ersatz Nobel Prize," 233.

[393] "Leonid Vitalyevich Kantorovich: Russian mathematician and economist," in *Encyclopedia Britannica*, ed. The Editors of Encyclopaedia (2023). https://www.britannica.com/biography/Leonid-Vitalyevich-Kantorovich.

[394] Assar Lindbeck, "Förord," in *Ekonomiska system: en antologi*, ed. Assar Lindbeck (Stockholm: Rabén & Sjögren, 1971), 8.

and perhaps most notably Sweden, with scepticism. This juxtaposition of developments in the East and West prompted Lindbeck to publish the anthology *Ekonomiska system* (Economic Systems) in 1971 with the aim of presenting arguments from both sides. While the book includes texts by proponents of a socialist as well as of a capitalist system, it exhibits a pronounced Hayekian influence, featuring translations of Hayek's "The Use of Knowledge in Society" (1945) and "Socialist Calculation: The Competitive Solution" (1940), both accompanied by Lindbeck's own introductions.[395] To the best of my knowledge, this publication marked the first occasion when these texts were made available in Swedish translation. Given that many of the arguments for capitalism, or market economies, in the book directly reference central neoliberal thinkers, it becomes evident that by the early 1970s, Lindbeck was not only well acquainted with the core tenets of neoliberalism and, in particular, Hayekian epistemology, but was also an ardent advocate of these ideas (as seen in his engagement with the New Left).

While the book includes texts by those wishing to reform the Eastern Bloc in a more market-friendly direction, it also includes an interesting excerpt from Lenin's *The State and Revolution* that ends with how a communist society's highest phase leads to the "complete withering away of the state".[396] This text, which can be seen as a counter-example to the direction Lindbeck supports, contrasts the Hayekian "ideal" form of a state, shaped by competitive logic using price signals and constructed markets, with a communist system that drives the state in a diametrically opposite direction, arguably aiming ultimately at its own dissolution. For Lindbeck, the conflict between the market-friendly forces and those opposing them can be seen as a conflict over not only how the state functions, but whether the state can exist and function. The state-phobic dimensions of neoliberalism are thus, basically, nowhere to be found utilised by Lindbeck. On the contrary, he continually uses the state-critique presented by the left as (de facto) warning examples. Employing the analytical concept of articulation, I would argue that Lindbeck effectively disarticulates the state-phobic elements of neoliberalism, while simultaneously articulating the left, which he opposes, by linking it to the same state-phobia. Interestingly, instead of portraying the East as a cautionary tale for the West, Lindbeck notes that the perspective of Hayek, by whom

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[395] Jan S. Prybula references Lionel Robbins, Bela A. Balassa incorporates ideas from Friedrich Hayek and Ludwig von Mises, and Gregory Grossman utilises the theories of von Mises and Walter Eucken. Pavel Pelikán is inspired by both Hayek and Mises, a point I intend to elaborate further. Oskar Lange engages with Hayek's theories, while Erik Lundberg, a member of the Mont Pelerin Society, also draws upon Hayek. Francis M. Bator addresses the neoliberal principle of the Sovereign Consumer. Additionally, the book presents a Swedish translation of Joseph A. Schumpeter's work, which significantly influenced neoliberal thought in the late 1960s and early 1970s, titled "The Theory of Economic Development", often associated with the concept of "Creative Destruction". This inclusion highlights the book's comprehensive approach to showcasing influential economic theories, as discussed by Dieter Plehwe in Dieter Plehwe, "Schumpeter Revival? How Neoliberals Revised the Image of the Entrepreneur," in *Nine Lives of Neoliberalism*, ed. Dieter Plehwe, Quinn Slobodian, and Philip Mirowski (London: Verso, 2020).

[396] Vladimir Lenin, "Det kommunistiska samhällets högsta fas*," in *Ekonomiska system: en antologi*, ed. Assar Lindbeck (Stockholm: Rabén & Sjögren, 1971), 119.

he is increasingly influenced, “can be observed in the work of the so-called ‘reform economists’ from Eastern European countries during the last decade”.[397] The influence of the state-critical left is, for Lindbeck, mostly connected to the growing influence of the New Left in the West.

I also find it worth examining how Lindbeck engaged with Hayek, particularly his decision to choose “The Use of Knowledge in Society” from Hayek’s extensive oeuvre. This text appears to be pivotal for the neoliberalism expressed in Lindbeck’s writings. Given the significant role this text played in Lindbeck’s intellectual development, it is vital to comprehend his interpretation of it. Additionally, having his interlocutors in mind, it is crucial to recognise the antagonistic edge at which Lindbeck points this Hayekian epistemology. For Lindbeck, Hayek’s writing served as a response to the criticisms from the left, which questioned the consumer society, markets, and even the role of the economist (and thus Lindbeck’s own position as a public intellectual or government advisor).

> Friedrich von Hayek’s work ‘The Use of Knowledge in Society’ is a classic in the part of economics that analyses the market economy perspective. What Hayek primarily seeks to demonstrate is that the real challenge for an economic system is not to determine what is an efficient (or optimal) allocation of resources when decision-makers have all relevant information about production processes and preferences. He argues that the crucial issue is instead how the information, which in reality is dispersed among all individuals in society, can be collected and utilised for effective decisions. Hayek shows that it is both costly (or impossible) and unnecessary to centrally gather detailed information from individual decision-makers. By decentralising decisions to those who already possess the information, and then allowing markets and price formation to coordinate these decisions, according to Hayek, the centralisation of information and decisions becomes superfluous. The problem is, in short, how to efficiently utilise knowledge that no one possesses in its entirety. Hayek also emphasises that the knowledge in question here is primarily knowledge of ‘time and place’, i.e., knowledge about individual machines, factory buildings, markets, production methods, and individual preferences. Hayek’s ideas have largely formed the basis for post-war research on decentralised versus centralised economic systems. Not the least can Hayek’s perspective be found in the so-called ‘reform economists’ in Eastern European countries over the past decade.[398]

This quote offers a revealing glimpse into Lindbeck’s engagement with Hayek’s ideas and, more broadly, with neoliberalism. It is particularly noteworthy that Lindbeck chooses to emphasise Hayek’s epistemology, devoting considerable space to it, rather than, for instance, Hayek’s critique of the state — a critique that Lindbeck does not appear to align himself with. Furthermore, the quote sheds light on how central concepts that have become increasingly pivotal in Lindbeck’s thought, such as individual preferences, decentralisation, efficiency, and knowledge, are articulated by linking them to Hayek’s notion of how

[397] Lindbeck, "Lindbeck's introduction to II Principer för privatägda marknadssystem," 43-44.

[398] Lindbeck, "Lindbeck's introduction to II Principer för privatägda marknadssystem," 43-44.

knowledge is dispersed in society (which makes socialist planning impossible). These concepts thus have a political, antagonistic edge directed towards Lindbeck's interlocutors, primarily those that argue for the feasibility of planning. The end of the quote also throws light on what Lindbeck sees as an inspiration in the so-called Eastern European economy, namely the utilisation of Hayekian epistemology as a system that is characterised by a strong, centralised state.

Even though Lindbeck had seemed strongly inspired by Hayek's epistemology already in the late 1950s, and even more so in his engagement with the New Left in the late 1960s, to my knowledge his first explicit embracement of Hayek's ideas only occurs in 1970 when Lindbeck attended a conference on the topic of planning and market relations in Czechoslovakia, organised by the International Economic Association.[399] Lindbeck's conference text, "The efficiency of competition and planning" was published as a chapter in the conference proceedings. His attendance at the conference is yet another example of his participation in the economic debates in the Eastern Bloc, which were increasingly influenced by ideas on market and price governance.

In an interview in 2012, Lindbeck considered this paper to be his best effort to deal with the concept of efficiency and, as it happens, his answer to the efficiency problem is explicitly built upon Hayekian epistemology.[400] By letting individuals and firms act only on price information known to them (in a world full of decentralised knowledge and a vast number of unknowables) an optimal, spontaneous order would emerge. Later Lindbeck argued that this was the single most important conclusion not only for himself, but in modern economics:

> The most important insight in national economic micro theory is, in my opinion, to see market governing [*marknadshushållning*] as a method of exploiting the decentralised and fragmented information that resides in the minds of billions of individuals in households and businesses.[401]

For Lindbeck, Hayekian epistemology (here also attributed to von Mises) is utilised to show the impossibility of planning, basically echoing the Vienna debate in the 1920s, which I discussed in the first section of this dissertation. According to Hayek, planning (and efficient allocation of resources) becomes impossible because knowledge is so decentralised and dispersed that no single individual can know more than fragments of the world around them.

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399 Lindbeck, "The Efficiency of Competition and Planning."

400 Interview by Offer and Söderberg of Assar Lindbeck in 2012, referenced in Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*, 181.

401 Assar Lindbeck, "Reflektioner om nationalekonomins styrka och begränsningar," *Ekonomisk Debatt* 7 (2012): 7. Lindbeck makes the same argument in his autobiography Lindbeck, *Ekonomi är att välja: memoarer*, 389.

> As is well known, the Vienna school, in particular von Mises and Hayek, further explained how, in a market system, competition functions as a mechanism for producing, processing, and communicating enormous masses of information at extraordinarily low administrative costs, and hence made possible 'the utilisation of knowledge that is dispersed among all individuals in a society, and hence not given to anyone in its totality'[.][402]

Pavel Pelikán, who later became close to Assar Lindbeck (even though they eventually had a falling out, seemingly because Pelikán, from a "Hayekian purist" position, could not deal with Lindbeck's eclecticism in relation to Hayekian neoliberalism and neoclassical economics), describes how in Czechoslovakia he became inspired by Hayek's and Mises' arguments regarding information.[403] For Lindbeck, Pelikán's utilisation of neoliberal epistemology became an influence. Not only did Pelikán offer arguments for price governance aimed at handling an efficient redistribution of "material needs", but he also argued that information is a form of commodity also desired, or needed, by the individual. By arguing that only Hayekian epistemology can effectively handle the information problem, Lindbeck presents an implicit argument that neoliberalism is in itself a desirable object for the masses.

Even if socialist, or planned, economies might be able to fulfil the individual's material needs, the same could never be done with the need for information (because of the ontological reality where, again, information is dispersed and decentralised).

> The Czechoslovak economist Pavel Pelikán has also argued that it is reasonable to assume that the individual has not only material needs, but also *needs for information*, which in fact would mean that 'information' should be inserted as an argument in the preference function of the individual: 'We can imagine a social system in which a relatively high degree of satisfaction of material needs would be accompanied by a very low degree of satisfaction of information needs for the greater part of its members (e.g. comfortably furnished and well-supplied prisons)'[.][404]

Lindbeck makes use of Mises, Hayek, and Pelikán to explain who can understand reality in a world where only markets and price signals can convey information effectively — or, who can interpret the information (or truth) that markets and price signals convey.

> A specific problem with central administrative processes, designed to direct in detail the allocation of resources (particularly in complex economies), is that these in reality imply several layers of administrative bodies between the firm and the top decision-makers. When information is filtered through these layers, a reasonable hypothesis may be that most of the information is lost, and part of the remaining distorted, for reasons expressed by the earlier-

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[402] Lindbeck here quotes Hayek's The Use of Knowledge in Society. Lindbeck, "The Efficiency of Competition and Planning," 96.

[403] Pavel Pelikan, "Mina resor mellan olika vetenskaper och länder," (2014).

[404] Lindbeck, "The Efficiency of Competition and Planning," 96.

> mentioned arguments by Hayek and Pelikán. The more details that are decided at the top, the more serious is, of course, this loss in detailed knowledge.[405]

Consequently, Lindbeck argues that because of how information is organised, power must be moved from central planners "at the top" to managers of firms, who are understood to exist closer to the market (and to the knowledge it processes). Knowledge, and the legitimacy of governance, is thus implied to result from a proximity to the market, which here supports the argument that power should be moved from politicians (and bureaucrats) to business leaders.

> Again, Hayek's argument that information necessarily is dispersed in complex economies, and that detailed knowledge about 'time and place' is crucial for correct decisions, is fundamental. It would seem strange to argue that managers of firms are better informed than central administrators only about how to use an already installed machine, but not about which machine it is best to install.[406]

Lindbeck in this paper first spells out a Hayekian epistemology that would be formative for the rest of his career, and secondly outlines how the proximity to the market enables business leaders to understand (and plan for the future) in a way that no politician or bureaucrat can do. In a sense, this leads Lindbeck to conclude that the business leader can be a speaker of truth because of how the market enables him to understand the world. I will later discuss how this second idea influenced Lindbeck in the 1970s and how he later came to re-evaluate it in the early 1990s.

The concurrent economic and political trajectories in the Eastern Bloc and Western nations of the 1970s led Lindbeck to increasingly harbour apprehensions concerning the growing zeal for (what he understood as) centralised planning in the West. Simultaneously, he viewed the Eastern Bloc's emergent inclination towards governance through market mechanisms and price systems with enthusiasm. Lindbeck's perception of his contemporary context, especially in Sweden, was not without reason. Even Gösta Bohman, the leader of the market-friendly conservative party (Moderaterna), came to criticise markets while simultaneously appreciating the appearance of more elements of planning within the economy.[407] Looking at this development, Lindbeck (in a 1971 article on the problems of making a distinction between capitalist and socialist economies) notes that "there are socialists who advocate for decentralisation, markets, and economic incentives. Conversely, there are capitalist countries that have implemented significant elements of central planning."[408] It is noteworthy that Lindbeck references Walter Eukens (the father of the German ordoliberal school) when arguing that the lines between capitalist and socialist economies had become blurred and especially noting the similarities between the economies

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[405] Lindbeck, "The Efficiency of Competition and Planning," 98.

[406] Lindbeck, "The Efficiency of Competition and Planning," 100.

[407] Johan Lönnroth, *Schamanerna: om ekonomi som förgylld vardag* (Stockholm: Arena, 1993), 233.

[408] Lindbeck, "Ekonomiska system - ett mångdimensionellt problem," 3.

of Nazi Germany and the Soviet Union.[409] While this argument is not in itself innovative, it is an example of how Lindbeck's utilisation of a broader neoliberal field now also includes German ordoliberalism.

Even though Lindbeck is, in this article, positive to corporate democracy (that is democratisation within businesses and increased influence for workers), we can also note how he starts utilising the concept of pluralism to argue against the dangers of concentrating power in the hands of for example trade unions.

> Even in today's Swedish society, according to my assessment, there is a great reluctance among officials to openly criticise politicians and societal elites: there is nothing as quiet as an official climbing a career ladder. This can be expected to become a general problem in a society with only one or a few independent ownership groups, whether these are private or public. In this sense, according to my assessment, decentralised capital management, i.e., decentralised 'ownership functions', is a fundamental prerequisite for the freedom of speech to be properly utilised in a society.[410]

Lindbeck's engagement with the New Left lives on in his utilisation of the concept of decentralisation, which he links to the concept of pluralism that in turn can (for epistemic reasons that we recognise from Hayek) be fulfilled within a market economy.

> However, the problem is quite similar when it comes to knowledge about production processes and market opportunities because knowledge about alternative ways to produce and market hundreds of thousands, or rather millions, of different goods and services in a country as spread out as Sweden is dispersed among hundreds of thousands of different companies. If one tries to transfer this knowledge to a central decision-making unit for the economy as a whole — let's call it the 'Central Authority' — most of this body of knowledge must be 'filtered out' in order to be managed at all. The risk is then extremely high that a considerable part of precisely the information that is strategic for production decisions disappears in the process.[411]

It should however also be noted that Lindbeck again uses a strategy of presenting himself as a centrist by acknowledging benefits on "both sides" of the debate and by arguing for limits to decentralisation. He, for example, argues that a centralised state has several functions to fill, for example in handling the problem of inflation.

> It is possible that price stability, at least with today's limited public understanding of the relationship between wages and prices, is not compatible with the 'quasi-decentralised' wage formation that currently exists in Western societies within the framework of relatively freely operating labour market organisations. Perhaps 'creeping inflation', at least for the time

[409] Lindbeck, "Ekonomiska system - ett mångdimensionellt problem," 6.

[410] Lindbeck, "Ekonomiska system - ett mångdimensionellt problem," 13.

[411] Lindbeck, "Ekonomiska system - ett mångdimensionellt problem," 7.

being, is a price that must be paid for a society with free labour market organisations, political democracy, and low unemployment.[412]

Note how some form of centralisation is regarded as necessary in order to handle the problem of "limited public understanding" of problems with for example demands for higher wages. A centralised state is thus not seen as an agency for democracy or democratic representation, but on the contrary as a stabilising entity that can handle problems produced by popular, democratic influence.[413]

Conclusions

To conclude, Lindbeck approached the 1970s envisioning a future in which the West and the East, due to their contemporary political and economic developments, would converge into a form of "planned market economies". While he perceived the West's trajectory as moving towards planning, he once again cited the economic debates in the East as positive examples. Furthermore, it was through his engagement with Eastern European economists that his interest in Hayek, particularly in Hayek's epistemic conclusions regarding markets as superior processors of information, appeared to be reinforced.

Here, Lindbeck extends Hayek's epistemic conclusions significantly. By asserting that only through the utilisation of markets can the information problem be effectively addressed, Lindbeck implicitly suggests that neoliberalism, or neoliberal governance in the form of the state using competitive markets, is inherently desirable for the population. He argues that while socialist or planned economies may meet individual material needs, they fall short in effectively managing information, attributing this to the ontological conclusion regarding how the world, and reality, is characterised by dispersed and decentralised information.

Significantly, Lindbeck's adoption of Hayekian epistemology leads him to explore who can speak truth, or who can comprehend and utilise the information conveyed by the market. Now, Lindbeck begins to see business leaders as potential speakers of truth, attributing this to their proximity to the market that enables them to understand the world and, consequently, to plan for the future.

In Lindbeck's writings, he again disarticulates state-phobic notions from neoliberal thinking, while simultaneously articulating leftist ideas as essentially being against the state. For Lindbeck, Hayek's writings served as a response to the criticisms from the left, which questioned the consumer society, markets, and even the role of the economist (and thus Lindbeck's own position as a public intellectual or government advisor). Finally, the concept of pluralism now gains significance in Lindbeck's writings, where he primarily

[412] Lindbeck, "Ekonomiska system - ett mångdimensionellt problem," 10.

[413] It should be noted, however, that even though Lindbeck problematises the consequences regarding stability related to democratic influence, he defends the system of formal political democracy.

employs it to criticise the concentration of power within trade unions. The notion of pluralism, in this context, should be interpreted antagonistically: it is aimed directly at Lindbeck's adversaries, or interlocutors, such as prominent trade union representatives, who advocate for the merits of planning or a centrally controlled economy.

Engaging the environmental movement, and the neo-Malthusians: "Against the doomsday prophets"

The influential OECD report, *Limits to Growth* (1972) — a product of the Club of Rome — presented a pessimistic view of growth rooted in neo-Malthusian concerns about population growth, environmental problems, and resource scarcity.[414] The book's long-term projections, derived from advanced computer calculations, suggested that pollution and resource depletion would worsen, casting doubts on the sustainability of perpetual growth. It implied that continual growth was not just impractical or harmful but categorically unfeasible. Challenging both dominant Keynesian and neo-classical perspectives on the "the longer-term prospects of industrialisation, modernisation, and consumer capitalism",[415] the report made Western governments, through OECD, take problems related to quantitative growth seriously.[416] Further, the issues raised in the report created a divide even among those representing business interests; some contended that the problem warranted serious attention, while others sought to undermine the credibility of those sceptical about the feasibility of perpetual growth. The influence of the *Limits to Growth* thus posed a dilemma for proponents of the idea that eternal growth was a panacea for all of society's challenges.[417]

In Sweden, Lindbeck became one of the most vocal and influential opponents to the thinking represented by the *Limits to Growth* report, so much that it, together with his scepticism towards the growing influence of the New Left, inspired him to co-found the Swedish economics journal, *Ekonomisk Debatt*.[418] Additionally, Lindbeck, at least once, leveraged his academic influence to marginalise viewpoints aligned more closely with the

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[414] "neo-Malthusian," (Oxford Reference). https://www.oxfordreference.com/view/10.1093/oi/authority.20110810105455393.

[415] Schmelzer, *The Hegemony of Growth: The OECD and the Making of the Economic Growth Paradigm*, 245.

[416] Troy Gabriel Wesley Vettese, "Limits and Cornucopianism: A History of Neo-Liberal Environmental Thought, 1920–2007" (Doctor of Philosophy New York University, 2019); Schmelzer, *The Hegemony of Growth: The OECD and the Making of the Economic Growth Paradigm*, 245-53.

[417] Schmelzer, *The Hegemony of Growth: The OECD and the Making of the Economic Growth Paradigm*; Ekberg and Pressfeldt, "A Road to Denial: Climate Change and Neoliberal Thought in Sweden, 1988–2000," 630-31; Jeremy Walker, *More Heat than Life: The Tangled Roots of Ecology, Energy, and Economics* (Singapore: Palgrave Macmillan, 2020), 3-31.

[418] Nils Lundgren, "Tidsandan framfödde Ekonomisk Debatt," *Ekonomisk Debatt* 6 (2002).

Club of Rome. Serving as an expert for the Bank of Sweden Tercentenary Foundation, which funds major Swedish research initiatives, Lindbeck, on at least one occasion, opposed awarding research grants to projects because of their alignment with neo-Malthusian perspectives. He did this by arguing for the necessity of demonstrating a comprehensive understanding of the field by also including the perspectives of neo-Keynesian/neoclassical Nobel laureates such as John Hicks, Paul Samuelson, and Simon Kuznets, who shared Lindbeck's perspective on issues like growth, scarcity, and the management of environmental problems.[419]

For Lindbeck, the pursuit of support for his views on the contentious issue of growth extended beyond the academic realm. Disturbed by the escalating scepticism surrounding the issue, as well as the burgeoning influence, especially following the oil crisis, of neo-Malthusian perspectives championed by the Club of Rome, Lindbeck in 1974 wrote a series of articles in *Dagens Nyheter*.[420] Moreover, he urged the newspaper's editor-in-chief, Olof Lagercrantz, who had expressed an affinity for Lindbeck's "optimism" concerning the future, to facilitate the publication of his articles in other Scandinavian countries.[421] In addition, Lindbeck took the proactive step of directly reaching out to Prime Minister Olof Palme, urging him to give serious consideration to Lindbeck's critique against the Club of Rome.[422] Lindbeck was intent on achieving the broadest outreach and heaviest impact possible.

In the *Dagens Nyheter* articles, Lindbeck once again draws upon Hayekian principles of knowledge and uncertainty, this time to counteract the propositions set forth in the *Limits to Growth* report. He writes:

> Our ability to predict the future is extremely limited. However, rarely have we seen such overconfident and poorly substantiated forecasts as those of the 'researchers' who in recent years have donned the mantles of doomsday prophets; the so-called Club of Rome report is perhaps the most pretentious and audacious example.[423]

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[419] Assar Lindbeck, Utlåtande till Riksbankens jubileumsfond, 1979-10-12 1979, Ö4:12 1979, Professor Assar Lindbecks efterlämnade handlingar, Stockholms universitet, Stockholm.

[420] Assar Lindbeck, Brev till Dagens Nyheters Kulturredaktör (cc Olof Lagercrantz), 1974-01-08 1974, Ö4:7 1974, Professor Assar Lindbecks efterlämnade handlingar, Stockholms universitet, Stockholm; Assar Lindbeck, Brev till Dagens Nyheters Kulturredaktör (cc Olof Lagercrantz) #2, 1974-01-31 1974, Ö4:7 1974, Professor Assar Lindbecks efterlämnade handlingar, Stockholms universitet, Stockholm. Lindbeck, "Domedagsprofesternas julafton." Lindbeck, "Replik om Tillväxtens gränser."

[421] Assar Lindbeck, Brev till Olof Lagercrantz, 1974-01-14 1974, Ö4:7 1974, Professor Assar Lindbecks efterlämnade handlingar, Stockholms universitet, Stockholm; Olof Lagercrantz, Brev till Assar Lindbeck, 1974-01-09 1974, Ö4:7 1974, Professor Assar Lindbecks efterlämnade handlingar, Stockholms universitet, Stockholm.

[422] Assar Lindbeck, Brev till Olof Palme, 1974-01-31 1974, Ö4:7 1974, Professor Assar Lindbecks efterlämnade handlingar, Stockholms universitet, Stockholm.

[423] Lindbeck, "Domedagsprofesternas julafton."

As a counterargument, using the cornucopian[424] notion prevalent in the wider neoliberal discourse, Lindbeck argues that markets driven by competition, the price mechanism, and entrepreneurship would invariably address resource scarcity. Lindbeck posited that growth would not be constrained by limited resources as long as the price mechanism was effectively employed.[425] Utilising Hayekian epistemology, Lindbeck questions the scientific legitimacy of his interlocutors and thus their ability to speak truth. He fundamentally challenges the rules and logics of the environmental discourse by questioning the scientific legitimacy of those who make predictions on environmental issues. He does this by rejecting the feasibility of forecasting the future without recognition of the market's superiority as an information processor. This stance implicitly positions the neoliberal economist as an expert on environmental issues, specifically as an authority on the question of uncertainty. Lindbeck applied the example of copper to make his point clear, claiming that:

> [i]f and when copper becomes increasingly scarce, we will instead experience ever higher copper prices, leading to savings and substitutions of copper with other materials. We will also shift from extracting metals from the outer crust of the earth to sourcing them from deeper within the planet — likely at increased costs, which will gradually make the recycling of metals relatively more advantageous and thus increasingly common. In an extreme case, it is entirely conceivable to have continuous economic growth without any net extraction of raw materials from nature — growth based entirely on efficient recycling.[426]

The argument above is a good example of how Lindbeck articulated that the price mechanism would, if needed, spontaneously create solutions, here in the form of a circular economy. Utilising Nordhaus,[427] who would later, controversially, receive the Alfred Nobel Memorial Prize in Economic Sciences, Lindbeck underlined that "his most important conclusion" in his debate against the "doomsday prophets", influenced by neo-Malthusianism:

> was that the effects of economic growth on the environment and ecological systems entirely depend on the environmental policy that is pursued; that minerals will never run out, since resource-efficient production and consumption, as well as substitution and recycling, gradually become more favourable with escalating extraction costs in a market economy; that

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[424] "Cornucopian, label given to individuals who assert that the environmental problems faced by society either do not exist or can be solved by technology or the free market. Cornucopians hold an anthropocentric view of the environment and reject the ideas that population-growth projections are problematic and that Earth has finite resources and carrying capacity (the number of individuals an environment can support without detrimental impacts)." Jo Arney, "cornucopian," in *Encyclopedia Britannica* (2014). https://www.britannica.com/topic/cornucopian.

[425] Vettese, "Limits and Cornucopianism: A History of Neo-Liberal Environmental Thought, 1920–2007."

[426] Lindbeck, "Domedagsprofesternas julafton."

[427] "By choosing other – more or less realistic – assumptions, one can essentially derive any conclusion from the Club of Rome's analytical model. (See, for example, William Nordhaus' article in Economic Journal vol. 83, 1973)." Lindbeck, "Replik om Tillväxtens gränser."

> known energy resources will last for several hundred years; and that the possibilities of developing new forms of energy — solar energy, geothermal energy, hydrogen, fission, fusion, etc. — in a timely manner are promising.[428]

This argument should be contextualised within a time when a burgeoning environmental movement, primarily rooted in both (or either) neo-Malthusianism and the New Left, identified growth and consumerism as primarily responsible for the escalating environmental issues. Instead of dismissing the challenges presented by contemporary capitalism, Lindbeck acknowledged these issues. However, he posits that the answer to the problems that markets create is even more markets and an expansion of the sphere governed by the price mechanism.

Lindbeck's engagement with those who argued that the environment was threatened by capitalism and/or growth compelled him to write the article "Den ovissa framtiden — en studie i anpassningsmekanismer" (The uncertain future — a study in adaptation mechanisms) (1974), which gained influence because of its pioneering of the (controversial) argument that attempted to de-couple growth from pollution and environmental destruction.[429] This article offers some interesting insights into how Lindbeck began to use a form of radical anthropocentrism in his definition of the environment and (thus) the solutions to environmental problems. Again, Lindbeck starts with the Hayekian argument that planning for the future, because of the knowledge problem, is impossible.

He writes that:

> our capabilities to predict and plan for the future are highly limited. Firstly, our understanding of fundamental relationships in nature and society is minimal compared to what would be required for accurate diagnoses and forecasts. Secondly, it is practically impossible to predict either future technology or future values on a timescale of decades.[430]

In the article, Lindbeck robustly challenges those who assert the feasibility of predicting the future, particularly a future fraught with environmental problems. The contention about the unpredictability of the future, which intrinsically aligns with the Hayekian epistemology Lindbeck had adopted and to which he remained faithful, should be understood in a politically antagonistic context. Notably, Lindbeck's current stance to some extent differs from his previous arguments (though the arguments could be seen as different sides of the same coin): here he does not claim that economic planning is untenable but rather asserts that forecasts concerning environmental issues lack a sound foundation. With an antagonistic edge directed at the environmental movement and the neo-Malthusian logics that underpinned the OECD report, Lindbeck writes that:

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428 Lindbeck, "Replik om Tillväxtens gränser."

429 Jonas Grafström et al., "Tillväxt och hållbar utveckling i Sverige – fick Lindbeck (1974) rätt?," *Ekonomisk Debatt* 7 (2020).

430 Lindbeck, "Den ovissa framtiden – en studie i anpassningsmekanismer," 463.

> [o]ne can arrive at any number of fascinating — and unreasonable — conclusions by selecting an arbitrary trend, such as a variable that has grown exponentially over a certain period of time, for example, some environmentally damaging phenomenon.[431]

Lindbeck does not, however, argue that the impossibility of knowing what will transpire in the future should just lead to acquiescence. On the contrary, he argues that, because of the unpredictability that the future brings with it, we need:

> a clever system for continuous adaptation to new information that exists precisely in this area, namely price formation, even if, for various reasons, we cannot guarantee that the adaptation is optimal — no more than we can guarantee this for any other mechanism (such as political decisions or public administration) in an imperfect world.[432]

As we can see from this quote, Lindbeck does not represent the idea that the price system is perfect. It is preferable because it is (relatively speaking) better than any other known system. Interestingly, this notion that the market system works even in imperfect conditions coincides with the Schumpeterian ideals that Lindbeck presentedin the 1971 anthology[433] discussed above and that also started to gain traction in the neoliberal internal debate in the late 1960s and early 1970s.[434] In this context, Lindbeck problematise the environmental issue primarily as an externality, i.e. a cost that disproportionately affects a third party. While the notion of externality is most commonly associated with neoclassical economics and the concept of market failure, Lindbeck employs it differently.[435] By applying the concept of externality to pollution, Lindbeck suggests that the issue can be resolved by properly allocating ownership rights. This implies that any potential market failure is a result of the market system not being implemented thoroughly enough. Consequently, he implies that environmental problems can be addressed within the framework of markets and the price system. He writes (referring to pollution and other environmental problems):

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[431] Lindbeck, "Den ovissa framtiden – en studie i anpassningsmekanismer," 463.

[432] Lindbeck, "Den ovissa framtiden – en studie i anpassningsmekanismer," 464.

[433] Lindbeck writes: "In his essay [...] ("The Process of Creative Destructions"), Schumpeter passionately argues that there is no reason to believe that perfect competition would be preferable to monopolistic competition and oligopoly. Schumpeter's main argument is that the most crucial aspect of competition is not price competition 'in the market' as depicted in models of static allocative efficiency. Instead, it should be competition in terms of product quality, technology, service, organisational forms, etc. For Schumpeter, it is not the short-term equilibrium properties of the market system, but the dynamic, 'transformative' effects of the competitive process that are essential." Lindbeck, "Lindbeck's introduction to II Principer för privatägda marknadssystem," 44.

[434] Plehwe, "Schumpeter Revival? How Neoliberals Revised the Image of the Entrepreneur."; Joseph A. Schumpeter, "Den skapande förstörelsens process," in *Ekonomiska system : en antologi*, ed. Assar Lindbeck (Stockholm: Rabén & Sjögren, 1971).

[435] Regarding the notion of externalities and neoclassical economics, see Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 56.

> These externalities are precisely related to the lack of property rights and ownership responsibility when it comes to airways, oceans, and water flows. This is a main reason why disturbances to the global ecological system have become so severe and continue to persist.[436]

While dominant factions within Swedish social democracy were challenging property rights and advocating for radical redistributions, such as through the wage earner funds, Lindbeck adopted what I would describe as a radical neoliberal stance, employing neoclassical terminology. He posited that all fundamental societal issues, including environmental concerns, could be traced back to problems associated with ownership. Specifically, Lindbeck highlights that the lack of property rights for our air, oceans, and water flows is a fundamental problem, directly linked to the problems of the environment (as an externality).

Although Lindbeck does not explicitly reference it, his argument on ownership is influenced by the Coase theorem, advanced by neoliberal economist Ronald Coase in his seminal 1960 article, "The Problem of Social Cost". Coase, who received the Alfred Nobel Memorial Prize in Economic Sciences in 1991, articulated a viewpoint slightly at odds with other theorists like Hayek. Coase argued that the core of the market lies not in price mechanisms, but in property rights. For Coase, these property rights needed to be both created and protected, making him, like other neoliberals, explicitly sceptical of laissez-faire economics. With established property rights, individuals would naturally and spontaneously negotiate to determine "reasonable" prices while the problem of externalities would also be taken care of without the need for active state intervention.[437]

Lindbeck's argument is, however, somewhat contradictory, or at least eclectic. Even though he accepts and wishes to utilise Coase's argument that property rights would solve the externality problem (Mirowski contends that Coase's argument on ownership rights was an "intervention to undermine and dissolve the whole neoclassical notion of 'externalities'"[438]), Lindbeck still argues that the state can (and perhaps should) govern by utilising direct environmental charges to handle externalities. Coase would argue that the utilisation of property rights should serve to keep the state away from the problem of externalities altogether. His arguments on property rights, in other words, aim to make the question of externalities obsolete. While Lindbeck acknowledges Coase's argument about the importance of property rights, he does not echo Coase's confidence that this method would fully address the problem of externalities. On the contrary, Lindbeck appears to use the notion of externalities to identify where ownership rights need to be implemented, rather than, as Coase does, using the argument of ownership rights to render the notion of externalities obsolete altogether. This perspective of Lindbeck's can partly be interpreted

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436 Lindbeck, "Den ovissa framtiden – en studie i anpassningsmekanismer," 466.

437 R. H. Coase, "The Problem of Social Cost," *The Journal of Law & Economics* 3 (1960), http://www.jstor.org/stable/724810.

438 Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 335.

through his strong emphasis on the necessity of state intervention, where he clearly separates state-phobic ideas from conventional neoliberal thought. For Lindbeck, a central aim appears to be the redefinition of the state's primary role as an enabler of Hayekian epistemology, especially through the proactive employment of price signals to distribute information and spontaneously solve problems.

Lindbeck thus assumes that by putting a price on pollution the problems might solve themselves without the need for direct regulation. Lindbeck writes:

> If, for example, through environmental charges, it becomes more expensive to pollute than not to pollute or maximum limits for environmental emissions are set, the pollution decreases or disappears 'automatically' (in profit-oriented companies). Such measures also do not necessarily have to be associated with particularly significant political difficulties [...][439]

For Lindbeck, the priority seems to have been the implementation of a pricing mechanism for environmental issues like pollution, rather than the specifics of how such a system would be executed. This "pragmatic" approach is indicative of how Lindbeck engaged with neoliberal ideas. Unlike many neoliberals who viewed direct state interventions as inherently problematic, Lindbeck adopted a more eclectic approach, especially in regard to the neoclassical notion of market failures. This perspective was also presented by Lindbeck's close colleague, Erik Dahmén, in his 1968 book *Sätt pris på miljön* (Put a price on the environment).[440] It should be noted that this line of reasoning forms the foundation of the EU Emissions Trading System.[441]

Lindbeck's defence of the argument that market economies, and growing economies, were not only compatible with, but also the enablers of, a better environment also made him conclude that in many respects, the environment "was much worse 100 years ago".[442] This, somewhat (to say the least) reductionist argument about historical trends that totally ignores emissions of for example greenhouse gases, made Lindbeck conclude that:

> [i]ncreased production of goods and services is thus not in opposition to a generally improved environment — even though we can never escape the fact that we must choose how a specific resource (a piece of land or a certain waterfall) should be used in a particular case: for example, for recreation, for aesthetic experiences, or for the production of energy, goods, or services.[443]

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[439] Lindbeck, "Den ovissa framtiden – en studie i anpassningsmekanismer," 470.

[440] Erik Dahmén, *Sätt pris på miljön: samhällsekonomiska argument i miljöpolitiken* (Stockholm: SNS, 1968).

[441] Rolf H. Weber, "Emission Trading Schemes: A Coasean Answer to Climate Change?," in *Environmental Law and Economics*, ed. Klaus Mathis and Bruce R. Huber (Cham: Springer International Publishing, 2017).

[442] Lindbeck, "Den ovissa framtiden – en studie i anpassningsmekanismer," 467.

[443] Lindbeck, "Den ovissa framtiden – en studie i anpassningsmekanismer," 467.

The argument advanced by Lindbeck is noteworthy as it ties in with his view that economic development serves as the catalyst for environmental improvement. This viewpoint is rooted, I would argue, in a form of radical anthropocentrism. In Lindbeck's argument, a "good" environment is now essentially articulated as the outcome of any human action, provided that this action occurs in a context where individuals are free to make choices. Importantly, this freedom is contingent upon having the economic means to exercise it. Lindbeck thus articulates a link between economic growth, freedom of choice, and environmental wellbeing. For instance, according to Lindbeck, the use of a waterfall "for recreation, for aesthetic experiences, or for the production of energy, goods, or services" can all serve as examples of a "good" environment, so long as these uses result from free decisions within a market-like system where costs have been appropriately allocated. This radical anthropocentrism is also evident when we examine Lindbeck's views on preserving nature for future generations. According to him, this issue ultimately boils down to how we, in the present, choose to "value the standard of living for future generations".[444] Lindbeck continues this reasoning by arguing that:

> [t]he higher we value the standard of living for future generations, in relation to our own, the greater investments in real capital and environmental improvements, for future consumption and future environmental experiences, we should make today.[445]

The temporal relation, so to speak, between us and future generations is a relation of price. This, I would argue, is also indicative of Lindbeck's radical acceptance of Hayekian epistemology. From this viewpoint, the act of assigning a price emerges as the only method both for making the future's needs intelligible and for translating our intentions or wishes for the future into governing. It is, in this context, also important to note what Lindbeck chooses to define as a part of the environment. For Lindbeck, as is already evident in the example of the waterfall anything that affects the human condition (which again is an example of what I would call radical anthropocentrism) is a part of the environment. This becomes evident when Lindbeck discusses the problem of bureaucracy. He writes that:

> [t]he continuous accumulation of new laws and regulations that interfere with, and often destroy, markets is a primary driving force behind the continuous increase in bureaucracy in today's society. […] Bureaucracy could very well become one of the most serious environmental problems in the future.[446]

By incorporating government bureaucracy into his roster of environmental threats, Lindbeck adeptly strengthens the link between his political propositions, which are rooted in Hayekian epistemology, and environmental wellbeing. This connection is especially significant given the intrinsic conflict that Hayekian epistemology establishes between

[444] Lindbeck, "Den ovissa framtiden – en studie i anpassningsmekanismer," 467.

[445] Lindbeck, "Den ovissa framtiden – en studie i anpassningsmekanismer," 467.

[446] Lindbeck, "Den ovissa framtiden – en studie i anpassningsmekanismer," 472.

bureaucracy and spontaneous order. Governance grounded in Hayekian epistemology not only fosters a healthy environment but can also be viewed as inherently contributing to favourable environmental conditions.

So, despite Lindbeck's assertion that the environment is improving — with the potential for even greater improvement due to economic growth — and that existing problems can be effectively addressed through the implementation of markets and price signals, pessimism still prevails. Why is this the case? Lindbeck writes:

> One can speculate about why pessimism in the Western world seems to have increased so significantly in the past decade. One reason for the increasingly pessimistic moods might be that people in the past mainly carried their own problems and those of their close relatives. Today, through mass media, individuals are constantly inundated with problems from all over the world. In a way, it can be seen positively that we have learned to worry about other countries and other people's problems. However, one might wonder if the burden on the individual has grown enormously due to this onslaught, via the media, of problems and difficulties from people all over the world. People might have been able to handle their own, their families', and to some extent, their neighbours' problems. The question is whether each individual can also bear the problems of all other individuals. The future will show whether the individual adapts to the 'information explosion' about conditions in every corner of the world by supporting those who want to try to solve global problems, or whether the individual instead chooses to shield themselves from the world's problems and retreat into a more 'private' and comprehensible world. In terms of global issues, in the latter scenario, 'individual adaptation mechanisms' might potentially weaken the global 'political adaptation mechanisms'.[447]

According to Lindbeck's speculative argument, the pervasive pessimism of the mid-1970s led people to embrace growth scepticism rooted in leftist and neo-Malthusian ideologies. This gloom, he suggests, arises from epistemic conclusions concerning the division of knowledge, as articulated by Hayek. Attempts by the mass media to make sense of global trends — without adopting market and price mechanisms — are doomed to fail, thereby fostering unwarranted pessimism. It is noteworthy that Lindbeck's later work increasingly attributes this problem to the mass media's role as a source of misinformation and an obstacle to the pursuit of truth. Therefore, it is intriguing to note that Lindbeck's scepticism is contextual, identifying the media's shortcomings as essentially epistemic in nature.

Conclusions

To conclude, Lindbeck's perspective on property rights and the employment of pricing mechanisms to tackle environmental challenges represents a notable shift from his earlier belief that the environment was ill-suited to market-based governance. Initially, Lindbeck's

[447] Lindbeck, "Den ovissa framtiden – en studie i anpassningsmekanismer," 473.

discussions on external economies aimed to define the boundaries of market influence. However, entering the 1970s, Lindbeck re-articulates the notion of externalities into a directive for the state more assertively to implement market mechanisms, either by reinforcing property rights or by leveraging price signals for governance. While the concept of externalities, typically tied to neoclassical economics, has sparked a debate among neoliberals — often because it implies that the market's spontaneous orders cannot remedy certain issues due to inherent market flaws — Lindbeck utilises the concept as justification for market governance.[448] This approach can foster spontaneous orders that exceed any government planner's predictions. To understand this shift, Skinner's concept of the speech act is useful. Within a neoclassical framework, the discussion of externalities calls for government intervention to correct market shortcomings, highlighting its inherent imperfections or failures. However, when framed within neoliberal discourse, as Lindbeck does, it becomes a plea for neoliberal market governance, achieved through the use of price signals, the establishment of ownership rights, etc., thus re-articulating externalities as opportunities for market-based solutions rather than problems necessitating state planning. Lindbeck's re-articulation of the concept of externality, and its transition from a concept based in neoclassical discourse to a neoliberal concept, is particularly noteworthy against the backdrop of an emerging environmental movement, intertwined with New Leftist and neo-Malthusian ideologies, which leverages environmental concerns to question the sustainability of growth or capitalism itself. While the environmental movement has used environmental issues as an argument against the sustainability of growth, Lindbeck appears to leverage the concept of externality to pinpoint environmental problems, which he then earmarks for market governance, in direct competition with his interlocutor's suggestions.

I would argue that Lindbeck's evolution in thought must be viewed within this context, where his arguments unfold in a sort of antagonistic dialogue with his interlocutors. These will highlight environmental issues as evidence of the "limits to growth" in order to critique the viability of capitalism, and Lindbeck then counters by promoting markets and price signals as solutions to pollution, resource scarcity, and related challenges.

In this debate, Lindbeck not only challenged the methods of asserting truth in environmental discourse or societal issues at large but also contested the scientific legitimacy of using the advanced computer models employed in the *Limits to Growth* report for future projections. His argument implied that these models lacked scientific credibility and posited that only markets, as superior information processors, possess the capability to address uncertainties about the future. Consequently, Lindbeck also positioned the neoliberal economist, who recognises the critical role of markets as information processors in solving societal problems, as a legitimate expert on environmental issues, thereby challenging the authority of other expert groups.

[448] Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 56.

During his involvement in the environmental debate, Lindbeck's perspective takes a notably anthropocentric turn, to the extent that he defines a good environment as the outcome of human actions performed under conditions of freedom of choice, akin to market-like conditions. Moreover, Lindbeck re-articulates the concept of the environment to encompass other issues central to his political critiques, such as bureaucracy. He argues that bureaucracy, due to its nature as a human annoyance, qualifies as an environmental problem. Consequently, the concept of the environment becomes an important surface for Lindbeck, onto which he projects solutions to broader societal and political challenges.

Lindbeck's approach to the environmental question is marked by a striking eclecticism. He merges the perspectives of neoclassical scholars like John Hicks, Paul Samuelson, and Simon Kuznets, who advocate for growth as a solution to fundamental societal issues, with notions from various points along the neoliberal spectrum, including Roland Coase and Friedrich von Hayek. The potential internal contradictions or compatibility issues among these scholars' ideas — such as the positivistic tendencies within neoclassicism juxtaposed with Hayekian neoliberalism's emphasis on radical uncertainty, and the diverse neoliberal views on managing externalities — do not deter Lindbeck. Instead, he employs these varied theoretical frameworks as instruments in his debates with New Left and neo-Malthusian opponents. Notably, Lindbeck seems to synthesise these diverse ideas under a Hayekian epistemological umbrella, emphasising the knowledge problem as articulated by Hayek. He consistently argues that markets and prices act as crucial information processors, essential for effective governance.

Leaving social democracy

1976 seemed to be a decisive year for Lindbeck's break with the labour movement and social democracy.[449] The influence of those representing a "pro-market" position, such as Lindbeck, had weakened significantly after the Social Democratic Party accepted Rudolf Meidner's proposed wage earner funds as party policy in 1975. The original proposal suggested a ten to twenty per cent tax on corporate profits, to be used to purchase shares in major corporations. These shares would be vested in funds controlled by the trade unions. Although the version implemented after the 1982 election was not as radical, the proposal represented a step towards collective ownership. Legislation such as the Employment (Co-Determination in the Workplace) Act of 1976 and the Employment Protection Act of 1974, which guaranteed labour influence and employment protection in workplaces, further reduced the autonomy of Swedish business. This shift could be viewed as the state departing from its traditional role as a mediator between labour and capital.[450] Instead,

[449] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 16.

[450] Stråth, *Mellan två fonder: LO och den svenska modellen.*

under social democratic governance, the state acted to alter the balance between labour and capital. Swedish business now saw their position threatened, which resulted in a full ideological mobilisation that challenged the so-called consensus policy that had started with the Saltsjöbaden Agreement in 1938.[451]

However, Lindbeck had only limited connections with Swedish neoliberal think tanks, such as Timbro, which played central roles in the mobilisation against the wage earner funds. Sture Eskilsson, a key player behind the neoliberal turn and ideological offensive of the Swedish Employers' Confederation (SAF), only remembers Lindbeck as someone "I met from time to time", while also, in a mocking tone, suggesting that Lindbeck was an outspoken Marxist as a student, something that Lindbeck himself denies in his autobiography.[452] Nor does Lindbeck's autobiography mention any association with Eskilsson even though the two men seem to have attended the same university classes in Uppsala in the early 1950s, and even though both, albeit in very different ways and acting from dissimilar positions, became central figures in the challenge to the Keynesian mainstream in Sweden while promoting neoliberal ideas. The fact that Lindbeck and Eskilsson do not seem to have had much to do with each other also demonstrates that the growing influence of neoliberal thinking in Sweden was not a coordinated process under the umbrella of the SAF, as has sometimes been implied.[453] It should be noted, however, that even though there seems to have been no formal connection between Eskilsson and Lindbeck, Eskilsson made sure that Lindbeck's critique against the wage earner funds reached a wide audience.[454]

Lindbeck published his critique against the funds in an article in *Dagens Nyheter*, in March 1976, in which he constructs a history of the labour movement as that of the creation of a form of equilibrium in society. Lindbeck here seems to be using the notion of the Nash equilibrium, which basically means the "best strategic reply to an opponent […] who is himself trying to discern your best strategic option and deploy his own best response, where the two desiderata coincide".[455] This notion of Nash equilibrium had gained influence in

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451 Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*, 190. Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change."

452 Sture Eskilsson, *Från folkhem till nytt klassamhälle: ett högerspöke berättar* (Rimbo: Fischer & Co, 2005), 19.

453 As argued or implied in for example Boréus, *Högervåg: nyliberalismen och kampen om språket i svensk debatt 1969-1989*; Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century*; Stråth, *Mellan två fonder: LO och den svenska modellen*; Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change."

454 Westerberg, *Socialists at the Gate: Swedish Business and the Defence of Free Enterprice, 1940-1985*, 259.

455 The desiderata coincide when each player's strategy results in the best possible outcome, assuming the other player is also playing their optimal strategy which means that no side gains from changing their strategy. Philip Mirowski, *Machine Dreams: Economics Becomes a Cyborg Science* (Cambridge: Cambridge University Press, 2002), 339.

the Cold War era among neoclassicists and neoliberals and reflected a world view where the superpowers' constant strategising against each other had reached a state of equilibrium that was much safer and to everyone's greater advantage than a situation that needed to be governed by trust and cooperation. While the relationship between business and trade unions in Sweden could be seen as similar to that between the superpowers in the Cold War, the wage earner funds now, according to Lindbeck, risked disturbing this equilibrium by transferring too much power to the unions in a clear break with Swedish continuity.[456]

> The labour movement emerged as a counterweight to the power of companies, especially large corporations, in the labour market and within the business world. In doing so, the labour movement helped to correct the enormous lack of power balance that characterised the society of early industrialism. As a result, the labour movement perhaps more than any other organisation, contributed to making Sweden a pluralistic society, i.e., a society with multiple independent centres of power.[457]

These words are interesting, since they were written in a context where Lindbeck is abandoning, or moving away from, the labour movement. If we consider the quote as a speech act that can only be understood in its specific context, Lindbeck is basically legitimising his own history in the labour movement as a history of enabling power equilibrium and pluralism. This, however, has now become all but impossible because of the Swedish labour movement's acceptance of the wage earner funds. The emphasis on the labour movement's role in promoting an equal society, which until recently had seemed central to Lindbeck, is all but washed away. The concept of pluralism, previously employed by Lindbeck in an antagonistic stance towards his New Left interlocutors, is now linked to the idea of the Nash equilibrium and assumes a central role in Lindbeck's critique of Meidner and the wage earner funds.[458] He writes that "for a pluralistic society [to function], a large number of balanced power groups are required — not least many mutually independent ownership groups and capital managers, competing with each other in functioning capital markets, commodity markets, and labour markets".[459] Against pluralism, Lindbeck positions the concept of democracy that he associates with the concentration of power, if kept unchecked.

> Referring to political and union democracy as a remedy for all risks of abuse of power is therefore not sufficient. When the decision-making scope of the democratic process is expanded, it is important to ensure that this happens while maintaining or ideally increasing pluralism.[460]

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[456] Mirowski, *Machine Dreams: Economics Becomes a Cyborg Science*, 331-49.

[457] Lindbeck, "Dödsdom för pluralism."

[458] The Nash equilibrium is however not explicitly mentioned.

[459] Lindbeck, "Dödsdom för pluralism.".

[460] Lindbeck, "Dödsdom för pluralism.".

For Lindbeck, one of the main problems of the form of the Meidner reform is epistemic, related to the problem of letting consumers make their wishes known through the market. Lindbeck asks how:

> consumer-driven production of goods and services [can] be achieved when a single ownership organisation can easily enforce industry monopolies and likely prevent effective competition through new establishments (in part because a functioning stock market is unlikely to survive in Meidner's society)?[461]

In this context, Lindbeck contrasts "Meidner's society" with his own concept of consumer sovereignty. He portrays a society where the legitimacy of what is produced in the economy is grounded in the notion that it satisfies the wishes and desires of consumers. Lindbeck utilises the concept of pluralism and articulates it by linking it with concepts such as openness, free speech, and healthy competition threatened by "the Meidner society", which Lindbeck links to concepts such as arbitrariness, concentration of power, and general corruption. "A pluralistic society", Lindbeck writes, "can only survive if the dominant 'power elites' — within the state, large corporations, trade unions, mass media, universities, etc. — are kept separate, preferably with some mutual antagonism."[462] As we can see, the concept of pluralism must be understood politically as having an antagonistic edge (if we understand it as a speech act in its given context) directed at the labour movement in general and the wage earner funds in particular. It is intriguing to observe how Lindbeck transfers the idea that antagonism between actors in a given field produces stability into the Nash equilibrium. This, I believe, shows that Lindbeck's articulation of pluralism is coupled with the game-theory notions that is embedded in a Nash equilibrium.

Further, it is important to note how Swedish business looked abroad to gain assistance in the wage earner funds debate. As an answer to the wage earner funds suggestions, Timbro gave the public choice figurehead Gordon Tullock the job of investigating the effects of the funds. His findings were released in the 1978 book *Svenskarna och deras fonder*, published by Timbro. Tullock did not only focus on the potential effects on the economy, where he predicted a decline in both wages and GDP growth, but he also studied the effects on society and democracy. According to Tullock, the LO's proposal for wage earner funds is based on:

> a rather antiquated attitude towards democracy. It appears to be a religion for them. Anything that is democratic is good; there is no discussion of potential problems within a democracy.[463]

Referencing Nobel Memorial Prize winners Kenneth Arrow and Paul Samuelson, who served as inspirations for Lindbeck, Tullock continues his critique of those who believe that the implementation of democracy is the answer to society's problems. He argues that:

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[461] Lindbeck, "Dödsdom för pluralism."

[462] Lindbeck, "Dödsdom för pluralism."

[463] Tullock, *Svenskarna och deras fonder: en analys av SAP-LOs förslag*, 46.

> [t]he new investigations into how democracy functions tend to dampen the enthusiasm. As the publisher of the Public Choice Society's official journal, which exclusively addresses this issue, I would argue that this enthusiasm is not as prevalent among those who have studied the subject in depth.[464]

Tullock, however, does not advocate an explicit abandonment of democracy, nor does he propose the institution of a dictatorship or anything similar. Instead, he criticises the LO's proposal by questioning its rationale and the means by which democratic control could feasibly be implemented. He argues that the proposal itself has democratic shortcomings, in that it compels the owners of the funds to assume (democratic) control of companies, thereby depriving them of the democratic freedom to use the funds as they wish. He writes that:

> The LO-SAP proposal does not explicitly demand that companies of varying sizes should gradually transition to collective control; it is content to repeatedly assert that democracy is inherently good. Given that they do not propose that the enfranchised members of the various representative bodies should have complete control over the investments they own, it is uncertain whether they actually believe what they are saying.[465]

Thus, while Tullock is deeply sceptical of the logic underpinning democracy, his primary approach is to challenge the funds by interrogating the definition of democracy itself, where the freedom to choose how to control capital appears to be a privileged interpretation.

Reflecting on the role of the economic advisor

Lindbeck's experience of working close to politics (which was becoming increasingly positive to planning) seems to have left him with the impression that politicians are corrupted by the demands of the public, while public officials with "'career ambitions' unfortunately exhibit a strong propensity to suggest new interventions and regulations, which — at least superficially — seem to enhance the authority of politicians and officials".[466] As a result, Lindbeck began, in the late 1970s, to advocate for an increased role for economists in governance. Explicitly influenced by the ideas of Milton Friedman, Lindbeck posited that economists, presumably less vulnerable to the corrupting effects of power, should assume a more active role in the political decision-making process.[467] Lindbeck summarises what he sees as the role for the economist in contemporary politics thus:

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[464] Tullock, *Svenskarna och deras fonder: en analys av SAP-LOs förslag*, 46.

[465] Tullock, *Svenskarna och deras fonder: en analys av SAP-LOs förslag*, 56.

[466] Lindbeck, "Strategier för den ekonomiska rådgivaren," 584.

[467] Lindbeck, "Strategier för den ekonomiska rådgivaren," 585.

> [We] both need the 'economic engineer', who attempts to find practical solutions for the moment within the framework of what is considered practically possible, and 'the visionary', who purposefully expresses 'unrealistic' suggestions in order to, in the longer run, widen the framework for the practically possible.[468]

This long-term strategy for needed but "unrealistic" change, Lindbeck writes, must be carried out against the explicit visions of politicians who do not understand the practical effects of the policies that they suggest. Lindbeck, for instance, writes that the advisor should base his recommendations "on what he assesses to be the most likely effects of the advice on the economy, taking into account both the impact of the advice on politicians and the administration as well as the effects of their behaviour on the economy".[469] Essentially, Lindbeck began the 1970s endeavouring to address calls for democratisation and decentralisation by utilising neoliberal arguments, inspired by Hayek and Becker. Leaving the 1970s, he advocated constraints on the influence of political figures and public officials, employing reasoning increasingly resonant with the tenets of public choice theory.

Conclusions

To conclude, Lindbeck persistently utilises the concept of pluralism in an antagonistic manner, initially directed against neo-Malthusians and the New Left, and now against Meidner's wage earner funds. He now redefines pluralism to resonate with the concept of Nash equilibrium, emphasising that antagonistic actors within a system can achieve a state of equilibrium that benefits all involved. Lindbeck recounts the role of unions in maintaining this equilibrium within Swedish contemporary history, attributing Sweden's success to such a balance. However, he warns that this equilibrium risks being disrupted by the granting of additional powers to trade unions through wage earner funds. Lindbeck suggests that the historical stance of Swedish trade unions represented a spontaneous order, in a Hayekian sense, which was now endangered by planning legislation, potentially dismantling the narrative of Swedish success. Following Foucault's genealogical approach, however, we must question Lindbeck's claims that he was only enabling an order of continuity. Instead, the articulated continuity serves to legitimise Hayekian governance (which, as framed in a Swedish context by Lindbeck, is novel) while simultaneously delegitimising his interlocutors among the neo-Malthusians, the New Left, and supporters of the wage earner funds. This approach not only positions Hayekian principles as a superior framework for governance but also strategically marginalises opposing viewpoints, framing them as less compatible with an economic and social landscape that is evolving towards an uncertain future.

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[468] Lindbeck, "Strategier för den ekonomiska rådgivaren," 585.

[469] Lindbeck, "Strategier för den ekonomiska rådgivaren," 584.

Lindbeck further employs the concept of consumer sovereignty to validate the legitimacy of governance he proposes. He characterises the wage earner funds as lacking legitimacy because of epistemic reasons. Lindbeck's primary critique of the wage earner funds, beyond portraying them as a threat to a pluralistic system, suggests that they obstruct the ability of consumers' wishes and desires to be realised through market transactions. Lindbeck emphasises the market's unique role as the sole mechanism capable of accurately conveying and fulfilling the true desires of individuals.

It is noteworthy that Gordon Tullock, independently yet paralleling Lindbeck, employs a similar theoretical framework to articulate a critique of the wage earner funds. This convergence highlights how public choice theory began to gain traction in Sweden, particularly within the context of the debate against the wage earner funds in the late 1970s.

Working at the OECD

Between 1975 and 1977, Lindbeck worked for the OECD's McCracken committee, which in 1977 published a report entitled *Towards Full Employment and Price Stability*, as a form of counter argument to the *Limits to Growth* report, published in 1972.[470] Within the OECD, as historian Jenny Andersson has explained, the economic upheaval of the 1970s acted as a catalyst for a critique of non-market-oriented solutions, a perspective that had acquired considerable momentum across much of Europe. In a situation of expanding public welfare sectors in numerous European countries, and perhaps especially in Sweden, an emergent group of experts within the OECD identified concerns that extended beyond merely economic factors to include geopolitical ramifications as well. There was widespread apprehension that the unity of Western nations was becoming jeopardised, concurrently with increasingly blurred lines vis-à-vis the Eastern Bloc.[471]

The title of the McCracken report, *Towards Full Employment and Price Stability*, is in itself ironical in that it re-articulates the concept of full employment[472] and accepts the idea that a rate of unemployment that does not accelerate inflation must be a high one. An historically high unemployment rate is therefore regarded as not only acceptable but necessary in the fight against inflation, the menace of menaces. Rather than inventing or using new concepts, the authors are directly contesting the meaning of the concept of full

[470] Paul W. McCracken, "Towards Full Employment and Price Stability," *Nebraska Journal of Economics and Business* 17, no. 4 (1978), http://www.jstor.org/stable/40472613; Assar Lindbeck, "CURRICULUM VITÆ," (2015). http://perseus.iies.su.se/~alind/CV_AL_NY.pdf.

[471] Andersson, "The Future of the Western World: the OECD and the Interfutures Project," 134.

[472] Schmelzer, *The Hegemony of Growth: The OECD and the Making of the Economic Growth Paradigm*, 323; Gayon, "Debating International Keynesianism: The Sense of the Acceptable and the Neoliberal Turn at the OECD," 139.

employment, which has a central position in relation to concepts such as growth, equality, and so on.[473]

The McCracken report is often described as a frontal attack on the principles of Keynesianism and especially on the idea that active government intervention could balance inflation against unemployment (exemplified in the so-called Philips curve). The committee instead argued that government planning and government actions based on the logics of Keynesianism appeared to lead to increases in both inflation and unemployment. According to Lindbeck, the neo-Keynesianism (ideologically akin to neoliberalism) of Edmund Phelps and Milton Friedman's monetarism were major inspirations for the McCracken report.[474] The work on the McCracken committee also gave Lindbeck direct contact with the social network of the Mont Pelerin Society, as the committee's chair, Paul Winston McCracken, was himself a member of the society.[475] This said, I do agree with Vincent Gayon who emphasises the dangers of seeing the success of neoliberalism in the 1970s as pre-given. The economic and political doctrines proposed, even by those strongly influenced by neoliberalism, were often "messier" and more eclectic than what has been imagined. Gayon, for example, writes:

> This success [of neoliberalism] also distracts us from the uncertainty, or even disarray, which characterised the situation for certain actors, as well as the continuities, compromises, and strategic retreats, the game of wait-and-see and positions that were more strident, but which ultimately lost out.[476]

Gayon's words remind us to be attentive to our own tendencies to look for teleology in historical change, but also to be considerate of the context in which the actors were active. Their future, which we take for granted, was not yet formed. Retroactive analyses, presented for example in autobiographies, even by the actors involved in the writing of the reports, must thus be handled with great care (even if they bring forward information and statements that are nowhere else to be found).

Gayon's examination of Lindbeck's role at the OECD sheds light on how he was influenced by, and also contributed to, neoliberal and neoclassical thought. Within the McCracken committee, Lindbeck distinguished himself as a staunch advocate for neoclassical and neoliberal approaches and played a significant role in steering the OECD towards a neoliberal and neoclassical orientation. This indicates that his influence was more a question

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[473] Gayon, "Debating International Keynesianism: The Sense of the Acceptable and the Neoliberal Turn at the OECD," 139ff.

[474] Lindbeck, *Ekonomi är att välja: memoarer*, 214.

[475] Gayon, "Debating International Keynesianism: The Sense of the Acceptable and the Neoliberal Turn at the OECD," 117.

[476] Gayon, "Debating International Keynesianism: The Sense of the Acceptable and the Neoliberal Turn at the OECD," 118.

of him imparting neoclassical and neoliberal perspectives to the OECD, rather than himself being shaped by existing views within the organisation. Gayon writes that Lindbeck:

> ruefully accepted the abandonment of full employment and 'oversold' demand-management policies. […] [He] targeted the growth of the welfare state and advocated from the outset the removal of 'employment guarantees to groups of workers who abide [by] wage guidelines; norms for monetary policy, etc.'[477]

Lindbeck's own position was also, during the time of the writing of the McCracken report, probably closer to Hayekian epistemology than to the somewhat reductionistic and positivistic monetarism, whose core assumptions were at odds with Hayekian neoliberalism. The latter placed a stronger emphasis on uncertainty and the difficulty (or impossibility) of foreseeing the consequences of policy implementation. In line with Gayon's findings, it is reasonable to imagine that Lindbeck both positioned himself against and oversimplified the critique that originated from Friedman's neoclassical positivism (his view of the relationship between money supply and inflation) and dominant Keynesian thinking.[478] The same conclusion can be reached when analysing Lindbeck's research from the 1970s. In an article in 1976, Lindbeck had continued to argue that the goal was to re-articulate how government action was carried out, rather than to decrease the influence of the state. Lindbeck argued that:

> the most severe difficulties of economic policy are imbedded in the political rather than in the economic system and that the main obstacle for a successful stabilisation policy is, in fact, the government itself.[479]

These problems, Lindbeck argued, could be traced to a "heavy concentration of powers to a small group of civil servants and politicians",[480] a view he shared with most neoliberal scholars and perhaps particularly with those associated with the public choice school, where civil servants and politicians are assumed to be little more than servants of their own self-interest. Further, Lindbeck argued that:

> we have two interacting systems, the political and the economic, we cannot control one with the other, but we must try to redesign them both to improve the stability of each. Most of my suggestions here for such re-designs have referred to the 'intersection' of the two systems, as reflected by the policy instruments.[481]

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477 Gayon, "Debating International Keynesianism: The Sense of the Acceptable and the Neoliberal Turn at the OECD," 146.

478 Lindbeck, "Stabilization Policy in Open Economies with Endogenous Politicians."

479 Lindbeck, "Stabilization Policy in Open Economies with Endogenous Politicians," 17.

480 Lindbeck, "Stabilization Policy in Open Economies with Endogenous Politicians," 17.

481 Lindbeck, "Stabilization Policy in Open Economies with Endogenous Politicians," 17.

However, Lindbeck did not understand the economic and political systems as naturally separated, but rather as intertwined and co-dependant — and that vigilant action was needed to make a form of equilibrium possible.

Summaries and conclusions

Lindbeck's colleague, Hans Tson Söderström, worked closely with him throughout his career both as a political advisor and in academia. Söderström recalls asking Lindbeck in the early 1970s how he, "who so unilaterally emphasises the benefits of the market economy",[482] could identify as a social democrat.[483]According to Söderström, Lindbeck avoided delivering an answer to his question, which implied that his affiliation to the Social Democratic Party was a result of his family background rather than an ideologic decision.[484] Considering the analysis above, the portrayal of Lindbeck as ideologically detached from the post-war social democratic project calls for a re-evaluation. It is my view that Lindbeck's decision to embrace, reinterpret, and integrate neoliberal and neoclassical concepts cannot be fully understood without acknowledging the influence of the social democratic context.

To summarise, the discursive landscape of the 1950s, especially within the Swedish social democratic context, was influenced by what I would describe as a dislocatory event. This refers to an occurrence that swiftly transformed discourses, particularly regarding the articulation and resolution of society's central problems. This event resulted in the perception that pro-market positions were congruent with Swedish social democratic discourse, leading to the marginalisation of advocates for planning. This shift was partly due to the introduction of Hayekian and other neoliberal ideas into the post-war debate, promoted partly by the Swedish Employers' Confederation (SAF).[485] Neoliberal ideas were not only espoused in public debate by economists such as Bertil Ohlin and Erik Lundberg but also by influential journalists like Herbert Tingsten and Arvid Fredborg. Although the Social Democratic Party remained electorally successful after the war and retained the prime ministerial position until 1976, their political strategy was significantly influenced by a public debate that had largely discredited planning-oriented ideas.

Despite these discursive shifts, addressing the problem of inequality remained a paramount concern within Swedish social democracy, essentially constituting the movement's raison d'être, even amidst vast internal disagreements on how to tackle this issue effectively. Some prominent party members, like Rudolf Meidner, still advocated for planning and a

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[482] Tson Söderström, "Mentorn Assar Lindbeck – ett personligt porträtt," 21.

[483] Calmfors, *Mellan forskning och politik: 50 år av samhällsdebatt*, 96, 101, 04.

[484] Tson Söderström, "Mentorn Assar Lindbeck – ett personligt porträtt," 21.

[485] As discussed earlier, the SAF leadership viewed neoliberal ideas as a viable defence against the threat to capitalism posed by the collapse of continental fascism and Nazism, which had previously garnered sympathy from parts of the Swedish business elite.

definitive move towards collective ownership as the way forward. In contrast, others, including Assar Lindbeck, who belonged to a younger generation shaped by the post-war discourse, contended that these goals could be realised within a capitalist framework.

Following his return from a visit to the US in the late 1950s, Lindbeck's stance as a "pro-market" dissident within the Swedish social democratic movement was solidified. This development can partly be attributed to Lindbeck's exposure to and influence from the prevailing trends in mainstream US economics, particularly the growing prominence of neoclassical thought. However, as a committed social democrat, Lindbeck's primary goal remained the reduction of inequality. Through the lens of problematisation, as conceptualised by Foucault, Lindbeck's principal challenge can be interpreted as addressing inequality without contravening the core principles of neoclassical economics. This includes, most notably, the concept of Pareto optimality, which articulates transactions as illegitimate if they disadvantage anyone. Concurrently, Lindbeck was determined to uphold private property rights and therefore explored solutions to inequality that avoided radical redistribution of wealth and capital.

In opposition to proponents of planning, who served as his main interlocutors both within and outside the party, Lindbeck offered two primary solutions to this central problem. The first was increased competition, a strategy previously advocated by for example Oskar Lange. For increased competition to be effective, Lindbeck recognised the necessity of vigilant state intervention, particularly to mitigate the risk of monopolies forming. This perspective aligns with the understanding of most contemporary neoliberals who, contrary to laissez-faire principles, acknowledged that well-functioning markets require the oversight of a strong state. Second, Lindbeck sought answers that could be described as less controversial social democratic solutions, namely a focus on education. By advocating for increased competition, a concept resonant with both neoclassical and neoliberal thinking, alongside a traditional social democratic emphasis on education, Lindbeck formulated a strategy to address the issue of inequality without diverging from the fundamental principles of neoclassical economics.

Furthermore, Lindbeck was already during his early work, during the late 1950s and early 1960s, influenced by a specific, Hayekian, understanding of markets and price mechanisms. Like Hayek, Lindbeck articulated (efficient) markets primarily as arenas for competition, a core concept in neoliberalism that differentiates the neoliberal conception of marketplaces from others, where markets are often viewed mainly as spaces for the exchange of money and goods. Furthermore, as early as the late 1950s, Lindbeck seems to have been swayed by the Hayekian epistemic notion — a cornerstone of neoliberal thought — that markets serve as information processors, surpassing any other known method of information processing in efficiency and effectiveness. This notion, I believe, came to fundamentally shape his thought throughout his career.

During the 1950s and 1960s, Lindbeck explicitly positioned social democracy as a key player in the pursuit of efficient governance, exemplified by the concept of a "mixed economy". In this framework, he envisioned the market operating as a normative force within society, under the guidance of a strong state, with clearly defined exceptions rather than as a rigid model (as Offer and Söderberg have suggested). Still, Lindbeck's vision extended to the role of the state not only in fostering competitive markets but also in delineating areas where market principles were not wholly applicable, such as environmental pollution.

If we take Lindbeck's notion of a mixed economy, or a third way, seriously, which I believe we should, his understanding of the state becomes central. Lindbeck articulates the state as threatened by both left and right. The former is evident from how Lindbeck projects Lenin as the frontrunner of a project that aims for a society without a state, and the latter exemplified by laissez-faire liberals who aimed at letting the markets run their way, untouched by the state. "I have never understood the small group of 'market anarchists' who do not understand the important role of the state in a modern social economy",[486] Lindbeck would later recall. However, Lindbeck's third-way position should not be confused with Keynesianism, which had the same aim of protecting capitalism from both revolutionary socialism and laissez-faire liberalism. While Lindbeck initially embraced the key Keynesian idea that the state should manage countercyclical policies in response to what he perceived as inherently unstable markets, he ultimately viewed the state's most crucial role as that of promoting competitive markets. For Lindbeck, the focus on competition was pivotal for the processing of information, which in turn facilitated efficient governance and production, laying the foundation for sustained growth.

During the late 1960s and early 1970s, the New Left emerged as new interlocutors for Lindbeck. In his interactions with the New Left, Lindbeck reiterated the necessity of enhancing equality without undermining ownership rights. Influenced by radical Chicago school neoliberals such as Gary Becker, Lindbeck began to view education through the prism of human capital, thereby re-articulating a solution deeply rooted in social democracy by linking it to a neoliberal framework. Moreover, in response to the New Left's critique of the perceived narrow-mindedness of economists, Lindbeck found explicit inspiration in Becker's assertion that economists should serve as experts on a wide array of topics, extending far beyond the conventional boundaries of economics. Drawing inspiration from Becker and in response to the critiques of the New Left, Lindbeck began to portray the economist as a potential expert on everything.

The influence from Becker can also probably be noted in how markets are articulated to have a governmental function, as in the conduct of conduct. They are articulated as creating incentives, enabling a form of indirect governance that allows for the spontaneous and efficient allocation of resources and the development of new technologies, while simultaneously aligning the production of commodities with the fulfilment of individuals' desires. This is a good example of how consumption in neoliberal thinking — especially in

[486] Lindbeck, *Ekonomi är att välja: memoarer*, 405.

its Chicago School form and in Gary Becker's authorship — is not only an act of exchange in the marketplace but is directly linked to production. A central part of this notion is how individuals produce the fulfilment of their own desires through the act of consumption, which simultaneously aligns the production of commodities with what people truly desires.

This argument also illustrates how this articulation of neoliberalism in the late 1960s, could be seen as having a strong emancipatory dimension, competing with other emancipatory projects and especially the one connected to the New Left. This emancipatory in Lindbeck's aim to enable the fulfilment of desires in a system that is for example in the New Left Discourse articulated as overly bureaucratic, alienating, and so on.

The relevance of Hayekian epistemology to Lindbeck's writings became increasingly significant during the debates of the late 1960s and early 1970s. Through his dialogues with Eastern European economists in the early 1970s, Lindbeck deduced that information is a fundamental need for consumers or individuals, and that it is pursued in a manner akin to consumer goods. He emphasised that information is sought for its intrinsic value, not merely for potential secondary benefits like enhanced production or more efficient governance. Lindbeck argued that leveraging markets and price signals — as mechanisms for processing and disseminating information — stands as the sole effective strategy for information distribution. Therefore, he advocated for a governance model primarily based on the implementation of competitive markets as the essential means to satisfy citizens' needs, regardless of whether this approach is the most efficient in terms of production. Lindbeck adopted the viewpoint that governance based on Hayekian principles was universally desired, regardless of potential consequences. This perspective is notably intriguing against the backdrop of the post-war era, where the potential for Eastern European economies to outperform their Western, capitalist counterparts in production was viewed as a realistic possibility. Further, the Hayekian understanding of the price mechanism and markets became central to Lindbeck's interpretation of efficiency, leading him to define any outcome resulting from a consumer's free choice in a free market as the epitome of efficiency. Consequently, different models could not be evaluated against each other to determine efficiency. According to this perspective, all outcomes derived from the Hayekian model were a priori considered efficient, whereas results from any other model were viewed as suboptimal.

In addition to challenging planning proponents within social democracy and critiquing consumer society's detractors in the New Left, Lindbeck's writings from the early 1970s onward position the environmental movement, with its Malthusian foundations, as another set of interlocutors. Neo-Malthusians, leveraging sophisticated computer models to predict future scenarios, argued that perpetual growth, and potentially capitalism itself, would be untenable, primarily due to resource depletion and environmental pollution. Following a Hayekian understanding, Lindbeck contested the notion that any mechanism other than markets, including the environmentalists' complex computer models, could effectively convey information. This led him to significantly revise his earlier views on market limitations. Lindbeck now contended that environmental problems, identified as externalities, should not be seen as areas unsuitable for market solutions. Influenced by a diverse array of thinkers, including neoliberals like Ronald Coase and neoclassical economists such as Paul Samuelson, Lindbeck maintained that markets and property rights were the most viable responses to environmental issues. Understanding this process through a genealogical perspective, as explained by Foucault, this was not a natural result of some teleological development, or a continuity of old Swedish politics, but novel approaches, contingent on contemporary debates that were difficult to foresee. The development of Lindbeck's writings was done in an antagonistic manner, where his opponents came to shape the development of his arguments.

By the late 1970s, Lindbeck's position as a proponent of market principles from a Hayekian viewpoint became increasingly difficult to maintain within the Social Democratic Party, especially as ideas about collective ownership, once on the periphery, started to gain momentum. This changing landscape was epitomised by the party's endorsement of the wage earner funds proposal in 1976, a move that led Lindbeck to re-evaluate his association with the party he once considered a viable proponent of market governance. In his arguments against the wage earner funds, Lindbeck invoked the concept of pluralism, drawing on game theoretical frameworks, in opposition to those advocating for planning and wage earner funds. He contended that the increasing influence of trade unions posed a threat to a certain equilibrium — a balance underwritten by pluralism — that had been achieved through a constructive antagonism between labour and capital.

It is also worth noting that Lindbeck appears to have played a role in conferring the Nobel Prize in Economics on those who were instrumental in the debates in which he engaged. For instance, Hayek's epistemic assumptions became crucial for Lindbeck, while Friedman provided inspiration, not necessarily for specific policies, but for the role of the economist in public debates. Similarly, Gary Becker was vital in Lindbeck's confrontations with the New Left, and Roland Coase laid the foundations for Lindbeck's counterarguments against the same group, to name just a few.

Having explored how Lindbeck internalised and hybridised neoclassical and neoliberal thought, I will now proceed to discuss his involvement in the government report "Roads to increasing prosperity", which was drafted by the Bjurel delegation between 1978 and 1979 and published at the beginning of 1979.

Challenging Keynesian governing: *Roads to Increasing Prosperity*

Before conducting my analysis of the report and the preparatory work of the Bjurel delegation, I will present a recap of the state of neoliberalism against the backdrop of competing discourses prevalent up to the late 1970s, as well as of the major debates occurring in Sweden during that decade. I will focus on debates concerning bureaucracy, private profits, growth, and the wage earner funds, which I understand as central for the question of Swedish statecraft during the 1970s. This approach is based on my utilisation of contextual analysis, as understood by Quentin Skinner, which leads me to analyse the report as emerging from an ongoing debate where the ideas presented challenge other existing ideas and alternatives. Following an analysis of archival material related to the Bjurel delegation, I will then proceed to scrutinise how the group of authors interpreted the mandate given them by the new centre-right government that had come to power in Sweden in 1976, and how they articulated the central problems that they saw as requiring addressing by the state. I will then proceed to examine the "Roads to increasing prosperity" report in depth. While an analysis of the report's reception in public debate and governance would be interesting, it falls outside the scope of my study, which is focused on the genealogy of Swedish neoliberalism as articulated through Lindbeck's writings. My Foucauldian understanding of the "author function" guides my analysis of the text, focusing on understanding the discourses that shape the text and those that the text, in turn, shapes, rather than the intentions of the authors themselves. Consequently, the extent to which Lindbeck, compared to other authors, shaped the text is of secondary importance. However, as I will discuss below, I work from the premise that Lindbeck had a considerable influence on both the preparatory works and the final form of the report.

Contextual remarks

As previous research has demonstrated, the 1970s was the decade when neoliberalism rapidly gained traction, not just in Sweden but globally. The OECD had already pivoted towards a neoliberal direction with the publication of the influential McCracken report, countering neo-Malthusian ideas in the OECD. Moreover, neoliberal principles were robustly implemented as a governing doctrine in Chile under Augusto Pinochet's military junta as early as 1973, in close collaboration with economists from the Chicago school.[487] And in West Germany, as I have discussed above, neoliberalism had been widely accepted as a governing doctrine since at least the 1950s, even though its implementation emphasised state solutions more than did its Chicago school counterpart. Although, at the time of publication of "Roads to increasing prosperity", Margaret Thatcher was still months away from being elected Prime Minister in the United Kingdom and Ronald Reagan was still two years away from his US presidency, neoliberalism had already gained major global influence. In the US, while the neoliberal turn is primarily associated with Ronald Reagan's presidency, a neoliberal shift had already begun under Jimmy Carter's administration, influenced by neoliberal Chicago School economist George Stigler and public choice theorists James Buchanan and Gordon Tullock. This shift gained bipartisan support and coincided with Michel Foucault's focus on neoliberalism in his 1978-1979 lecture series at the Collège de France.[488]

It is important to contextualise the Bjurel report within the debate on centralisation and bureaucracy that gained significant prominence in Sweden during the mid to late 1970s. These topics became crucial points in the 1976 Swedish election debate and were notable for transcending the traditional left-right political division. Significant discussion surrounding the Swedish taxation system also emerged during this period. This was particularly triggered by events such as children's author Astrid Lindgren being taxed at 102% after receiving a literature prize and the notable incident involving film and theatre director Ingmar Bergman, who chose to leave Sweden following (what he saw as) a humiliating arrest for tax fraud, although he was later exonerated from all charges.[489] The debates surrounding the welfare state, whose reach had been challenged especially by those associated with the right wing, should also be mentioned in this context.

We must further understand the writing of this report in the context of a broader international debate concerning growth that had not yet been settled. Growth as a universal solution to problems of unemployment or even the general wellbeing in society was by no

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[487] Karin Fischer, "The Influence of Neoliberals in Chile Before, During, and After Pinochet," in *The Road from Mont Pèlerin*, ed. Philip Mirowski and Dieter Plehwe (Harvard University Press, 2009).

[488] See discussion on Carter and Foucault in Damien Cahill et al., "Introduction: Approaches to Neoliberalism," in *The SAGE Handbook of Neoliberalism* (London: SAGE Publications, 2018), xxvi. Daniel Stedman Jones, *Masters of the Universe: Hayek, Friedman, and the Birth of Neoliberal Politics* (Princeton, N.J.: Princeton University Press, 2012), 247ff. Daniel Stedman Jones, "The Neoliberal Origins of the Third Way: How Chicago, Virginia and Bloomington Shaped Clinton and Blair," in *The SAGE Handbook of Neoliberalism*, ed. Damien Cahill et al. (London: SAGE Publications, 2018), 167.

[489] Carl Marklund, "Krångla lagom!: Välfärdsstatskritiken och byråkratiseringsdebatten," in *Marknadens tid: Mellan folkhemskapitalism och nyliberalism*, ed. Jenny Andersson et al. (Lund: Nordic Academic Press, 2023), 37-39.

means a generally accepted notion in the 1970s, whether by the public or among policymakers and economists. Any arguments made in the report regarding the indisputable benefits of growth must be seen in the context of a general and heated debate on the topic that was occurring in Sweden and other OECD countries during the 1970s.[490] Even though the notion of perpetual growth (as not only a possibility, but a necessity) is today more or less taken for granted, political scientist Jeremy Walker (among others) points out that:

> [even] Keynes tended to think of economic growth as a short-term phenomenon, neither enduring nor important. He expected economic growth in the industrial countries to cease to exist within two or three generations at most, arriving at a plateau of consumption […] as the declining marginal utility of consumption approached zero.[491]

The notion of the economy as an entity that could not expand in all eternity was not unique to Keynesianism but could also be found in the very core of classical economics. Even though classical economists, following Adam Smith, often envisioned long term increases of wealth and commerce, "they foresaw a 'stationary state' as the inevitable endpoint of capitalist expansion".[492] Also, even though the very concept or idea of growth has become the perhaps most important political and economic concept of the 20th century (shaping our everyday life), the concept was not even widely used until the 1950s.[493]

To suggest that the emphasis on growth emerged uniquely with neoliberalism would be incorrect, even though a cornerstone in classical economics, neoclassical economics, and Keynesianism has been the acknowledgement of limitations to growth, the pursuit of growth, or similar objectives. This focus on growth was equally prevalent in Swedish post-war economic thought. As the renowned trade union economist (and architect of the wage earner funds), Rudolf Meidner, points out, the ideology of the Swedish welfare state was "to maintain the market economy, to counter short-term fluctuations through anti-cyclical policies, and to neutralise its negative effects through fiscal policies. The rallying cry was full employment, economic growth, fair division of national income, and social security."[494] The idea of social democracy and its political and economic goals that manifested itself in the post-war era was closely linked to the idea of economic growth. I will now examine how the authors of the Bjurel report, i.a., attempted to challenge this linkage.

To my knowledge, the publication of "Roads to increasing prosperity" on 1 February 1979 marked the first significant articulation of a neoliberal reform agenda in Sweden within a government context. This report is particularly noteworthy as it was developed amid

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490 Schmelzer, *The Hegemony of Growth: The OECD and the Making of the Economic Growth Paradigm.*

491 Walker, *More Heat than Life: The Tangled Roots of Ecology, Energy, and Economics*, 161-62.

492 Schmelzer, *The Hegemony of Growth: The OECD and the Making of the Economic Growth Paradigm*, 77.

493 Schmelzer, *The Hegemony of Growth: The OECD and the Making of the Economic Growth Paradigm*, 2.

494 Rudolf Meidner quoted in Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century*, 110.

numerous competing reform agendas. In the wake of the oil crisis, ideas challenging the Keynesian mainstream on governance emerged from various directions. From the left, Rudolf Meidner's wage earner funds project was gaining traction within the Social Democratic Party. Simultaneously, other visions within the Social Democratic Party were also gaining support, including the *Framtid för Sverige* (Future for Sweden) programme, developed from 1976 by a commission led by Kjell-Olof Feldt and adopted by the party in 1981. This report presented an alternative vision focused on maintaining full employment, increasing business sector profits, and prioritising the fight against inflation. It not only challenged the wage earner funds concept of redistributing profits from the private business sector but also marked a radical departure from previous Social Democratic Party programmes that had problematised capitalism and high earnings in the private sector. These examples illustrate how the oil crisis of the 1970s acted as a dislocatory event, enabling rapid discursive shifts regarding the logics of governance. While this event provided an opening for actors like Lindbeck to propose radical alternatives to the Keynesian mainstream, it was not predetermined that Lindbeck's suggestions would prevail in an environment where multiple discourses offered explanations and solutions to the challenges Sweden faced during the late 1970s and early 1980s.[495]

Assar Lindbeck's role in authoring the Bjurel report provides a particularly enlightening case study, not only because of his previous theoretical contributions that drew on a range of neoliberal thinkers but also due to the scope of this work. Unlike Lindbeck's earlier, more narrowly focused writings, this report outlines what might be described as a total societal and economic vision. Thus, the report is crucial for understanding the genealogy of neoliberal thought within Lindbeck's writings. Its breadth makes the report and the work of the Bjurel delegation a fascinating subject for study, offering valuable insights into how a comprehensive transformation of Sweden's socio-economic landscape was envisioned during the late 1970s.

Despite its significance, the report has not been extensively studied, perhaps due to its limited impact directly following its publication. Nonetheless, it gained renewed attention in the early 1990s as a precursor of neoliberal reforms. Economist Johan Lönnroth writes that the report was significant in that it articulated the Swedish crisis as systemic, rather than cyclical:

> With the Bjurel delegation's report in 1979 — Assar Lindbeck was one of the authors — a more fundamental reassessment of the previous crisis policy began. Now the upswing of the 1930s was seen as a result of the devaluation in 1931 rather than of expansionary policy in the spirit of Keynes, and Sträng's tightening in the early 1970s was praised as pioneering work. The crisis of 1975 was seen as a 'systemic crisis' rather than a temporary disruption, and the bridging in 1974–75 was condemned as deeply flawed and 'accommodation policy'.

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[495] Kjell-Olof Feldt, *Alla dessa dagar: i regeringen 1982-1990* (Stockholm: Norstedt, 1991), 20-25; Kjell-Olof Feldt, "Hur liberal var 80-talets "kanslihushöger"?," *Liberal Debatt* (2019-05-19 2019). https://www.liberaldebatt.se/2019/05/hur-liberal-var-80-talets-kanslihushoger/.

> The commission wanted system changes, including a rapid dismantling of currency and credit regulations.[496]

While I see no reason to question Lönnroth's broader contextual assessment of the report, in that it attempted to articulate the Swedish crisis as systemic rather than cyclical, my focus will diverge from topics such as dismantling currency and credit regulations, as understood by Lönnroth. My examination, guided by my understanding of governmentality, will address how the authors, through statecraft, attempt to shape the conduct of conduct. Focusing on neoliberalism, which significantly influences Lindbeck's work, I will explore the influence and consequences of neoliberal epistemology in the report. This approach is a consequence of my genealogical perspective, which leads me to question the notion that the report represents a revival of events in the Swedish economy during the 1930s. Instead, by focusing on the neoliberal logics within the report, I aim to scrutinise what is new and novel.

Setting up the delegation and debating its outlines

At a government meeting on 2 March 1978, the Swedish Prime Minister and leader of the Centre Party, Torbjörn Fälldin, announced that a special business policy delegation "with the task of conducting an unprejudiced assessment of the development conditions for Swedish business"[497] would be appointed. The work was to proceed quickly. A final report was expected by the turn of the year 1978–1979. The reason the government considered an investigation to be urgent had to do with what was perceived as the serious international economic situation, triggered by the oil crisis of 1973–1974. The government's analysis was that Sweden had been more severely affected than other countries, and there was a fear that the entire Swedish welfare system was at risk. The government viewed the investigation as part of a larger endeavour, where legislation aimed at increasing Swedish competitiveness through a focus on small businesses and technical development had already been presented.[498] I believe it is vital to begin by examining how this open mandate was reflected in the composition of the delegation, and the expertise that its members were regarded as representing.

The leadership of the delegation was given to Bertil Bjurel who was the director of the Televerket, a public enterprise responsible for telecommunications in Sweden, from 1966 to 1977. In addition to Assar Lindbeck, other members included Henrik Höök, a representative of the Swedish steel industry; Dick Ramström, a professor of economics specialising in small businesses; Ulf af Trolle, an economist who previously worked as an

[496] Lönnroth, *Schamanerna: om ekonomi som förgylld vardag*, 256.

[497] Bjurel et al., *Ds Ju 1979:1*, 9.

[498] Bjurel et al., *Ds Ju 1979:1*, 9-11.

assistant to Bertil Ohlin at the Stockholm Business School; Sven Brohult, a chemist with experience in the Swedish chemistry industry; Krister Wickman, an economist who held the position of foreign minister in the social democratic government from 1971 to 1973 (having held ministerial positions from 1967), subsequently serving as the head of the Bank of Sweden from 1973 to 1976; and Erik Lehman, the leader of the Swedish Wood Industry Workers' Union. The delegation, in some respects, mirrored the idea of the cooperative state, but it is noteworthy that it was composed exclusively of men, the majority of whom represented expertise in either economics or industry. Notably absent were interests representing the public sector. Both Wickman and Lehman, who were members of the Social Democratic Party, later expressed their official reservations regarding the delegation's proposal.[499] Lehman, however, initially seemed not to have any issues with the scope of the delegation's work.

As already mentioned, the delegation had an open mandate "to 'unconditionally and according to their own judgment' determine which problem areas should primarily be addressed",[500] which opened for an internal debate within the delegation regarding how the work ought to be set up. On examination of the notes compiled by delegation secretary Lars Dahlgren, it is evident that Lindbeck's perspectives exerted considerable influence on the deliberations concerning the operationalisation of this open mandate. Lindbeck's sway over the delegation was further strengthened by the presence of his close associates – Ragnar Bentzel, Erik Dahmén, Ingemar Ståhl, Lars Calmfors, and Erik Lundberg – as external experts, most of whom were appointed on Lindbeck's initiative.[501] All of these embodied neoliberal and/or neoclassical perspectives that had remained somewhat marginalised within the Swedish economic discourse dominated by Keynesianism. Notably, Ståhl had during the 1970s been significantly engaged with the neoliberal public choice school.[502]

The labour representatives were from the beginning de facto marginalised. As a consequence, Lehman initially "stressed that the delegation's proposals must be politically feasible to be taken seriously".[503] In this context, the term "feasible" should be understood as a defensive expression, recognising that the overwhelming majority within the delegation espoused viewpoints that were, even for a right-wing government, politically impossible to implement as well as displaying antipathy towards dominating labour interests. As

499 Lindbeck, *Ekonomi är att välja: memoarer*, 174-75.

500 Lars Dahlgren, Anteckningar från sammanträde 1 med den särskilda näringspolitiska delegationen, 1978-04-27 1978, 1, Särskilda näringspolitiska delegationen, Riksarkivet i Stockholm/Täby (depå: Marieberg), Stockholm.

501 Lars Dahlgren, Anteckningar från sammanträde 2 med den särskilda näringspolitiska delegationen, 1978-05-17 1978, 1, Särskilda näringspolitiska delegationen, Riksarkivet i Stockholm/Täby (depå: Marieberg), Stockholm; BJ, Anteckningar från sammanträde 3 med den särskilda näringspolitiska delegationen, 1978-05-30 1978, 1, Särskilda näringspolitiska delegationen, Riksarkivet i Stockholm/Täby (depå: Marieberg), Stockholm.

502 Meijling, "Marknadisering: En idé och dess former inom sjukvård och järnväg, 1970-2000."

503 Dahlgren, Anteckningar från sammanträde 1 med den särskilda näringspolitiska delegationen.

understood by the context, "feasibility" here implied an unwillingness to undermine the core tenets of Keynesian economics that were associated with the Swedish model. This sidelining of the labour viewpoint was further manifested in the delegation's approach to conducting interviews with representatives from both the labour and business sectors of Swedish industry. Far from showing an active interest in labour perspectives, the delegation allowed business representatives the prerogative to decide on the presence of labour delegates at hearings, while also giving significantly more weight to the viewpoints of the business representatives.[504]

The delegation early on found itself at a crossroads, deeply engrossed in deliberations over the nature of Sweden's economic challenges: were they mere transient issues to be resolved with short-term solutions, or did they signify deeper, more systemic problems with lasting implications? In essence, the central challenge for the delegation was to decide how to problematise the Swedish economy. Central to these discussions was the controversial notion that Sweden's problems were of a structural character, a claim that, if validated, would invite questions about the trajectory of the Swedish model and the expansion of the welfare state. By advancing the argument for a "structural crisis", the delegation implicitly critiqued the very principles of the Swedish welfare state, suggesting that its expansiveness had perhaps overshot the mark of what was sustainable or rational. In essence, they questioned whether the welfare system had overreached, by growing too cumbersome and economically untenable, and therefore requiring restructuring. This line of reasoning not only targeted existing policy but also called into question the logics of decades of social democratic governance. Following initial presentations by economists Erik Dahmén and Karl G. Jungenfelt, discussions were held on the topic on 20 April and 18 May 1978.[505] By that time, Dahmén had already produced material for the delegation that asserted that Sweden faced structural issues, rather than temporary cyclical ones.[506]

A confidential memo covering the discussions shows that Dahmén's and Jungenfelt's position, that Sweden faced severe structural problems connected to for example the growing welfare state, did not go unopposed. Some (probably the two social democrats, but this is not revealed by the documents) argued that the idea that Sweden's problems were structural in nature did not hold water, notably on the basis that other nations were similarly affected in the aftermath of the oil crisis. Nevertheless, this opposing viewpoint was in the minority. The same memo reveals that several delegation members asserted that

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[504] "Corporate management and trade unions should be consulted at different times if corporate management so wishes" BJ, Anteckningar från sammanträde 3 med den särskilda näringspolitiska delegationen.

[505] FLS 2/78, Strukturomvandlingen och den världsekonomiska krisen - svensk industri i ett Dilemma?, Inledare: Erik Dahmén & Karl G Jungenfelt, 1978, 1, Särskilda näringspolitiska delegationen, Riksarkivet i Stockholm/Täby (depå: Marieberg), Stockholm.

[506] Erik Dahmén, Svensk ekonomi i kris: Föredrag vid Svenska Sparbanksföreningens konferens Vårt ekonomiska läge den 8 mars 1978, 1978, 1, Särskilda näringspolitiska delegationen, Riksarkivet i Stockholm/Täby (depå: Marieberg), Stockholm.

"the problems we have today are indeed of a strong structural nature" and that much "of what we have observed has been taken for cyclical phenomena when they have actually been 'creeping' structural problems".[507] Consequently, the debate pivoted to focus on "how long we have mistakenly believed that we have had cyclical difficulties when they have actually been structural," thus challenging the dominant Keynesian perspectives on the crisis. This argument also highlighted the contrasting views between the notions of a cyclical crisis, associated with Keynesianism, and the structural crisis perspective.[508] The issue of whether Sweden was facing structural or cyclical problems did not only affect the internal discussions of the group; those arguing that Sweden's problems were structural sought help outside. According to the sources, Ingemar Ståhl, for example, was invited to participate in the delegation's work due to his perspective that Sweden's crisis was structural rather than cyclical.[509] Similar positions were held by most experts that assisted the delegation, among whom the economists close to Lindbeck stand out. Those arguing that Sweden's issues were cyclical rather than structural found themselves largely sidelined.

Lindbeck's position in the delegation early resonated with the other members. Ulf af Trolle, for example, sided with Lindbeck in the discussions, arguing that Sweden must "choose a consistent system for a future functioning economy" where the objective is to "restore a competitive 'incentive society'" against the impending threat of a state that is "entirely centrally controlled".[510] The delegation rapidly positioned itself as an advocate for the defence of capitalism, private ownership, and a competitive market economy. But some wanted to make the defence even more explicit, and Ulf af Trolle:

> emphasised the need for a succinctly formulated section, preferably at the beginning of the report, which makes it clear that the delegation advocates the market economy as the main model for the Swedish system.[511]

The questions confronting the delegation were not, however, centred on whether to defend the capitalist order but rather on the methods by which this should be accomplished. It is

[507] FLS 2/78, Strukturomvandlingen och den världsekonomiska krisen - svensk industri i ett Dilemma?, Inledare: Erik Dahmén & Karl G Jungenfelt.

[508] FLS 2/78, Strukturomvandlingen och den världsekonomiska krisen - svensk industri i ett Dilemma?, Inledare: Erik Dahmén & Karl G Jungenfelt.

[509] Dahlgren writes, in a letter to Ståhl: "Of course, there are different 'schools of thought' when it comes to assessing the importance of a persistent structural problem in today's situation. Furthermore, we are grateful to hear your views on what main measures in various areas you would recommend to ensure the long-term competitiveness of the Swedish business sector." Lars Dahlgren, Letter from Lars Dahlgren to Ingemar Sthål, 1978-05-25 1978, 3, Särskilda näringspolitiska delegationen, Riksarkivet i Stockholm/Täby (depå: Marieberg), Stockholm.

[510] Dahlgren, Anteckningar från sammanträde 1 med den särskilda näringspolitiska delegationen.

[511] Lars Dahlgren, Protokoll fört vid sammanträde 14 med den särskilda näringspolitiska delegationen, 1978-11-29 1978, 2, Särskilda näringspolitiska delegationen, Riksarkivet i Stockholm/Täby (depå: Marieberg), Stockholm.

worth noting that this position carries with it the implication that Swedish capitalism was being threatened, which is an important contextual aspect to consider.

Initially, there was a range of ideas on how Swedish capitalism should be defended and strengthened. For instance, Dahlgren expressed a keen interest in considering Switzerland as a potential model for Sweden's economic and political restructuring. To explore this idea, he invited bank director Bengt Uggla and Mont Pelerin Society member Arvid Fredborg to share their insights on how Switzerland's more market-friendly approach could potentially inspire Swedish development.[512]

The delegation also made the decision to conduct a series of hearings with Swedish business representatives in order to find out what kind of changes they deemed necessary. However, it was Lindbeck's ideas that won the approval of the majority. According to the minutes:

> Lindbeck argued that the delegation's work should focus on two dominant environmental issues. First, the international environment with the emergence of new industrial countries and increasing protectionism in many places. Second, the Swedish environment, which now exhibits decision-making mechanisms and incentive problems that cannot be accepted if we are to meet the economic demands that political bodies officially impose.[513]

Additionally, this line of reasoning appears to have been crucial to the argument that Sweden's challenges were structural rather than cyclical. The structural issues are thus articulated and problematised as a historical anomaly or discontinuity. This perspective also addresses the counterargument that Sweden, despite these structural challenges, remains one of the wealthiest countries in the world. According to the argument, this position has been maintained through a historical continuity, which the authors aim to protect, that has only recently been disrupted. Adopting a genealogical approach, the assertion that the authors merely aim to preserve historical continuity should be critically examined and challenged. Instead, such claims ought to be interpreted as a guise for introducing elements that are new and innovative. This perspective encourages a deeper investigation into the underlying motivations and implications of purportedly conservative stances, suggesting that they may, in fact, conceal significant shifts or introductions of novel concepts within the discourse.

The delegation majority seemed to unite in agreeing that developments in society and the social sciences had made planning impossible. In a public lecture in June 1978, Lars Dahlgren said:

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512 Lars Dahlgren, Brev till Bengt Uggla, 1978-07-14 1978, 3, Särskilda näringspolitiska delegationen, Riksarkivet i Stockholm/Täby (depå: Marieberg), Stockholm; Lars Dahlgren, Brev till Arvid Fredborg, 1978-07-14 1978, 3, Särskilda näringspolitiska delegationen, Riksarkivet i Stockholm/Täby (depå: Marieberg), Stockholm.

513 Dahlgren, Anteckningar från sammanträde 1 med den särskilda näringspolitiska delegationen.

> Just a few years ago, the dynamics of technical, economic, and social development were considered to be continuous and law-bound within certain limits and to a reasonable extent predictable. At present, it appears that we are forced to subject ourselves to a new kind of dynamics, in which the ability to forecast has been significantly weakened.[514]

The structure of the delegation, where many wishes needed to be reconciled, proved a challenge, but to Lindbeck it appeared as an opportunity. Lindbeck's influence over the delegation's final product can be seen in a memorandum that he sent to the delegation. In this memorandum, dated 1 November 1978, just a couple of months before the final publication of the report, Lindbeck presented the delegation with his own ideas, divided between short-term, medium-term (5–10 years), medium to long-term (10–20) and very long-term (20–50 years) suggestions. This memorandum is particularly illuminating as it exemplifies his intention to utilise the Bjurel delegation as an instrument for effecting significant structural alterations within Swedish society, something that would have extensive implications for both the economy and the broader social sphere.[515] The short-term measures suggested all deal with Swedish business' profit levels. Lindbeck here proposes to keep real wages relatively low, by making sure that "wage costs and exchange rates are properly aligned in relation to each other".[516] While the policy of wage solidarity had up to this point had the explicit aim of ensuring that businesses who could only compete because of low wages should be phased out from the Swedish economy (while a growing public sector could take care of the unemployment problem), Lindbeck argues that:

> [r]egardless of the temporal perspective, a country must, through an appropriately balanced relationship between wage levels and exchange rates, ensure its ability to compete with its existing industries, which cannot be 'replaced' except over a very long term.[517]

Lindbeck's stance must be understood within a context of a Keynesian industrial policy that sought to leverage wage increases as a means of phasing out inefficient businesses, a strategy that was intrinsic to the Swedish model. According to Lindbeck, industrial transformation can only be achieved by ensuring high profit margins; it cannot be accomplished by compelling businesses to adapt in the face of rising labour costs.

In the medium term (5–10 years), Lindbeck's proposals mainly concerned structural changes in society. He writes:

> Over the medium term, say 5–10 years, structural transformation also becomes significant for the prospects of achieving a high standard of living (while maintaining balance in

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[514] Lars Dahlgren, Om tid och inteckningar i framtiden, 1978-06-01 1978, 3, Särskilda näringspolitiska delegationen, Riksarkivet i Stockholm/Täby (depå: Marieberg), Stockholm.

[515] Assar Lindbeck, Förslag till åtgärder, 1978-11-01 1978, 2, Särskilda näringspolitiska delegationen, Riksarkivet i Stockholm/Täby (depå: Marieberg), Stockholm.

[516] Lindbeck, Förslag till åtgärder.

[517] Lindbeck, Förslag till åtgärder.

payments to other countries). However, for such a structural transformation to occur in a socially acceptable manner, certain conditions must be met. These include:

(1) Politicians and organisation leaders must clarify for the public that a constant structural transformation is essential, not only to maintain the achieved standard of living but even more to elevate it.[518]

The excerpt underscores Lindbeck's evolving perspective on the relationships among economists, politicians, and the general public. In this schema, economists function as arbiters of necessity, while politicians are tasked with convincing the populace of the established imperative. Here, the public is construed, or perceived, as a potentially problematic entity requiring instruction on what best serves its interests. If the public desires to express its preferences, it is (implicitly) directed to do so within the marketplace. This viewpoint extends Lindbeck's earlier conception of the economist as an advisor and reconfigures the traditional democratic model. Rather than the public articulating its needs to politicians, who then consult experts for implementation, Lindbeck suggests an inversion of this standard: experts determine what is a necessity, and politicians persuade the public to comply. This constitutes a form of top-down governance, effectively flipping the classical democratic model (if such a thing exists) on its head. Also, knowing Lindbeck's engagement with the New Left, which often used Trotskyite notions of "permanent revolution" or the Maoist continuous revolution theory the argument can be seen as a re-articulation of how structural change — like revolution — can never be finished, because of how the system always produces internal contradictions.[519]

In essence, Lindbeck argues that politicians must persuade the public to embrace a series of market-oriented reforms. His recommendations are extensive but can be condensed into a few key areas: lower taxes, increased labour market flexibility through reduced unemployment benefits, privatisation of the employment agency, and deregulation of capital and interest markets. Additionally, Lindbeck argues for the establishment of new institutions to generate venture capital as an alternative to wage earner funds. This latter point is particularly noteworthy for its subversive quality, as it repurposes socialist constructs in support of market-based solutions. To summarise, these recommendations present a robust agenda for transitioning towards a more market-driven economy and society, governed by the logics of competition.[520]

In the medium to long-term perspective that Lindbeck outlines, he continues to stress the importance of market-driven principles, not only in traditional sectors of the economy but also in state governance and education. The push for minimising direct state involvement in the economy by eliminating "selective subsidies and direct negotiations between big

518 Lindbeck, Förslag till åtgärder.

519 See for example Mao Tse-tung, "On Contradictions," *Marxists.com* (1937), https://www.marxists.org/reference/archive/mao/selected-works/volume-1/mswv1_17.htm.

520 Lindbeck, Förslag till åtgärder.

business and the state"[521] aligns with a neoliberal vision that prioritises the creation of specific regulatory frameworks over direct state intervention. Similarly, Lindbeck's emphasis on incorporating entrepreneurial logics within the state machinery suggests that he perceives public sector inefficiencies as something that could be rectified through market-oriented governance models. The call for regulations to enable university researchers to start new business ventures further indicates his faith in market mechanisms as drivers of innovation and social progress.

In his very long-term perspective, which is focused on education, the concrete suggestions like introducing a new research degree below the doctorate and maintaining a grading system in lower levels of education indicate a commitment to restructuring educational systems to be more merit-based and potentially competitive. The call for a clearer distinction between high-performing and low-performing students can be seen as an extension into education of his market-driven world view, emphasising efficiency and competition over egalitarian principles.[522]

In all of these suggestions, the underlying theme is the same: a belief in a competitive market mechanism as not just the most efficient but also the most beneficial way of organising various aspects of society, from the economy to the state to education (and the reproduction of human capital). To achieve this, Lindbeck sees a significant role for political and trade union leaders in shaping public opinion to be more accepting of these market-oriented reforms.[523] These suggestions were all, in essence, incorporated into the final report after a decision taken at the thirteenth delegation meeting on 1 December 1978.[524] Because of Lindbeck's voicing of concern, chapters 2, 6, and 7 — which addressed the framework of the report and economic-political questions — were re-written by Lindbeck after the initial drafts "failed to meet the delegation's expectations".[525] Following Lindbeck's all but total control of the delegation's final work, Krister Wickman and Erik Lehman expressed strong opposition to the report's focus on economic incentives at a meeting on 21 December 1978. Wickman also announced that he would not participate in the delegation's finalisation of the document. For his part, Lindbeck, who had progressively gained more influence during the delegation's work, responded by arguing for an even stronger emphasis on matters such as incentive structures. Practically speaking, this development effectively neutralised any

[521] Lindbeck, Förslag till åtgärder.

[522] Lindbeck, Förslag till åtgärder.

[523] Lindbeck, Förslag till åtgärder.

[524] Lars Dahlgren, Protokoll fört vid sammanträde 13 med den särskilda näringspolitiska delegationen, 1978-11-28 1978, 2, Särskilda näringspolitiska delegationen, Riksarkivet i Stockholm/Täby (depå: Marieberg), Stockholm.

[525] Lindbeck, *Ekonomi är att välja: memoarer*, 278.

opposition to Lindbeck's (somewhat heterogeneous) neoliberal approach, deeply influenced above all by Hayek's epistemology.[526]

The work of the delegation culminated in a comprehensive report of 237 pages, featuring 10 analytical chapters and supplemented by six appendices, all of which I have scrutinised. A direct translation of the Swedish title *Vägar till ökad välfärd* might suggest "Roads to increasing welfare" but the delegation opted for "Roads to increasing prosperity" in their English summary. The choice of translated title is significant even though "Roads to increased welfare" might more aptly reflect the report's engagement with the discourse surrounding the concept of welfare. However, to maintain consistency and avoid confusion, I have adhered to the delegation's chosen translation in my analysis.

Rather than summarising the report chapter by chapter, I have adopted a methodological approach aimed at addressing a series of questions which all focus on the role of the state and how the state should govern, as well as what the report problematises as objects for state interventions. Adopting a thematic analytical approach allows for an exploration of the logical underpinnings and epistemic assumptions that shape state governance. This methodology, inspired by Foucault's genealogical approach, focuses on how power is exercised through various governmental strategies in a manner that I seek to make clear.

The analysis begins by examining how the report addresses the broad mandate given the delegation by the government. I assess how Lindbeck's revised summary integrates these directives with a unifying logic and problem statement, and how the delegation articulates the contextual crises they aim to manage. I then examine the impact of Hayekian epistemology and the broader epistemic and logical underpinnings of the report, exploring how these affect the authors' proposals for reform of the state's modes of governance, primarily through the notion of consumer sovereignty. This is followed by an examination of how the authors propose that the state should address inflation through specific governing strategies. Subsequently, the analysis considers how the delegation seeks to provide for government of a broader social environment, focusing on family structures. I then revisit the issue of who the delegation deems capable of interpreting market information. Finally, I scrutinise how the delegation addresses environmental problems and energy production.

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[526] Lars Dahlgren, Protokoll fört vid sammanträde 16 med den särskilda näringspolitiska delegationen, 1978-12-21 1978, 2, Särskilda näringspolitiska delegationen, Riksarkivet i Stockholm/Täby (depå: Marieberg), Stockholm.

Solving Sweden's structural problems by neoliberalising the state?

My analysis here is premised on the delegation's explicit intention to treat the Swedish economic problems as stemming from a structural crisis rather than from a downturn in an international economic cycle that could be mitigated with temporary solutions. In other words, the questions the delegation set out to address have been problematised as structural, thus challenging central notions in the dominant Keynesian discourse and prompting me to explore the solutions to this articulated problem. This involves identifying the logics that underpin the notion of the structural crisis, as well as the logics that underpin the solutions or alternatives proposed in response to the structural problems. I will begin by analysing the epistemic underpinnings of the report, as well as exploring what it defines as structural problems. Due to the diverse perspectives represented by various authors in the final report, I will begin by focusing on how Assar Lindbeck, through his revision of the introductory chapter — which also presents the report's major conclusions — attempts to unify the broader discussions with a clear statement of goals and problems.

While the delegation's explicit mandate was "to assess the conditions for the development of the Swedish business sector both currently and in the long term",[527] it is essential to examine how the delegation interpreted this directive, particularly the scope of what was deemed relevant to the development of the Swedish business sector. Regarding this, Lindbeck in the summary introduction writes that:

> The main message in the report of the delegation is that Swedish business' future development depends on the general economic and social environment rather than on specific implementations of business policy.[528]

Lindbeck implies an intrinsic link between the economy and the wider society and further breaks this relationship down into several key conditions which he describes as essential for "favourable economic and social environments":

> [1] that the general price level per produced unit is kept level with our most important competitor countries, which puts the relation between wage level, productivity and exchange rate at the centre of our attention;
>
> [2] that markets, including labour and capital markets, function in a smooth way;
>
> [3] that motivation exists, including adequate economic incentives for work, vocational training, initiatives, and renewal;

[527] Bjurel et al., *Ds Ju 1979:1*, 11.

[528] Bjurel et al., *Ds Ju 1979:1*, 28.

> [4] that skills in all sectors develop in a positive way, which puts great demands on the education system; and
>
> [5] that there exists a certain degree of stability in the general regulation of society.[529]

These five topics not only outline the critical areas where the Swedish state is expected to intervene but also function as a form of problematisation. They delineate the scope of recommended governmental action, suggesting a robust role for the state in addressing and managing the problems inherent to these areas. My analysis will further explore how the state articulates its governance strategies in response to these conditions, examining the direct and indirect implications of the suggested restructuring. Utilising Foucault's concept of governmentality and Skinner's emphasis on historical context, I will investigate how the delegation's recommendations for restructuring reflect a shift in the epistemic foundations of governance in Sweden, challenging existing modes and articulating new modes of governing.

The main articulated goal of the report is to facilitate "continued economic growth, freedom of choice for the individual, and social security".[530] In the context of Sweden during the late 1970s, this goal does not appear immediately controversial, as it follows an established social democratic notion that functions as a central pillar in the idea of the Swedish model, as discussed above, where expanding welfare provision is supposed to be enabled by perpetual growth. Here, that notion is articulated by linking it with the pursuit of "freedom of choice for the individual", which implicitly challenges more collective or social democratic endeavours to reach the same goal. In his conclusion, Lindbeck argues that functioning economic incentive structures are central if these three main goals are to be reached simultaneously. In line with my methodological conclusions, as discussed at the beginning of this dissertation, I interpret incentive structures as a way of enabling indirect governance in a governmental sense through the conduct of conduct. This governance strategy is so important that it is used in the report's introduction to bind all the sections together. This can be seen in how the report states that the issue of economic incentives not only covers the question of work and labour, but also education, savings, investments, public administration, resource allocations, government decisions, entrepreneurship, and choice of work.[531] Economic incentive structures are articulated as being so important that they are a requisite for any economic system to function "in a satisfying way".[532] Implicitly, the most important governance task is then to create or maintain these incentive structures, which perpetuate the conduct of conduct that in turn reproduces the satisfying functioning of the entire system without the need for direct, centralised governance. Considering that Lindbeck had previously regarded himself as an economist of the mixed economy, it is

529 Bjurel et al., *Ds Ju 1979:1*, 29.

530 Bjurel et al., *Ds Ju 1979:1*, 15.

531 Bjurel et al., *Ds Ju 1979:1*, 20ff.

532 Bjurel et al., *Ds Ju 1979:1*, 21.

interesting to know how that concept relates to the arguments regarding incentives made in the report.

> The Swedish socio-economic system, sometimes referred to as a mixed economy, is characterised by extensive decentralisation of decisions to individual households and businesses. Without economic incentives, such a decentralised system cannot function. These incentives largely determine how resources will be allocated. They bring about the majority of the changes, without which economic development and adaptation are not possible: changes in job tasks, education, investments, and innovations.[533]

Because the Swedish economic system is already structured as a decentralised system, the argument goes that creating economic incentives is the only viable way of governing. Again, this argument is very similar to what Lindbeck has previously put forward and now as then it has Hayekian undertones in the way it claims that centralised, direct governing is impossible when information is fragmented and dispersed. Governing must be done through the production of incentive structures, enabling spontaneous actions in the decentralised system that cannot, because of how it is already structured, be governed by a centralised planning authority.

In the introduction, Lindbeck also states that "economic incentives can clash with distributional policy objectives".[534] The definition of the crisis as caused by the lack of economic incentives thus explicitly challenges those who propose redistribution as a means of solving societal problems. As I have discussed above, Lindbeck has, throughout his career, attempted to solve political problems without resorting to redistribution, as this is not compatible with the notion of Pareto optimality, which has a central role in determining which forms of economic policy Lindbeck deems legitimate. Here, the notion of Pareto optimality, which implies that major redistributions are illegitimate, gains authority even though not explicitly mentioned. It is connected to the broader concept of effective incentive structures, articulated as essential for a functioning economy. Effective economic incentives necessitate those economic rewards to be intimately linked to the principles of effort and successful self-governance. This alignment is instrumental in fostering effort and the enactment of self-governance, as opposed to the allocation of rewards based on redistributive criteria (which risks creating potentially economically destructive incentive structures). Such a rationale is underpinned by a logic in which price acts as a key conduit for information transfer. Consequently, price signals serve a dual purpose: they not only indicate the most advantageous course of action but also provide rewards for it, thereby promoting the adoption of spontaneous self-governance.

Lindbeck's depiction of the ontological reality of the world serves to explain the necessity for the state to prioritise the establishment of incentive structures that facilitate spontaneous

[533] Bjurel et al., *Ds Ju 1979:1*, 121.

[534] Bjurel et al., *Ds Ju 1979:1*, 21.

adaptation by both individuals and businesses to the constantly evolving and unforeseeable demands and global conditions, rather than focusing on planning. He writes that:

> The business sector faces continuous demands for adaptation due to domestic demand, production technology, and foreign competition undergoing constant changes. If we fail to adjust to these changes, the citizens' desires regarding living standards and production orientation will not be met. In fact, an inability to adapt the business sector to constant changes would result in a gradual decline in living standards, alongside altered price and competitive conditions in the global market.[535]

Governing to establish the appropriate economic incentive structures is depicted as a crucial step to enable individuals and businesses to adapt spontaneously to the world's constant changes, especially as Sweden faces the risk of being outpaced in a globally competitive market that positions nations and businesses against each other as competitors. These changes are further legitimised by their role in facilitating the satisfaction of citizens' desires regarding living standards and the production of goods and services. Crucially, this representation of a global reality, marked by incessant competition and unforeseeable shifts, implicitly challenges the viability of planning. It underscores the imperative for competitive market structures to facilitate the essential flow of information. Such structures enable actors on the global market, ranging from individuals to businesses, to adapt rapidly and effectively to emerging conditions with minimal notice and without the need for centralised governing.

In the following analysis, I will explore the reasoning behind the conclusion that the Swedish crisis is rooted in a world defined by competition among nations and businesses, and that it can specifically be identified as an incentive crisis. Furthermore, I will examine the implications of this characterisation for the crisis management approaches advocated in the report.

Hayekian epistemology, ontology, and the sovereign consumer

Although "Roads to increasing prosperity" does not explicitly cite central neoliberal figures like Hayek, the delegation's articulation of the price mechanism as having a key function for "market information and resource allocation"[536] reveals the pivotal role of Hayekian epistemic assumptions among the report's logical underpinnings. In the finalised report, Hayekian epistemology appears to play such a crucial role that the numerous issues that the report aims to address are fundamentally problematised as challenges related to the transfer of dispersed and fragmented knowledge. These knowledge problems, according to the report, pose direct challenges to the governmental decision process which is especially

[535] Bjurel et al., *Ds Ju 1979:1*, 21.

[536] "This has naturally led to a focus on how the key functions that price fulfils - market information and resource allocation – are executed in public administration." Bjurel et al., *Ds Ju 1979:1*, 102.

evident in the budget making process. "The amount of information compiled in today's government budget proposals is overwhelmingly large",[537] the report argues and concludes that there therefore "is a significant risk that the knowledge base upon which decisions must be made becomes fragmented, incomplete, and oversimplified".[538] Making things worse, the report contends that "In fact, it has not been possible to develop an effective method for testing the results and appropriateness of activities [in the public sector]."[539]. Not only does the information problem make it difficult to govern efficiently, but it also makes it difficult to decide how and where to allocate resources efficiently.

Furthermore, the practical outcomes of any act of governance are considered impossible to assess meaningfully, given the knowledge problem, i.e. the lack of a reliable mechanism to access pertinent information. According to the report, the exacerbation of the knowledge problem is directly correlated with the expansion of the public sector, a situation that becomes increasingly problematic as the sector grows.[540] This perspective, particularly pertinent in the context of the rapid public sector growth in the 1970s, suggests that such expansion gradually exacerbates the articulated structural problems.[541] The problem of governance is further emphasised in the report's statement that:

> [c]ombined with the decision-making order that excludes the controlling function of competition, there is often an amplification of the risk of efficiency losses at various levels of the administrative hierarchy. Within these levels of administration, there are typically neither incentives nor opportunities for correcting inaccuracies and oversights in operations.[542]

Since public administrators are not adequately incentivised to compete and thus spontaneously reach solutions, the problems are worsened. The problems of public administration and public governing can thus be interpreted as a problem of governmentality, in that it is a problem of conduct of conduct regarding public administrators, and their lack of incentives to spontaneously act efficiently. Specific market mechanisms, in which the logics of competition and the price mechanism are utilised as conveyors of information, are thus portrayed as essential. This is true both in terms of incentivising those who govern and as a governance strategy that should be adopted by the governing bodies themselves.

The main problems of governing are articulated on a practical level as problems of information processing and uncertainty. This reasoning resonates with Hayek's formulation of the "knowledge problem", as delineated in his pivotal 1945 essay "The use of knowledge in society" (which Lindbeck incorporated and examined in his 1971 anthology *Ekonomiska*

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537 Bjurel et al., *Ds Ju 1979:1*, 101.

538 Bjurel et al., *Ds Ju 1979:1*, 101.

539 Bjurel et al., *Ds Ju 1979:1*, 101.

540 Bjurel et al., *Ds Ju 1979:1*, 100.

541 Bjurel et al., *Ds Ju 1979:1*, 33ff.

542 Bjurel et al., *Ds Ju 1979:1*, 101.

system). This information problem is rooted in the implication that society's fundamental issues stem from a reality where, as Hayek describes, information is radically fragmented and dispersed, making centralised governance and planning unfeasible. Following this logic, the report asks the rhetorical question regarding whether public expenditures correlate "with real interests and desires […] of the average employee".[543] As an answer to the issue of inefficient governing being a knowledge problem, the report advocates the implementation of increased charges in the public sector as a way of aligning it with individual desires and preferences, rather than letting politicians and public administrators decide. The use of charges in the public sector, the report says, "is almost the only available method for obtaining more reliable guidance, both in terms of issues of efficiency and concerning the problem of accurately reflecting citizens' desires in the allocation of resources".[544] The use of markets and prices as advocated here is understood to be a mechanism not only for attaining but also for actualising individual desires in a manner that, for instance, political decisions through planning cannot do. The proposed solution to the knowledge problem fundamentally rejects the notion that democratically elected representatives or public administrators can discern and fulfil individuals' desires. Instead, it posits that only competitive markets, which are considered the legitimate mediators of truth, can make these desires comprehensible and spontaneously fulfillable.

A problem closely associated with the notion of letting individuals convey their inner desires is the question of efficiency. As I have discussed above, the efficiency debate was central among Swedish economists during the 1970s and pivotal in the debate regarding normative statecraft, or how the state should govern.[545] In this debate, Lindbeck positioned himself as a staunch Hayekian, asserting that, essentially, any free choice made in a competitive market is efficient.[546] This stance is based on his belief that markets driven by competition serve as the most reliable processor of information.

In the report, the concept of efficiency is defined in the same way:

> The function of price and the mechanisms that apply in a price-set market have been considered primarily as a basis for comparison for the study of the public sector's methods. This has naturally led to a focus on how the key functions that price fulfils — market information and resource allocation — are executed in public administration. The delegation views the development of these approaches as very urgent, as pricing as a benchmark and in practical trial activities appears to be almost the only available method to obtain a more reliable guide, both in terms of efficiency issues and in addressing the problem of accurately reflecting citizens' desires regarding the distribution of resources.[547]

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543 Bjurel et al., *Ds Ju 1979:1*, 109.

544 Bjurel et al., *Ds Ju 1979:1*, 102.

545 See Hugemark, *Den fängslande marknaden: ekonomiska experter om välfärdsstaten*.

546 Lindbeck, "The Efficiency of Competition and Planning."

547 Bjurel et al., *Ds Ju 1979:1*, 102.

The above quote not only echoes Hayek's understanding of markets and their function as an information processor but also gives clues that Lindbeck's earlier interpretations of it have significance in the report. The concept of efficiency is defined with a striking resemblance to what Lindbeck says in his article "The efficiency of competition and planning". This work not only contributed to the theoretical underpinnings of the efficiency concept but also provided a foundation for the Bjurel delegation's preparatory activities. Only through the competitive market and with the help of the price mechanism can individuals signal what they truly desire in the real world, where resources are limited and you must prioritise between different choices. As in Lindbeck's earlier work, the term efficiency is conceptualised as any observed result following the introduction of price signals within a market-oriented framework where individuals are free to choose, irrespective of the specific outcomes.[548] In the report this is stated as follows:

> Efficiency must […] be determined based on the desires individuals have and want to have met, as well as the costs incurred by individuals in connection with, for example, transport and waiting times. In matters of healthcare, education, etc. that concern personal circumstances, individuals' desires vary greatly, as do their own priorities. In large units, where decisions on resource allocation are made centrally and where uniform schematic decision rules are applied, the difficulties of meeting variable needs greatly increase. It is against this background that it is so crucial to constantly seek ways to enable resource decisions to be made as close to individuals as possible. The need for variation in the design of healthcare and education makes it particularly justified in these areas to strive not only for decentralised decisions but also for a wealth of alternatives in the service offering. Efficiency, pricing, and elements of market competition have their special justification in these circumstances for the public service sector.[549]

Any action, or any result, under a system where individuals (as well as any producers and consumers) are free to choose between different service providers in the welfare sector is here deemed to be efficient because efficiency is the result of individuals' wishes and desires becoming known through the market with the implementation of price signals, and therefore possible to fulfil through the act of consumption.

The report argues that "[f]rom the various aspects raised here — efficiency, the right adaptation to the desires and financing of citizens — an in-depth reconsideration in the public sector is called for".[550] The logic of the reasoning is seemingly rooted in the Hayekian epistemic notion that assumes that there exists no alternative means of determining

[548] Offer and Söderberg summarise the notion of efficiency that Lindbeck brought with him, and that is perhaps a bit vulgarised in the report, as "Efficiency is maximised when the two choices (of producer and consumer) coincide in a single 'product'". They also criticise the vagueness of this model by pointing out that this definition "provides no guidance on the choices that individuals and policy-makers need to make among the innumerable options that face them in real life." Offer and Söderberg, *The Nobel Factor: the Prize in Economics, Social Democracy, and the Market Turn*, 181.

[549] Bjurel et al., *Ds Ju 1979:1*, 99-100.

[550] Bjurel et al., *Ds Ju 1979:1*, 107.

efficiency since only price and markets can convey information that is usable when making evaluations. An effect of this is that inefficiency is also problematised as a knowledge problem, from which it, in turn, follows that markets and price signals are depicted as the answer. It is asserted that there is no other way to effectively transfer information in a complex system where information is fragmented and dispersed.

The report also includes explicit goals regarding the results of the "spontaneous" outcomes that are seen as emerging from the application of the price mechanism in governing. For example, it aims to shift public perceptions regarding the necessity for a substantial or expanding welfare sector. This can be interpreted as a way of creating incentives for consent to be given to major cuts in welfare services — by charging individual consumers with the costs attributed to their use of welfare services. By confronting individuals, as consumers, with the high cost of services, the delegation imagines that needed structural changes will be made as a result of spontaneous adaptations to what consumers of welfare services are willing to pay, in competition with payments for other goods and services that they desire. The utilisation of the price mechanism can thus, according to the logic deployed here, incentivise both the consumer and the producer or service provider to self-regulate their behaviour in a governmental manner for the improvement of society as a whole. Price is thus seen as facilitating the transfer, both from and to the consumer, of knowledge that enables spontaneous adaptations. The report says:

> Because the individuals who consume these [welfare] services are not confronted by the socio-economic cost of producing the services, strong pressure to increase these services will emerge. It is therefore increasingly important to try to see to it that production and financing of public services are handled so that demands on effectivisation and adaptation to individual desires are granted.[551]

The underlying idea here can be simplified: by raising the individual's expenditure for welfare services, incentives will be created to decrease demand. Simultaneously, welfare providers are financially incentivised to spontaneously decrease spending. This is essentially viewed as aligning with the preferences, or desires, of those who use the welfare services in their role as consumers. It is worth noting that the introduction of price mechanisms is intended to help individual consumers grasp a reality that the delegation members already comprehend: an expanding welfare sector is neither sustainable nor truly desired by the tax-paying public. Thus, implementing pricing mechanisms aims to align affected individuals with an outcome that is already considered necessary.

This reveals a certain contradiction: specific market outcomes are a priori assumed to follow, despite the market's supposed ability to yield spontaneous, unplanned results. Rather than depicting market governance or the use of price signals as tools for generating unpredictable outcomes, the selective employment of pricing mechanisms here seems more like a manoeuvre, not only to create consent to and legitimacy of austerity measures but to

[551] Bjurel et al., *Ds Ju 1979:1*, 23.

make austerity spontaneously occur without the need for direct governing, through the creation of economic incentive structures. For example, cutbacks, articulated as efficiency improvements, can be presented as simply adjustments to public preferences, or desires, which (again) only become intelligible within a competitive marketplace where the actions of adequately incentivised consumers and producers spontaneously keep costs in check. Following Hayekian epistemology, the logic posits that a decreased size of the welfare sector, whose tendencies to growth are structurally problematic, would only reflect consumers' genuine wishes and desires. The act of consumption is deemed the only possible way through which desires can be made intelligible. Moreover, such consumption is simultaneously deemed to produce efficient outcomes for the benefit of society, as it promotes constant adaptation to a changing world by both consumers and producers.

Following the logic used by the report, the Swedish recession can be described as an incentive crisis because of its failure to facilitate the right incentives to enable spontaneous solutions to society's problems through the act of consumption. The root of the problem lies in the fact that power is located in the hands of politicians and administrators instead of consumers who respond to price signals in a competitive market. In that sense, the crisis is also implied to be a crisis of sovereignty. This notion that consumption should act as a method of governing strongly aligns with the idea of the sovereign consumer, a pivotal element in neoliberal thought, as shown by Niklas Olsen.[552] According to this notion, the individual exercises power, not through voting or attempts to control the means of production but rather through the act of consumption. Utilising this notion of efficiency can thus also be seen as a challenge to other notions of the consumer, for example, as one who needs protection from being exploited by market forces, which was the more established one during the 1970s.[553] The report thus challenges established discursive notions regarding what a consumer is, what role consumption has, and so on, and instead posits that consumption is an act of making one's desires known and simultaneously fulfilled, in the name of efficiency.

This utilisation of the idea of the sovereign consumer helps articulate a link that connects the notions of efficiency, markets, pricing, consumption, and desire, legitimating the form of governance that is proposed by the report. Simultaneously, this link depicts centralised planning and a growing welfare state as illegitimate in that they hinder the fulfilment of wishes and desires. The articulation of efficiency, as used here, can also be seen as a speech act. It is a plea for a specific form of market governance rather than an abstract way of calculating the relation between cost and services. Following a logic based in Hayekian epistemology, that relation cannot be quantifiably measured and, therefore, the knowledge of it cannot form the basis for centralised governance. This notion can thus also be interpreted as an illocutionary speech act in the sense that it challenges other discursive notions regarding how governance is legitimised, such as through the act of voting. Since voters are not confronted by the cost

[552] Olsen, *The Sovereign Consumer: a New Intellectual History of Neoliberalism.*

[553] Husz, "Kreditkortskriget: Kooperativa Förbundet och den finansiellt rationella konsumenten."

of their actions, election results that for example lead to an expanding welfare sector can be implied not to represent the voters' true wishes and desires.

Handling the problem of inflation, wage increases and unemployment.

Following my analysis of the report's Hayekian logical and epistemological foundations, I will now turn my attention to examining how inflation is problematised within the context of state governance. This will focus on the delegation's articulation of inflation as a problem that influences and is influenced by the proposed governmental strategies.

To portray the background and general context of the Swedish inflation problem, the report explains that:

the world economy was exposed to a series of shocks during the 1970s, including high international inflation in 1973–1974 and a deep international recession in the wake of the oil crisis. In order to keep the Swedish economy afloat, an expansive economic policy was pursued in 1974–1976, which would bridge what most people considered to be a short-lived international recession. Against the background of good profits in industry in 1974 and expectations of continued rapid international price increases, a very cost-increasing two-year agreement was concluded in 1975 in the Swedish labour market. The agreement entailed wage cost increases that turned out to greatly exceed those of the rest of the world.[554]

The authors argue that the deeper economic problems, previously misconceived as "a short-lived international recession" coupled with inflation, should not be viewed merely as a statement of fact. Through this depiction of the background to the Swedish crisis, the report contends that the situation was exacerbated by the Keynesian policies intended to remedy it. Therefore, I interpret this description as an illocutionary speech act that challenges and problematises the prevailing Keynesian ideas within a political discourse dominated by Keynesian views on managing recessions through expansionary fiscal policy. As discussed previously, in Sweden, Keynesian interventions during economic downturns have come to be known as "bridging politics".[555] This metaphor, the bridge, effectively illustrates that the economic crisis is perceived as a temporary dip. It suggests that the crisis can be managed in the short term by allowing the state to stimulate the economy. Concurrently, it is expected that the trade unions will agree temporarily to accept lower wage increases until the recession ends naturally. This approach underscores the temporary and reactive nature of such interventions, intended to stabilise the economy until normal growth resumes. The use of this analogy highlights the belief in the transitory character of economic downturns and the reliance on state intervention coupled with labour cooperation to bridge over these periods.

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[554] Bjurel et al., *Ds Ju 1979:1*, 79.

[555] Calmfors, *Mellan forskning och politik: 50 år av samhällsdebatt*, 90.

In line with principles widely accepted within neoliberal discourse, particularly the monetarist ideas primarily associated with Milton Friedman and the Chicago school, the report contends that even temporary expansionary fiscal policies risk exacerbating the crisis by triggering and increasing inflation. According to prevailing Keynesian notions, inflation and high unemployment (stagflation) should not normally be able to coexist in a recession. The report's argument that inflation coinciding with a recession marked by high unemployment is not merely a short-term anomaly challenges the central Keynesian belief in an inverse relationship between unemployment and inflation, as traditionally represented through the Philips curve.[556] Simultaneously, the report contests the prevailing Keynesian notion that Sweden's economic issues are predominantly cyclical. Instead, it attributes the severity of the crisis to unsuccessful political interventions and wage increases resulting from negotiations between trade unions and business organisations, arguing that these factors have exacerbated inflation. This argument also counters the notion that the role of trade unions in promoting low wage increases should merely serve as temporary crisis management, suggesting instead that such low wage increases ought to be a permanent measure.

The Bjurel delegation's challenging of central notions in Keynesian discourse goes further than just the question of the conditions under which inflation is caused, and also describes how the inflation problem should be prioritised over other economic problems, such as unemployment and wage levels. The report articulates the severity of the inflation problem by linking it to a potential series of further problems, most notably its adverse effect on the profitability of private business. This is presented as having consequences for Sweden's competitiveness in a world characterised by competition among nations and businesses.[557] Thus, the report articulates the question of profitability among private businesses as a central governmental concern, closely linked to the question of inflation.[558]

The argument regarding inflation not only serves to problematise high wages and substantial wage increases but also links these issues to the broader articulation of the Swedish crisis as a cost crisis. This crisis is primarily defined as a situation of low profitability in private enterprises which correlates with inflation. This perspective subtly articulates high profitability rates in the private business sector as a state responsibility and therefore requiring state intervention. From a Foucauldian standpoint, this articulation constructs high wages as a significant problem within the state's discourse on economic management, suggesting a need for state intervention to address the interlinked problems of wage

[556] Schmelzer, *The Hegemony of Growth: The OECD and the Making of the Economic Growth Paradigm*, 317; Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change."; Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change."

[557] Bjurel et al., *Ds Ju 1979:1*, 85ff.

[558] In Lindbeck's revised seventh chapter on labour and capital markets, he concludes that: "A fundamental reason for the current problems in the Swedish economy is the very low profitability in Swedish industry." Bjurel et al., *Ds Ju 1979:1*, 157-58.

inflation and business profitability. However, while high wages are clearly linked to the cascade of problems associated with inflation, the report adopts a more cautious stance in problematising high employment levels as a direct target for government or state intervention, despite acknowledging that high employment can escalate costs and thereby contribute to the general cost crisis (in the form of low profitability in business and a general rise in inflation). This approach presents an interesting contrast to the OECD's McCracken report, where Lindbeck was a co-author, which notably challenged the implications of unemployment through the Friedmanite concept of the Non-Accelerating Inflation Rate of Unemployment (NAIRU).

Although the Bjurel delegation acknowledges the problems posed by an excessively low unemployment rate from a monetarist perspective — where inflation is deemed the predominant concern — they refrain from redefining or challenging established ideas on what might be considered an acceptable level of unemployment. Conforming to government directives aimed at addressing high unemployment, the report explores alternative strategies to control inflation without advocating for higher unemployment rates, especially in the private sector, as a viable solution. While this stance perpetuates the monetaristic idea that acknowledges the interdependence of employment levels and inflation, it resists normalising higher unemployment as a straightforward remedy for inflationary pressures.

Intriguingly, the delegation addresses this issue by proposing that wage increases should be restrained to maintain low unemployment levels while ensuring an "equilibrium" in the system:[559]

> In summary, the Swedish economy during the period 1975–1977 experienced sharply rising wage costs, stagnant production and employment, unfavourable development of productivity, increased relative prices, lost market shares and declining profits and solidity. Through the devaluations in 1977 and the restrained wage development during 1978 and 1979, however, this unfavourable development has been broken and reversed, thereby creating conditions for a renewed expansion of production and employment in Swedish business and industry.[560]

The report's problematisation of higher unemployment can partly be explained by the growth of the public sector, which they articulate from a Hayekian perspective as a central structural issue that needs to be addressed through active statecraft. In the context of late 1970s Sweden, accepting a relatively high level of unemployment in the private sector might inadvertently lead to an expansion of the public sector. This expansion would occur as the state strives to maintain overall low unemployment levels through increased public sector hiring. Consequently, while the commitment to maintaining low unemployment levels aligns with established Keynesian principles, the strategy shifts focus from an expansive

[559] Bjurel et al., *Ds Ju 1979:1*, 65.

[560] Bjurel et al., *Ds Ju 1979:1*, 84.

fiscal policy to restraints on wage increases. Furthermore, it is emphasised that high employment levels should be maintained within the private sector.[561] This approach reflects a form of monetarist re-articulation of Keynesian tactics, prioritising wage control over government spending as a means of managing economic stability and unemployment levels.

In its presentation of the clear role envisaged for state action in relation to inflation, the report opts for an approach that reflects Lindbeck's characteristic argumentative style. As described earlier, Lindbeck's writings frequently utilise a method of outlining "alternatives", subtly guiding the reader towards the option he personally endorses.[562] The report identifies three potential approaches to state involvement in addressing the prioritised issues of inflation and cost increases. Notably absent from their considerations is the concept of a "free and unregulated" market, the essence of laissez-faire, which is not even articulated as a feasible alternative. The alternatives presented are not endorsed by the authors of the report; rather, they represent a curated list of realistic options that need to be either challenged or supported within the political context in which they operate. Although the first two options are ultimately dismissed, the manner of their dismissal provides insights into how the report articulates the types of state action that are desired, considered feasible or seen as necessary to challenge in the late 1970s. The options concerning the central functions of the state, as presented, are as follows:

> 1. The state decides which prices, wages, profits, and taxes shall exist, with no deviations permitted.
>
> 2. The state enters into agreements with the labour market parties on the prices, wages and taxes that will prevail in the coming period. These agreements can be made unconditionally binding or dependent on developments.
>
> 3. Through its economic policy, the state creates conditions for a division of responsibilities that leads to increased real income at a reasonable cost. Against this background, the parties in the labour market have a responsibility to ensure, in free collective bargaining, that no serious cost and employment problems arise.[563]

The first scenario can be understood as a radical deviation from the Swedish mixed economy model towards a planned economy primarily associated with the Eastern Bloc. According to the report, such a shift would lead to "a transition to a new economic system without room for contract negotiations between the labour market parties",[564] thus fundamentally challenging the central market characteristics of the Swedish model. The second option suggests another variant of a planned economy but introduces elements of

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[561] Bjurel et al., *Ds Ju 1979:1*, 84ff.

[562] The book *Ekonomiska system* (1971) is laid out in this way, as is his article about the role of the economic advisor ("Strategier för den ekonomiska rådgivaren" (1978)), discussed above.

[563] Bjurel et al., *Ds Ju 1979:1*, 85.

[564] Bjurel et al., *Ds Ju 1979:1*, 86.

flexibility and incorporates dialogue between labour and capital. In this model, the state adopts the role of mediator, facilitating dialogue and negotiations to balance the interests of both parties, and then plans accordingly. The report criticises this model as placing "a very big burden on the political system and also resulting in a completely unclear division of responsibilities".[565] I interpret this criticism as related to the issue of predictability, in line with the neo-Keynesian notion that the state must ensure stable long-term rules for the success of private businesses. The articulation of these alternatives represents a significant shift from the mixed economy approach, which the authors identify as characterising the prevailing Swedish economic-political system.

Interestingly, the third option, which is advocated in the report and rejects planning, superficially represents continuity within the Swedish economic system. Implicit in the argument is the notion that this proposal constitutes the only feasible pathway for the future of Swedish politics and economics, despite acknowledging the deep systemic problems plaguing the current political-economic system. However, from a genealogical perspective, it is crucial to challenge this purported continuity. The report claims that implementation of the third position "means that the state takes responsibility for what it within reason can affect, such as exchange rates and taxes, while the labour market parties are allowed to decide those conditions that are reasonably within their areas of responsibility, namely wages and hence indirectly the employment rate in the competitive [private] sector".[566] Given the crucial role of wage-setting in addressing the overarching problems identified in the report, particularly in terms of employment levels in the private sector, it is noteworthy that the recommendation is for wages to be determined through "free collective bargaining" between business representatives and trade unions.

Consequently, the report argues that state intervention should primarily focus on creating and modifying stable frameworks and conditions that incentivise unions and business representatives to spontaneously moderate wage increases in a governmental manner. However, for this strategy to be effective, it is imperative that labour market parties are not only afforded such an opportunity but are also provided with a clear understanding of the risks associated with inflation. The report states:

> Provided that the state can create a favourable environment for reasonable contractual movements, the responsibility for the agreements falls on the labour market parties. This requires an understanding of the need for reasonable cost developments.[567]

While the report advocates for the state to adopt an indirect role in managing wage-setting rather than a direct one, they align this stance with historical state practices in Sweden. Historically, the Swedish state has handled excessive wage increases by repeatedly devaluing the currency, a strategy aimed at suppressing cost increases for the private sector and thus

[565] Bjurel et al., *Ds Ju 1979:1*, 86.

[566] Bjurel et al., *Ds Ju 1979:1*, 86.

[567] Bjurel et al., *Ds Ju 1979:1*, 87.

to boost Swedish competitiveness. However, this practice of state responsibility through continual devaluation is problematised in the report, which observes that such devaluations inadvertently create incentives for companies and unions to negotiate higher wage increases, with the understanding that these will be counteracted by the state's monetary adjustments. This cycle undermines the effectiveness of wage moderation strategies and perpetuates inflationary pressures, calling into question the idea of relying on devaluation as a way of safeguarding profitability levels.

> Above all, we would advise against the state, except in exceptional cases, intervening and devaluing to save competitiveness after an incorrect contract settlement. Such action can easily create expectations of repetition and lead to an inflationary process with high wage increases, devaluations, etc.[568]

According to the report, this cycle of expectations and continual devaluations drives ongoing wage increases, which in turn drive inflation. Instead, the issue should be addressed at the wage-setting stage, under a model where unions and businesses self-regulate to manage inflationary pressures, rather than relying on direct state intervention through currency devaluation. Further, the report argues that stability policies must be conducted with the fundamental aim of "creating a beneficial development of costs" (read: low inflation).[569]

Note how the trade unions are subtly depicted as a tool that, by accepting smaller wage increases, must actively reproduce a system that guarantees high levels of private profitability and low unemployment. Yet, perhaps most significant is the underlying assumption that removing the state's role in the labour market would diminish the bargaining power of the unions. As discussed in the report, LO had already, in the course of the 1970s, accepted smaller wage increases for the sake of economic stability. Interestingly, LO also came to prioritise full employment over wage increases — although they, at least into the 1980s, did not publicly endorse the notion that these two factors were inherently at odds.[570] It should, however, be observed that the unions (particularly through LO) continued to advocate for higher levels of economic stimuli, following a classical Keynesian strategy, as the optimal method of maintaining low unemployment levels, rather than agreeing to smaller wage increases.[571]

The report's depiction of a central role for the state appears to invert a central Keynesian principle. It suggests that a crucial function of the state is to ensure "a certain stability regarding economic policy",[572] thus positioning the state primarily as a stabilising governance force rather than as an active agent of direct stabilisation of the economy. This

[568] Bjurel et al., *Ds Ju 1979:1*, 86.

[569] Bjurel et al., *Ds Ju 1979:1*, 86.

[570] Stråth, *Mellan två fonder: LO och den svenska modellen.*

[571] Stråth, *Mellan två fonder: LO och den svenska modellen*, 261, 88.

[572] Bjurel et al., *Ds Ju 1979:1*, 86.

perspective underscores the importance of stable and predictable governance that remains consistent regardless of popular trends or electoral shifts, in order to enable self-regulation and responsibility among unions and business representatives. Interestingly, the report's approach appears to synthesise core principles from both Hayekian and neo-Keynesian discourses within a Swedish political framework, where trade unions and business representatives are seen as collaborators in regulating inflation (and unemployment levels) through wage-setting mechanisms. The neo-Keynesian concept of political stability is interpreted as enabling a critical governmental function: it allows the market to serve as a learning space, undisturbed by state interventions that could distort the market signals, a notion that resonates with Hayekian thinking. This framework is posited as facilitating the appropriate regulation of responsible behaviour by Swedish business representatives and trade unions in setting wages and maintaining low inflation, thereby reducing the need for direct state intervention.

Having already addressed the challenge of creating public consent for curtailing or at least not expanding the welfare sector, the report discusses how the broader public can be persuaded to accept higher profits in the private sector alongside relatively low wage increases:

> In the long term, we also believe that a broader anchoring of ownership interest in companies, in one form or another, can contribute to moderate wage cost increases, increased acceptance of company profits, and sufficient savings within the companies.[573]

This strategy references Lindbeck's proposal to increase the number of shareholders, which is expected to align a larger segment of the public with the "ownership interests" of maintaining high profits and low wage increases. A broadened ownership of shares is thus posited as having a governance function, in that it incentivises individuals spontaneously, and without the need for direct government intervention, to support the ownership interests of private businesses, which the report argues is in the best interest of society as a whole.

Governing the social environment and protecting family structures

The report does not just focus on the welfare system and the labour market to incentivise individuals to create spontaneous, efficient solutions for the allocation of resources and services in society:

> The role of the state in technical development is primarily to contribute to general competence and a general economic, social, and political environment that is favourable for initiatives, entrepreneurship, and creativity.[574]

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[573] Bjurel et al., *Ds Ju 1979:1*, 88.

[574] Bjurel et al., *Ds Ju 1979:1*, 25.

The above quote is an example of how governing is proposed to be conducted indirectly through the creation of specific subjectivities in environments that are conceived as being controlled by the state. It is also important to acknowledge that not only the political and economic environments are seen as objects for state intervention or statecraft, but also the social environment.[575] The use of the environment concept is worth noting. Lindbeck had, already in 1974, begun to articulate good environments as anything that benefits people while also linking concepts such as the business environment to that of the natural environment. It was implied that a good environment is enabled by the implementation of price signals. It is important to note how the notions of initiatives, entrepreneurship, and creativity are used here in a governance sense, namely that individuals themselves through incentive structures should be taught to find solutions to problems that cannot be imagined by a central actor, or that cannot be directly taught. The state should, through direct action, create economic, social, and political environments that facilitate this need.

The delegation's arguments regarding the social environment can also be seen in a context of what Nicolas Rose describes as neoliberalism's abandonment of social concerns. Rose argues that neoliberalism instead "govern[s] through regulated choice made by discrete and autonomous actors in the context of their particular commitments to families and communities".[576] Indeed, the question of how society should be governed and reproduced emerges as a central battleground for those members of the Bjurel delegation who operate from a Hayekian standpoint.

It is worth noting that this focus on pure economic incentives was also one of the key factors behind the reservation presented by Erik Lehman and Krister Wickman:

> By focusing solely on the economic reward system, the delegation overlooks other driving forces and needs that determine an individual's job satisfaction and engagement. The importance of and opportunities to influence the conditions to meet the basic needs for security, meaningfulness, and community are not accounted for in the delegation's model world of individuals responding to economic incentives.[577]

[575] Lindbeck, "Den ovissa framtiden – en studie i anpassningsmekanismer."

[576] Rose argues that governmentality, as "the deliberations, strategies, tactics and devices employed by authorities for making up and acting upon a population and its constituents to ensure good and avert ill", has abandoned the social and instead "govern[s] through regulated choice made by discrete and autonomous actors in the context of their particular commitments to families and communities". Nikolas Rose, "The Death of the Social? Re-Figuring the Territory of Government," *Economy and Society* 25, no. 3 (1996): 328, https://doi.org/10.1080/03085149600000018. Here, however, it is evident that although the behaviour of the population seems to be the main target of governing, this is (at least in part) conceived to be achieved by the state's governing of the social. For similar conclusions, see Brown, *In the Ruins of Neoliberalism: The Rise of Antidemocratic Politics in the West*, 20ff; Brown, *Undoing the Demos: Neoliberalism's Stealth Revolution*.

[577] Erik Lehman and Krister Wickman, "Reservation av ledamöterna Lehman och Wickman," in *Vägar till ökad välfärd : betänkande*, ed. Bertil Bjurel (Stockholm: LiberFörlag/Allmänna förlaget, 1979), 209.

Lehman and Wickman criticise the report for postulating the specific market conditions through which individuals are assumed to influence the society around them rather than letting citizens determine through what form this influence should be made. I read their statement as a critique of an implicit notion in the report which assumes that influence must be enabled through a specific market system rather than through democratic representation. This quote also shows how the notion of incentives can be interpreted as a speech act. It forms an argument for a specific type of society against other contending visions where individuals are allowed to influence the conditions through which they can meet their needs, rather than assuming that for this to be possible the incentivising price signal must be implemented.

The report must also be understood in a context of rapid social transformation, in the form of equality between classes as well as between men and women:

> Many people in our society have, in recent years, paid a high price for our increasing standard of living in the form of departures from familiar environments or even unemployment. A growing resistance to demands for mobility and change has emerged since the late 1960s.[578]

This is evident in the report's discussion of the costs associated with the Swedish preschool system. This system, it is argued, "subsidises those that have chosen and gotten access to children's day-care in comparison with those that prefer to care for their children in the home".[579] To handle this "unfairness", the authors argue for higher day-care charges as well as "general grants to families with children in order to create neutrality in the choice situation".[580] Analysing the concept of neutrality as a speech act allows us to discern the targets of the report's critique. Neutrality, here, is an explicit wish to make it less advantageous to place children in day-care while simultaneously creating economic incentives for women to stay at home with their children, and thus de facto leaving the labour market. The demand for "neutrality" must be understood within the context of the heated preschool debate that was raging in Sweden during the 1960s and 1970s — and it is also a good example of how the authors of the report are intervening in questions far outside their government mandate. It is striking that the report does not reflect on the consequences for the labour market of access to day-care, even though this issue was seen as one of the more important questions for women's emancipation in the 1970s.[581] The dominant view of the Swedish day-care system from the 1960s, (expressed also in legislation) stated that the system benefitted both the "needs for economic growth and the right for women to work".[582] The report does not question this link, but rather argues that

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[578] Bjurel et al., *Ds Ju 1979:1*, 122.

[579] Bjurel et al., *Ds Ju 1979:1*, 111.

[580] Bjurel et al., *Ds Ju 1979:1*, 111.

[581] Ingrid Jönsson, Anna Sandell, and Ingegerd Tallberg Broman, "Change or paradigm shift in the Swedish preschool?," *Sociologia* 69 (2012): 50-54.

[582] Jönsson, Sandell, and Tallberg Broman, "Change or paradigm shift in the Swedish preschool?," 50.

it is unfair that the childcare system disadvantages those who have chosen to stay at home with their children instead of working.

Although the report's treatment of the day-care question is far from extensive, it stands out as one of the few sections addressing an issue pivotal to women's participation in the labour market. Here, the authors recommend government actions that would lead to reduced labour market participation. For instance, instead of proposing that the state should retreat and take a passive role, the authors suggest that families (implicitly referring to women) should be compensated by the state for choosing to stay at home.[583] These suggestions, with their implications for women's participation in the labour market, provide fascinating perspectives on how actions that might contest established gender roles are perceived as markers of the reach of the market. The state is seen as having a responsibility to intervene and primarily to secure women's option to stay at home with children, as opposed to advocating for exposing more women to the labour market. However, within the context of the late 1970s in Sweden, these proposals would likely have been perceived as anything but uncontroversial. This is echoed in a dissenting opinion by delegation member Dick Ramström, who criticises the delegation for not adequately addressing the issue of gender equality. Ramström emphasises that it "is important that efforts of various kinds are made to provide women and men with the same competitive conditions within the different levels and areas of the labour market".[584]

Knowing how to plan

Interestingly, the proposed changes in subjectivity enabled through the creation of specific incentive structures are conceived as having a significant impact over a period of "20–50 years"[585] (adding to Lindbeck's long-term suggestions, presented above) — showing that at least some of the proposed changes are not expected to have a concrete impact before the first decades of the 2000s. The arguments surrounding time scales show that changes "here and now" were at least not the primary focus of the report. Rather, the proposals can be interpreted as a battle for the future — or possible futures. The focus of the report is fixed on a point far away from the time in which the report was written. But the interlocutors to the report are very much a part of the present — envisioning (and striving for) other futures.

The report's articulations of long-term strategies showcase some interesting epistemic paradoxes when the issue of technological development is discussed. On the one hand, it is argued that planning is virtually impossible and, on the other, the report urges the state to put greater emphasis on research and development regarding IT, microelectronics, and

[583] Bjurel et al., *Ds Ju 1979:1*, 111.

[584] Bjurel et al., *Ds Ju 1979:1*, 233.

[585] Bjurel et al., *Ds Ju 1979:1*, 27.

biotechnology, which are seen as important areas for future growth.[586] Knowledge about research and development "is best brought forward through a decentralised decision process within the companies and on the markets, where technical knowledge and market knowledge is most frequently represented",[587] the report argues. The Bjurel delegation had reached this conclusion after consideration of Lindbeck's paper, "The efficiency of competition and planning", where he, as discussed above, relied extensively on Hayekian epistemological principles. A presentation based on the text served as the basis for preliminary discussion within the delegation and appeared to legitimise the notion that requisite knowledge about necessary governing reforms resides within industry, owing to its perceived proximity to the market as an information processor.[588] Following this notion and in furtherance of reaching an understanding of what industry needs in terms of research and development, the delegation conducted interviews with industry representatives with the aim of gaining access to expertise and knowledge within the sector.

I believe that this discussion regarding expertise makes a Hayekian dilemma visible. Even though the market is depicted as a superior information processor, someone must interpret this information. The view of who has this capability that is expressed here is more similar to arguments that are often made within the German ordoliberal school, with its emphasis on knowledge found in private businesses rather than on knowledge held by trained economists. The latter is a position more associated with the American Chicago school. It should also be noted, as stated above, that the delegation did not consider all knowledge held in the private sector important. Even though the report states that a decentralised decision process within businesses is important, in practice it is the knowledge attained by business leaders and not that of workers that is here deemed legitimate.

Nonetheless, it is imperative to emphasise that the report still argues for a central role of the state by, for example, underlining that "state action is necessary for success"[589] in terms of implementation of the knowledge that can only be acquired by those in close proximity to the market. However, the role of the state is primarily seen as being that of responding to insights and "truths" that can only be articulated by those deeply familiar with and close to market dynamics. This reasoning is somewhat related to another issue that neoliberals (and Lindbeck) often try to deal with, namely the (potential) conflict between being "pro-business" or "pro-market". When examining the issue of who possesses the capacity to comprehend markets, or convey the information and truths they process, the demarcation becomes notably ambiguous.

Simply using information gained in the market and creating stable institutions around it is, however, not considered sufficient or possible, since "it is clear that there is no single or

[586] Bjurel et al., *Ds Ju 1979:1*, 179-80.

[587] Bjurel et al., *Ds Ju 1979:1*, 177.

[588] Assar Lindbeck, Hur ska näringslivet förnyas?, 1978, 1, Särskilda näringspolitiska delegationen, Riksarkivet i Stockholm/Täby (depå: Marieberg), Stockholm.

[589] Bjurel et al., *Ds Ju 1979:1*, 177.

even a few successful formulas that can explain why Swedish companies have been successful in the global market".[590] The reason for this again seemingly rests on Hayekian epistemic notions, which imply the impossibility of planning in an infinitely complex world. Further, the report concludes that the state can never plan, through government action, successful business actions, at least not on anything but a very general level:

> Behind every decision lay a unique interplay between individuals and resources; environment and venture capital; technical or market-based ideas; sometimes organisation and sometimes simply an individual's will to succeed against all odds.[591]

Especially the last part, regarding the individual's will to succeed against all odds, adds an almost mystical dimension of entrepreneurship to the success factors: the idea that an entrepreneur can solve the practically insolvable by means that are impossible to make explicit. Even if the state can provide supportive measures by supplying capital, skill, infrastructure and so on — the element of entrepreneurial willpower (or the willpower of the individual) can never be superseded by the state or by state action because it cannot be represented or made intelligible by the state. It can only be supported and helped by the construction of adequate incentivising frameworks, which in turn, however, are necessary for the creation of these optimal conditions, for example through the creation of economic incentive structures in all spheres of society. The (strong but limited) role of the state is expressed as more or less necessary in order to guarantee the right conditions for this individual willpower to emerge and succeed but also be allowed to fail and try again without a risk that is so great that it hampers action. Although not directly mentioned, this reasoning seems to be influenced by Joseph Schumpeter's theories on entrepreneurship, which, as noted earlier, regained prominence among neoliberals in the 1970s. However, this influence appears to be interpreted through a Hayekian lens, particularly given the strong focus on the concept of uncertainty. This instance exemplifies, I believe, how the ideas integrated into the proposals are done so eclectically, yet it is the Hayekian epistemology that binds everything together.

Oil and knowledge

A central problem for the Bjurel delegation is the issue of oil dependency, something that is understandable against the backdrop of the oil price shocks experienced during the oil crises of the 1970s. In the following analysis, I will examine how this issue is problematised, with a specific focus on the implications of the dependence on oil for international interdependency but also in relation to the environmental question. According to the report:

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590 Bjurel et al., *Ds Ju 1979:1*, 179.

591 Bjurel et al., *Ds Ju 1979:1*, 179.

> Our great dependence on oil, which cannot possibly be eliminated in the short term for a few decades, creates difficult problems in terms of both security of supply and environmental protection. Increased use of coal is internationally subject to significant interest and development, including more environmentally friendly handling and combustion technology, and coal should gradually be able to take over a significant share of oil's current tasks.[592]

Interestingly, the dismissal of renewables is largely connected to a question of temporality, planning and knowledge. The knowledge basis for the development of renewable energies (such as wind and solar power) is deemed as too weak and the scope of planning too long (several decades) for a decision to be possible.[593] It is worth noting that the argument appears to be based on a somewhat selective cornucopian principle, which Lindbeck utilised in his engagement in the doomsday debate. Here, technology is deemed to have the potential, if the entrepreneurial incentive structure is correctly formed, to make coal relatively clean, but technological solutions for renewables are basically dismissed as non-viable. The Schumpeterian idea of the potential of human ingenuity is thus strategically utilised, in a sense as a speech act, to argue for the expansion of coal-driven energy production but not for renewable alternatives.[594] The argument must, however, be seen in a geopolitical context and in the context of the then current oil crises. The question of energy is almost exclusively discussed as a question of dependency and competitiveness on a global (political) market and not as an environmental question. It is implicitly considered preferable to be dependent on German coal rather than on oil originating from the Middle East. The arguments, however neoliberal in their rationality, are then adapted to that geopolitical context.

It is perhaps not surprising that in his memoir, Lindbeck, while proudly reflecting on the accuracy of the Bjurel delegation's projections and recommendations for the future — a success he attributes to leveraging insights from those closely connected to the marketplace, like business leaders — omits its recommendation to increase the reliance of Swedish energy production on coal. However, it is important to note that the report primarily addresses the broad issue of the "environment", and in the context of the late 1970s, environmental concerns were more commonly associated with issues like acid rain resulting from sulphur emissions rather than the release of greenhouse gases.[595]

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[592] Bjurel et al., *Ds Ju 1979:1*, 75.

[593] Bjurel et al., *Ds Ju 1979:1*, 76.

[594] However, it is worth noting that the report also identifies nuclear and hydro power as viable energy sources, but without necessitating the introduction of new technology.

[595] Kristoffer Ekberg and Martin Hultman, "A Question of Utter Importance: The Early History of Climate Change and Energy Policy in Sweden, 1974–1983," *Environment and History* (2021): 19, https://doi.org/10.3197/096734021X16245313030028.

Conclusions

The Bjurel report must be understood within the context of the 1970s oil crisis, which I interpret as a dislocatory event that prompted the government to reconsider — or at least accept attempts to reconsider — Keynesian logics regarding expansionary fiscal policy, the role of inflation in relation to unemployment and so on. Following a Skinnerian approach to context, I view the report as situated within a central debate about how Sweden's economic and political situation should be interpreted and addressed. The report intervenes in the debate with a focus on a critical question: Is the crisis merely temporary, thus warranting temporary and bridging measures akin to traditional Keynesian approaches? Or is it systemic, suggesting that Keynesian and welfarist policies might have actually exacerbated the situation? Utilising a Foucauldian approach to problematisation, closely connected to his genealogical method, I have scrutinised the report's arguments for the crisis being systemic. This analysis involves questioning what it means for the crisis to be problematised as systemic, exploring the epistemic and logical bases of this problematisation, and examining what the report deems to be the necessary responses to the articulated problem. Following this understanding, I also consider that this articulation of the Swedish problems as systemic functions as a speech act rather than just a simple statement of fact, as it can be understood as a plea to radically change Keynesian and welfarist modes of governing,

The logical foundation of the notion of systemic crisis is based on the Hayekian epistemic conclusion that information is necessarily decentralised, and that the most effective way to handle the transfer of information is through the implementation of price signals and competitive markets as part of governance. This fundamental premise firmly situates the report within a neoliberal context, as it draws on core neoliberal principles to understand and articulate the problems being addressed. However, while the neoliberal logical and epistemological foundations of the report do not automatically prescribe specific solutions — given that Hayekian neoliberalism can manifest in various forms and often hybridises with other modes of statecraft — they do exclude and oppose approaches that assume that governmental planning is a viable solution. Employing Hayekian epistemology in the political discourse of the late 1970s in Sweden can be understood as an illocutionary speech act, meaning it actively shapes and intervenes in the ongoing debate. It is particularly noteworthy that those arguing the feasibility or necessity of planning emerge as implicit interlocutors within the report. The report's reiterations of the Hayekian knowledge problem serve to challenge and counteract the perspectives of those who believe in the viability of planning. This dynamic mirrors the debates of interwar Vienna, where Hayek first articulated his critiques against centralised planning. Thus, the invocation of Hayekian epistemology in this context can be seen, at least in part, as a strategic move aimed at contesting the premise that effective planning is achievable, positioning it as a direct response to and critique of planning proponents.

The Hayekian logical and epistemological foundations are intertwined with a specific notion of sovereignty, in which individuals express their preferences solely through consumption. By obscuring price signals, the expanding welfare system prevents individuals from both articulating and efficiently fulfilling their desires. This obstruction not only impedes the expression of consumer preferences but also incentivises a desire for an ever more expansive welfare system, as individuals are not exposed to the knowledge — ordinarily conveyed through the price system — that such expansion has inherent costs. According to the report, a system that governs in accordance with the implementation of price signals automatically becomes efficient, since efficiency is articulated as basically just letting individuals express their wishes by acting as consumers in a marketplace. In essence, there is no other way to evaluate what people really desire, at least not in a complex system with limited resources where you have to prioritise between different choices.

Significantly, the market is perceived as playing a key role in shaping individual behaviour, a concept that aligns with Michel Foucault's notion of governmentality, or the "conduct of conduct". Exposure to market forces can be interpreted as crucial in shaping individuals into "entrepreneurs of themselves", by providing them with proper incentives, a transformation that is impeded by the welfare state's shielding of individuals from the direct impact of price signals and risk. These individuals are seen as responsible for their own lives, making decisions, and engaging in actions (such as taking risks) within the marketplace. In doing so, they not only navigate the competitive market system but also contribute to its reproduction. The same logic, of economic incentive structures being the preferable way of governing, applies to everything from consumers and producers to politicians and public administrators. Further, the report contends that the entrepreneur, shaped by exposure to the market, plays a crucial and irreplaceable role in addressing societal issues. This significance is attributed to the unique knowledge entrepreneurs gain by proximity to the marketplace, which cannot be directly comprehended or utilised by the state, because of the knowledge problem, as articulated by Hayek.

Following this logic, the crisis of the 1970s in Sweden is articulated as an incentive crisis, attributed to a systemic obstruction of the information that price signals provide. These signals are crucial for incentivising all actors in society — from individuals and families to businesses and state bureaucrats — to spontaneously adapt to the ever-changing conditions of the world, driven by the logics of competition. It is the constant, incentivising signals provided by competitive market structures that facilitate this necessary and continuous adaptation.

One of the main recurring themes in the report concerns knowledge and especially how knowledge connected to the competitive marketplace can be made known and usable in governing. Implicit in this theme is the idea that other forms of knowledge, for example expert knowledge that does not derive from experiences gained in the competitive marketplace, are illegitimate — that it does not represent the wishes and desires of those who are governed. The idea that usable knowledge can only be attained by gaining experience in the competitive marketplace also gives executives of private companies a privileged role as speakers of truth. As outlined at the outset of this dissertation, the legitimisation of business leaders due to their perceived closeness to the marketplace echoes the principles of German neoliberalism, or ordoliberalism, epitomised by Wilhelm Röpke. This perspective diverges from the Chicago, or Friedmanite, stance, which positions trained economists as the primary conveyors of truth. A selected few, who have proven themselves in the marketplace in their role as business leaders, are conceived as being able to express not only their own needs but the needs of society. The marketplace is thus also implied to have the effect of giving those who act in it, especially if they succeed, a special insight regarding what is needed for the future, and so on. This perspective is evident in the report's methodology, particularly in how many of its conclusions, especially those concerning the need for research and development, were derived from interviews with business leaders.

The authors of the report have a vision of more innovative and novel roles for the state, including ensuring that not only entrepreneurial individuals but also trade unions participate in a form of indirect governance in a governmental sense. This governance adheres to the logics of competitive markets and the maintenance of low inflation, guided by a neoliberal and monetarist logic. This strategy represents a tactical attempt to integrate unions into a broader neoliberal (and neoclassical) framework, subtly reshaping their operations and objectives to align with the proposed economic model. Primarily, the report assigns a central role to the unions in accepting lower wage increases, which serve to keep inflation low while simultaneously suppressing unemployment. Although the report adopts a monetarist approach, it does not, like Friedman, advocate for increased unemployment levels to temper inflation. The rationale for this stance is particularly rooted in the Swedish context. Unemployment is problematised, because it is seen as fuelling the expansion of the welfare sector that, in turn, obstructs price signals and exacerbates the country's systemic crisis. Second, given that trade unions play a central role in wage-setting mechanisms aimed at controlling inflation, the authors of the report likely believe that the unions will be more amenable to accepting lower wages if unemployment is kept low. As such, the authors propose a form of re-articulated monetarism, where the problem of inflation is primarily linked to high wages, but not to employment levels.

This strategic move is particularly intriguing because the proposal for wage earner funds also places unions at the heart of its vision, creating a parallel yet distinct approach to engaging with labour organisations. This strategy can be interpreted as an attempt to re-articulate the constructive role of unions in shaping future statecraft, positioning the delegation's suggestions in direct opposition to the perspectives of interlocutors like Rudolf Meidner. By advocating a model that envisages a different role for trade unions, the report challenges proponents of the wage earner funds, suggesting an alternative pathway that acknowledges the importance of the unions while steering their influence towards a neoliberal framework. In this context, we are engaging with an eclectic articulation of neoliberalism that primarily integrates Hayekian and Friedmanite thought. Moreover, there is a notable re-articulation regarding the role of unions, which are typically, among neoliberals such as Hayek and Friedman, viewed as adversaries to be countered. Instead, trade unions are conceptualised as potential tools in the form of governing proposed by the report.

Furthermore, the report proposes to increase the level of private shareholdership as a means of incentivising wage earners to accept lower wages by aligning their interests with those of business owners, rather than solely with other wage earners. Like the strategy of exposing individuals to price signals in the welfare sector to encourage acceptance of a smaller and "more effective" welfare system, shareholdership is seen as a mechanism for facilitating learning that in turn is subjectivising. This approach aims to motivate individuals not only to accept but also to drive the societal changes the report envisions. From a Foucauldian perspective, competitive markets and price signals play a crucial role by spontaneously shaping conduct that self-reproduces the optimal forms of governance for societal benefit. In this scenario, societal benefit is articulated as the maintenance of low inflation and relatively high private business profits.

There is also a question of how to regard the report's handling of the unemployment problem in relation to the issue of women in the workforce. By arguing that women should to a larger extent be given the possibility of staying outside the labour market, the report also suggest that the sphere of the family, child rearing and so on should be exempted from the demands that govern the rest of the labour market. This goes hand in hand with the wish to reduce the public sector where many women were employed. An offer of state compensation for women to stay at home with their children can be interpreted as a way of mitigating the consequences of a decreased public sector for those employed there.[596] I, however, do not wish to reduce the question of women in the labour market to a mere question of economic calculus. Within neoliberalism we are often dealing with deeply conservative ideas regarding family structures. As Melinda Cooper discusses, the notion of entrusting civil society or the family with tasks traditionally managed by the public sector effectively means expecting women to continue working as unpaid labour. This arrangement views the family as an economically rational agent, functioning similarly to a private enterprise, with men and women adhering to divided responsibilities based on a model of economic rationality.[597] I also believe that the report is an excellent example of why such proposals should not primarily be defined as market liberalism, or a consequence of a "market turn". The political project proposed here is much wider.

The report outlines another crucial function of the state: to shield the economy from the caprices of short-term politics and democratic influences, advocating instead a focus on long-term stability, a notion reminiscent of Lindbeck's earlier inspiration by neo-Keynesian thought. The central governmental logic advocated here posits that the state should act as a buffer, protecting the market from the impact of democratic influences, especially in the light of challenges posed by social democracy and trade unions. This includes responding

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[596] In 1979, 76% of the municipal workforce, those who would be most affected by cuts in the public sector, were women. In comparison, only 34% of those employed in the private sector were women. *Sysselsättning och arbetslöshet 1976–2004*, Statistiska Centralbyrån (2005), 11, https://www.scb.se/contentassets/e7a2002f3ee44703b9499c64e19c71b5/sysselsattning_och_arbetsloshet_1976-2004.pdf.

[597] Cooper, *Family Values: Between Neoliberalism and the New Social Conservatism*.

to legislation aimed at increasing union influence within major corporations, or proposals for democratising significant businesses through for example the wage earner funds. By advocating for the state to actively establish stable conditions or set the "rules of the game" for the market, the report expresses the hope that market actors will be enabled to engage in long-term planning.

Although the authors of the report did not anticipate that it would have any immediate influence, the Swedish tax reform of 1990, enacted under the social democratic government, largely implemented the proposals outlined in the report.[598] This illustrates how what was conceived as a short-term failure can be interpreted as a long-term strategy — where short-term success was never even an articulated goal for the majority of the Bjurel delegation. However, I would wish to stress that I do not see the long-term success of the ideas suggested in the report as given. On the contrary, the way of governing that is proposed in the report is being constantly contested. Moreover, the long-term scope of the report must also be understood as something of an acknowledgement that short-term success was highly unlikely, while winning a long game requires long-term determination.

Ultimately, Lindbeck and the Bjurel delegation employ neoliberalism and concepts from the neoliberal thought collective as a comprehensive toolkit. This approach reflects Gary Becker's radical notion that economic logic permeates all aspects of life, thereby implicitly positioning the economist as a universal expert. This idea is also shared with Milton Friedman, whose monetarist perspectives further inspire the authors of the report, albeit in re-articulated form. Moreover, Schumpeter's work likely inspires the (fetishised) portrayal of the entrepreneur, endowed with almost magical qualities and barely susceptible to full comprehension. Hayekian epistemology serves as the cohesive element, binding these diverse ideas into a unified approach while simultaneously providing a definition of what is efficient in governing. In conclusion, I would interpret Lindbeck's (and the delegation's) deployment of neoliberal ideas, particularly Hayekian epistemology, as illocutionary acts aimed at challenging established truths and proposing alternative ways of understanding and framing the possibilities of statecraft.

Indeed, problematising (to use the concept in its Foucauldian context) the situation of the 1970s as a structural crisis, functions as the very act that constructs this dislocatory event. While neoliberal concepts had been present before, even within the Swedish landscape, they had not previously been mobilised to advocate a sweeping, long-term reconfiguration of society within a governmental setting. By depicting the crisis as intrinsically structural and essentially an outcome of preceding dominant modes of governance linked to Keynesianism, neoliberalism attains a new legitimacy in a context where it had hitherto remained outside the dominant discourse.

598 Lindbeck, *Ekonomi är att välja: memoarer*, 281.

Lindbeck in the 80s: A neoliberal defence of the welfare state?

In this chapter, I will trace the genealogy of Lindbeck's writings throughout the 1980s, leading up to his involvement in the commission that published the Lindbeck report in 1993. My focus will particularly be on Lindbeck's participation in the debate surrounding the welfare state, alongside a short presentation of his theoretical framework concerning the "insider" and "outsider" dilemma. However, I will commence with a brief overview of the political landscape in Sweden during the 1980s, for context.

The 1980s in Sweden represented a significant shift from the traditional social democratic approach and the Swedish model, as discussed above. Upon regaining power in 1982, with Olof Palme as Prime Minister, the social democrats introduced a modified version of the wage earner funds. The 1980s were also marked by a significant ideological counteroffensive from Swedish business, orchestrated by the Swedish Employers' Confederation (SAF) and heavily supported by their neoliberal think tank, Timbro, led by Sture Eskilsson, as well as by the Center for Business and Policy Studies (SNS), led by Hans Tson Söderström, which represented a more "orthodox neoclassical line".[599] According to Mark Blyth:

> what made SNS and later on Timbro so influential was, apart from SAF's resources, a concomitant shift in the ideas held by Swedish academic economists and opinion makers, ideas that those organisations could exploit.[600]

Bo Stråth has highlighted that, although it was previously thought that the neoliberal campaign by Swedish businesses in the 1980s was significantly influenced by neoliberal developments in the Anglo-Saxon world, the version that emerged in Sweden possessed a distinctly Swedish character.[601] Agreeing with this, Mark Blyth writes that compared to neoliberal think tanks in the UK and US, the Swedish counterparts had "less concern over

[599] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 18.

[600] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 18.

[601] Stråth, *Mellan två fonder: LO och den svenska modellen*, 233ff.

taxes and more focus on the size of the public sector".[602] Notably, there was a concerted effort to repurpose the language used by the radical labour movement a century earlier in their democratic struggles, now used to rhetorically position the unions in opposition to the populace. Simultaneously, during the early 1980s, unemployment rates, hovering around approximately four per cent, were generally perceived as far too high.[603]

Despite the focused attempts by Swedish business sectors and the political right to influence public opinion — notably making an impact in the press, where neoliberal ideas gained traction — the social democrats, led by Olof Palme, secured an electoral victory in 1985.[604] However, their governing period during the 1980s was marked by a notable tilt towards neoliberal policies, especially evident in the 1987 deregulation of the credit markets. This deregulation facilitated easier access to credit, which, in retrospect, contributed to the banking crisis of the early 1990s by enabling the accumulation of bad debts.[605] By the time of Olof Palme's assassination on 28 February 1986, Sweden had arguably reached its zenith of economic equality, achieving a level that was unmatched worldwide, before experiencing a decline.[606] In 1990, the Social Democratic Party, in collaboration with the centrist liberal People's Party, introduced a significant tax reform dubbed "the tax reform of the century", which particularly lowered taxes on higher incomes, closely resembling what Lindbeck had proposed already in the late 1970s.[607]

Mark Blyth describes Assar Lindbeck as entering the 1980s as "the key figure in Swedish economics",[608] asserting that Lindbeck stayed "resolutely Keynesian in his academic writings and more popular pronouncements"[609] until the beginning of the 1980s, when he swiftly transitioned to a more neoliberal position, primarily the public choice theory.[610] This portrayal, however, requires re-evaluation and scrutiny. My analysis challenges Blyth's interpretation and demonstrates that the influence of Hayekian epistemology and the Chicago school's principles, notably those of Gary Becker and Milton Friedman, had

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[602] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 16.

[603] Stråth, *Mellan två fonder: LO och den svenska modellen*, 233ff.

[604] Stråth, *Mellan två fonder: LO och den svenska modellen*, 243ff; Kristina Boréus, "The shift to the right: Neo-liberalism in argumentation and language in the Swedish public debate since 1969," *European Journal of Political Research* 31, no. 3 (1997), https://doi.org/10.1023/A:1006827027111.

[605] Torsten Svensson, *Marknadsanpassningens politik: Den svenska modellens förändring 1980-2000* (Uppsala: Acta Universitatis Upsaliensis :, 2001), 167ff; Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 20ff.

[606] Kjell Östberg, *När vinden vände: Olof Palme 1969-1986* (Stockholm: Leopard, 2009), 275ff.

[607] Schön, *En modern svensk ekonomisk historia: tillväxt och omvandling under två sekel*, 495-517.

[608] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 16.

[609] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 16.

[610] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 16-19.

profoundly influenced Lindbeck's writings much earlier. This influence calls into question whether Lindbeck ever adhered to Keynesianism during his academic tenure, especially considering his engagement with neo-classical ideas in his doctoral dissertation.

During the 1980s, Lindbeck became deeply engaged with the broader transnational neoliberal discourse, particularly drawing insights from the works of James Buchanan, Gordon Tullock, Gary Becker, Friedrich von Hayek, George Joseph Stigler, and Joseph Stiglitz, with a focus on the role of the welfare state.[611] It is significant that, except for Tullock, all these neoliberal scholars were awarded the Alfred Nobel Memorial Prize in Economic Sciences during their careers. This, again, highlights how Lindbeck contributed to the recognition of those whose work supported his own research, thus enhancing his own credibility by associating his authorities with the prestige of the Alfred Nobel Memorial Prize.

Lindbeck's engagement with the topic of the welfare state during the 1980s provides a compelling insight into his conceptualisation of the state, both normatively and descriptively. This encompasses his descriptions of the current form of the state and his prescriptions for its ideal configuration. In his examination of the modern welfare state, Lindbeck sought to distinguish its defining features from those of the classical state. He posited that the primary function of the classical state was "to enforce contracts, provide collective goods, address various externalities in the production system (such as environmental disturbances), and supply physical infrastructure".[612] Conversely, Lindbeck characterised the welfare state as comprising "an assortment of publicly-financed social security systems, transfers, and subsidies, along with the public provision or subsidisation of personal services including health, education, elderly care, and childcare".[613] Despite his extensive critique of the Swedish welfare model, Lindbeck notably praised the concept of the welfare state as a "triumph of modern civilisation",[614] a point of view that may appear paradoxical given his critical stance towards the Swedish iteration of welfare.

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611 See for example Assar Lindbeck, "Individual Freedom and Welfare State Policy," *European Economic Review* 32, no. 2 (1988), https://doi.org/10.1016/0014-2921(88)90174-2, https://www.sciencedirect.com/science/article/pii/0014292188901742; Assar Lindbeck, "Consequences of the Advanced Welfare State," *The World Economy* 11, no. 1 (1988), https://doi.org/https://doi.org/10.1111/j.1467-9701.1988.tb00111.x, https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1467-9701.1988.tb00111.x; Assar Lindbeck, "Limits to the Welfare State," *Challenge* 28, no. 6 (1986), http://www.jstor.org/stable/40720713; Assar Lindbeck, "Tax Effects Versus Budget Effects on Labor Supply," *Economic Inquiry* 20, no. 4 (1982), https://doi.org/10.1111/j.1465-7295.1982.tb00362.x; Lindbeck, "Individual Freedom and Welfare State Policy." Assar Lindbeck, "Redistribution Policy and the Expansion of the Public Sector," *Journal of Public Economics* 28, no. 3 (1985), https://doi.org/10.1016/0047-2727(85)90062-3, https://www.sciencedirect.com/science/article/pii/0047272785900623; Assar Lindbeck, "Public Finance for Developing Countries," in *The Welfare State: The Selected Essays of Assar Lindbeck*, ed. Assar Lindbeck (Brookfield: Edward Elgar Publishing Company, 1993).

612 Lindbeck, "Consequences of the Advanced Welfare State," 19.

613 Lindbeck, "Consequences of the Advanced Welfare State," 19.

614 Lindbeck, "Consequences of the Advanced Welfare State," 21. Lindbeck, "Individual Freedom and Welfare State Policy," 297.

However, Lindbeck's support for the welfare state was conditional on its implementation in a moderate manner; otherwise, it risked evolving into a fundamentally different entity. "In my view", he writes, "one of the basic problems facing the modem welfare state is how to prevent the traditional welfare state from developing into a generalised transfer state."[615] For Lindbeck, the welfare state thus represents a third-way option, positioned between the classical state and what he terms the "generalised transfer state". This perspective is yet again indicative of Lindbeck's self-characterisation of his stance as a middle way, potentially besieged from both sides. The delineation between a "welfare state" and a "generalised transfer state" is also used to critique the development in Sweden. Lindbeck writes:

> Indeed, redistributional conflicts seem to be the dominant 'obsession' in several advanced welfare states of the north-west European type. In Sweden, for example, distributional conflicts are rampant, even though the inequalities in yearly disposable income of households, in particular on a per-capita (or consumption-unit) basis, are extremely small.[616]

Lindbeck's critique of Sweden's trajectory can be seen as a strategic repositioning of a concept pivotal to his interlocutors, suggesting that advocates of the Swedish model, with its emphasis on redistribution, are in fact championing a system that not only diverges fundamentally from the welfare state but also endangers its very existence while fostering conditions for significant societal conflict. Notably, Lindbeck's argument appears still to be rooted in the principle of Pareto optimality, positing that redistributive measures, which contravene the criteria of Pareto efficiency, could potentially undermine the welfare state itself. Lindbeck essentially re-articulates the concept of the welfare state, de-linking it from notions of redistribution, while simultaneously attempting to use the concept as a critique against those who advocate for a system marked by extensive redistributions, such as prominent factions within the Social Democratic Party and the broader Swedish left, whose project is implicitly linked to the notion of societal conflicts. The views of the broader left, who perceive themselves as defenders of the welfare state albeit with a different understanding, are thus contested by Lindbeck's re-articulation of the welfare state. It is thus possible to interpret Lindbeck's use of the welfare-state concept as a speech act, deployed to criticise his interlocutors who promote a system of general and vast redistribution.

This said, Lindbeck contended that the welfare state had effectively eradicated the most extreme forms of poverty and this achievement, he argues, not only benefitted those directly impacted but also relieved the broader population from the discomfort of witnessing poverty in their midst. For Lindbeck, the issue of poverty came to mirror environmental problems, which he had extensively engaged with during the 1970s. In a manner akin to his earlier discussions of environmental issues, Lindbeck problematised poverty — just as

[615] Lindbeck, "Consequences of the Advanced Welfare State," 34.

[616] Lindbeck, "Consequences of the Advanced Welfare State," 34.

he had pollution and environmental degradation — as an externality that markets alone could not be relied upon to address simply by being left alone. Lindbeck writes that:

> it is certainly also believed that many citizens enjoy a society without poverty around them (which is basically an externality argument) and, too, that social stability and human relations are enhanced by the mitigation of poverty.[617]

The welfare states of north-western Europe are here used as a positive example in contrast to the United States, where a "less elaborate, but hardly less complex"[618] welfare state allows poverty to be concretely visible. Lindbeck seems to suggest that poverty, when considered an externality, is primarily an aesthetic problem, echoing his discussions of environmental concerns in the 1970s. A second achievement are the wealth-redistribution elements of the social security systems, which have (with the help of progressive taxation) evened out income differentials.[619] Third, Lindbeck argues, the welfare state has managed to "raise productivity in the national economy by inducing investment in human capital".[620] Here, again utilising ideas from Gary Becker, Lindbeck points to subsidised education as well as general access to a beneficial healthcare system as central factors. Just leaving investment in these services to the free choice of private citizens (and especially the poor), he argues, is not sufficient:

> One motive behind these subsidies is probably the desire to make corrections for the assumed lack of information among some citizens, especially low-income groups, about the private return on such investment.[621]

Intriguingly, what emerges here is the notion that while the more affluent can make informed decisions in the marketplace and function as effective entrepreneurs of themselves, the state has a crucial role to play for those who are less capable.

Moreover, Lindbeck argues that while the welfare state may limit freedom of choice, this is a necessary trade-off. In line with his self-characterisation as a centrist and a man of compromise, Lindbeck describes his defence of (a severely limited) welfare state as a form of necessary "paternalism" that is "a trade-off between individual freedom and economic security", "accepted by a majority of the population".[622] State paternalism is considered a necessity especially in relation to the poor and uneducated. Exploring how Lindbeck echoes the views of Buchanan and Tullock, with Buchanan explicitly cited, it becomes clear that Lindbeck does not subscribe to the notion of the individual as a rational economic agent. The ability to act rationally in a market context is not inherent but must be fostered through

617 Lindbeck, "Consequences of the Advanced Welfare State," 20.

618 Lindbeck, "Consequences of the Advanced Welfare State," 20.

619 Lindbeck, "Consequences of the Advanced Welfare State," 20.

620 Lindbeck, "Consequences of the Advanced Welfare State," 20.

621 Lindbeck, "Consequences of the Advanced Welfare State," 20.

622 Lindbeck, "Individual Freedom and Welfare State Policy," 316.

state intervention, such as by exposing individuals to market-like conditions. Furthermore, the state must be prepared to safeguard those unable to acquire this competence, thus echoing Mirowski's interpretation of Hayek's belief that "no amount of enlightenment can ever bridge the natural gulf between the wise and the unwise".[623] Lindbeck's defence of the general welfare state can be viewed as resting on a neoliberal foundation. This foundation is informed by the rationality embedded in Becker's concept of human capital and public choice theory as well as by Hayek's notions regarding the knowledge problem. This perspective posits that some individuals lack the essential knowledge required to make informed decisions or to interpret market signals, particularly in relation to the return on investment in human capital.

As discussed above, during the 1980s Lindbeck gravitated towards the school of public choice, a branch of neoliberal thought focused on issues such as free-riding and rent-seeking. This school is concerned with the challenge of preventing individuals from benefitting at the expense of other people's efforts.[624] He writes that:

> even a majority of citizens may have gained from the introduction of social-security systems, for such systems may be regarded as a method of preventing some people from taking 'free rides' on the altruism of others: compulsory social-security fees imply that individuals cannot escape from contributing to their own economic security in situations like old age, bad health or unemployment.[625]

Interestingly, and contrary to the perception that neoliberalism is inherently opposed to the welfare state, as well as in opposition to neoliberals who argue that public welfare creates non-entrepreneurial subjects, Lindbeck posits that the welfare state actually prevents free-riding. He suggests that by obliging individuals to contribute to their own welfare through the tax system, the welfare state ensures that people are actively participating in the funding of the collective safety net, rather than benefitting without contributing.

Limiting the welfare state

While Lindbeck acknowledges the advantages of the welfare state, his examination of its necessary limitations warrants further exploration. This analysis provides valuable insights into his perspectives on family values and his overarching views on legitimate state action as well as on how he articulates the main societal problems of the 1980s. Lindbeck writes that "there is no contradiction in applauding the build-up of a welfare state up to a certain

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[623] Mirowski, "Hell Is Truth Seen Too Late," 22.

[624] The idea of rent-seeking and free-riding is in a sense similar to the Marxist notion of extraction of surplus value, but without any collective or class dimension, thus almost turning the Marxist notion on its head.

[625] Lindbeck, "Consequences of the Advanced Welfare State," 21.

point, but to be worried about what happens when this point is surpassed".[626] For Lindbeck, the debate is not about advocating for or against the welfare state, but rather about defining its boundaries and legitimate functions.

The main reason, according to Lindbeck, why the welfare state must be limited has to do with the fact that the "beneficial reforms tend to be made early in the development of welfare states".[627] Lindbeck argues that this "suggests that it is reasonable to speak of a limit for welfare-state policies".[628] An economist might think that these limits must principally be decided according to financial criteria, in financial terms. Lindbeck argues that the need for limits to the welfare state manifests itself "when the marginal costs [of reforms] start to exceed the marginal benefits", but recognises that other, nonfinancial, factors are equally important.[629] Among these Lindbeck counts "the consequences for the role of the family in society", "negative effects on the freedom of choice of individuals" and "regrettable implications for the relations between the individual and the state".[630]

As I will now discuss, all these three factors are seemingly linked to the question of the household. In this regard, Lindbeck appears closely aligned with the perspectives put forth by neoliberals such as Gary Becker and Milton Friedman in the 1970s and 1980s. They observed what they considered to be a potentially hazardous erosion of conventional family structures that they argued were integral to the functioning operation of a market economy and linked this to an expanding welfare state.[631] Melinda Cooper writes that:

> Gary Becker makes this point explicitly when he argues that the familial incentive towards altruism is as central to the constitution of the free market as the utilitarian incentive of self-interested exchange. The nature of family altruism in some sense represents an internal exception to the free market, an immanent order of noncontractual obligations and inalienable services without which the world of contract would cease to function. This premise is so constitutive of economic liberalism, both classical and neoliberal, that it is rarely articulated as such. Yet it explains why, in Wendy Brown's words, private family values constitute the secret underside of liberal contractualism.[632]

Lindbeck seems to share Becker's understanding of the family's role in modern society, as well as the problem that the welfare state risks eroding it. Lindbeck goes so far as to argue that the threat to society no longer primarily lies in the risk of major nationalisations of private businesses, but rather a nationalisation of the family.

[626] Lindbeck, "Individual Freedom and Welfare State Policy," 316.

[627] Lindbeck, "Consequences of the Advanced Welfare State," 21.

[628] Lindbeck, "Consequences of the Advanced Welfare State," 21.

[629] Lindbeck, "Consequences of the Advanced Welfare State," 21.

[630] Lindbeck, "Consequences of the Advanced Welfare State," 22.

[631] Cooper, *Family Values: Between Neoliberalism and the New Social Conservatism*, 56-57.

[632] Cooper, *Family Values: Between Neoliberalism and the New Social Conservatism*, 57-58.

> This means that many households are induced to act contrary to what has traditionally been regarded to be 'the comparative advantage' of the family, namely the care of other family members, especially children and elderly parents. In the advanced welfare states, it is not production firms in product markets that are nationalised, which was the old socialist dream, but rather households or, more precisely, the provision of personal services to family members. In addition, there is nationalisation of a substantial part of the factor income of households via taxation.[633]

Note how Lindbeck employs the term "nationalisation" to draw an analogy and articulate a link with the planning debates that were central to Swedish political discourse from the 1940s and 1950s, leading up to the 1970s. However, in this contemporary context, it is the family unit rather than "production firms" that faces the risk of being subsumed by the (planning) state.

Further, Lindbeck argues that, because of the high-tax redistribution system, it is practically impossible for a "traditional" one-wage-earner system to function, thus particularly forcing married women to enter the labour market.[634]

> As a consequence, in order for a household to earn enough money income to buy the goods and services it needs from the market, all adult household members, or at least husband and wife, may have to work in the open market, even though one of them may have preferred to stay at home to look after the small children. The tendency of welfare-state policies to shift personal services away from the household will therefore be accentuated. In Sweden, for example, it is practically impossible for one adult family member to stay at home to look after the children, for the family's standard of living would then be extraordinarily low in terms of normal consumption goods. The reduction of freedom of choice of the family is accentuated if government services are rationed and provided by public monopolies, in the sense that private alternatives are either prohibited by law or discriminated against so much by subsidies to public institutions that private alternatives cannot survive on the market.[635]

Observe how Lindbeck adeptly links the problems regarding "the consequences for the role of the family in society", "negative effects on the freedom of choice of individuals", and "regrettable implications for the relations between the individual and the state" to the core question of the central role of the household being threatened by the advanced welfare state (that lacks private alternatives).[636] For example, the altered relationship between the individual and the state is depicted as being directly linked to the potential risk of the welfare state forcefully assuming the functions traditionally associated with the family or household, infringing on families' freedom of choice. Intriguingly, while Lindbeck

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633 Lindbeck, "Consequences of the Advanced Welfare State," 31.

634 Even though Lindbeck generally uses gender-neutral language, he explicitly mainly refers to "married women". Lindbeck, "Consequences of the Advanced Welfare State," 30-31.

635 Lindbeck, "Consequences of the Advanced Welfare State," 32.

636 Lindbeck, "Consequences of the Advanced Welfare State," 22.

persistently defends the welfare state, he also consistently uses Sweden as a cautionary example.

Similarly to that of Gary Becker, Lindbeck's analysis of the role of the family can be seen within the context of perceived challenges to traditional Fordist family structures, such as rising divorce rates and greater participation of women in the labour market.[637] Furthermore, Lindbeck's arguments can be interpreted as a rebuttal to New Left and feminist critiques, which target traditional family values within their broader condemnation of capitalism. He posits that the threat to family structures is such a fundamental concern that "the old socialist dream" of nationalising private enterprises has been replaced by a new concern: the potential nationalisation of families.

An expert in uncertainty

Further, according to Lindbeck, the constraints on freedom inherent in the implementation of a welfare state are not without potential drawbacks, as they may engender adverse side effects. Given Lindbeck's (Hayekian) view that market engagement is a learning process that shapes individual subjectivity (influencing the individual's psychology), the result of allowing a welfare state to obstruct exposure to market forces could be "psychological costs".[638] These costs are manifested in passivity, a trait that implicitly contrasts with entrepreneurial traits. Articulating continuity from and a linkage between the thinking of Mill, Hayek, and Nozick, Lindbeck writes:

> Several moral philosophers have argued that the freedom to choose also makes an individual 'a better human being', e.g., Mill (1975 ch 3.), Hayek (1960) and Nozick (1974). Maybe it can be said that the increased 'passivity' of individuals, who have learnt that the government decides for them, will raise the psychological costs of deciding by themselves.[639]

Observe how the act of learning in the marketplace is framed as a moral issue, purportedly contributing to the individual's development into "a better human being". As argued by Lindbeck — and commonly among (neo)liberals — freedom of choice can therefore not be reduced to mere economic or efficiency-related considerations. It is fundamentally a question of subjectivity and morality. In a competitive marketplace, freedom of choice assumes a key role. Excessive or misguided state intervention risks not merely economic inefficiency, but also has an ethical dimension — it may fail to educate individuals in how to become good human beings.

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637 Cooper, *Family Values: Between Neoliberalism and the New Social Conservatism*, 59.

638 Lindbeck, "Individual Freedom and Welfare State Policy," 315.

639 Lindbeck, "Individual Freedom and Welfare State Policy," 315.

Further, there are, according to Lindbeck, other moral effects of a high-tax society associated with an advanced welfare state. The higher the taxes, Lindbeck argues, the more people are inclined to cheat the system by withholding money, thereby eroding the virtue of honesty with its implied connection to a functioning society. “In general”, Lindbeck writes, “it may be said that honesty becomes expensive in a high-tax society and, as a consequence, the supply of honesty will become scarce.”[640] Lindbeck effectively treats virtue as a sort of commodity, subject to scarcity due to specific state actions, which in the political discourse of the 1980s were probably primarily associated with modern social democracy. Here, Lindbeck articulates a link between the economic governance he advocates and the virtue of honesty. This implies a risk of moral decline should the welfare state become overly expansive. Lindbeck’s general arguments can be understood as a speech act, in which he suggests that economic analysis should permeate the domains of sociology, political science, psychology, and additional disciplines. This transcends traditional disciplinary demarcations, subtly positioning the economist as a potential universal expert.

According to Lindbeck, a too-generous welfare system financed by high taxes risks creating a brain drain situation, decimating human capital. Highly skilled individuals with access to an international labour market may move abroad, while some unskilled foreigners might be induced to immigrate due to the generous welfare benefits. This suggests that we are observing some of the initial manifestations of Lindbeck’s scepticism towards immigration, particularly his assumption that the welfare system attracts individuals who represent a lack of human capital. [641]

Considering the important role in Lindbeck’s writing of Hayekian epistemology, which places much emphasis on uncertainty while often rejecting social planning (beyond outlining boundaries within which “spontaneous order” is able to generate optimal solutions), it is intriguing to examine how Lindbeck justifies his points of view from an epistemic perspective, especially in relation to the problem of uncertainty. Concerning the example of unforeseen consequences of a tax increase he writes:

> Physicians and dentists paint their houses and operate their boats rather than operate on patients who then may have to wait for years for important treatment. Professionals and craftsmen barter services rather than exchange them for money. Some people abstain from promotion, especially if such promotion requires longer working hours or geographical moves. Unskilled workers abstain from acquiring extra skills because of the low after-tax returns. Highly skilled people with an international labour market move abroad while some unskilled foreigners are induced to immigrate due to the generous welfare benefits. Unfortunately, most of these adjustments, and many others, are difficult, perhaps impossible, to quantify in reliable ways by scientific methods. It is important, however, not to draw the conclusion that, for this reason, such adjustments either do not exist or are necessarily unimportant. Formal scientific methods are not the only way to discover and understand social phenomena. Careful observation of everyday

[640] Lindbeck, "Consequences of the Advanced Welfare State," 32.

[641] Lindbeck, "Consequences of the Advanced Welfare State," 26.

life should not be under-estimated as a complementary way of acquiring knowledge about important processes and mechanisms in society.[642]

Further, and elaborating on the question of uncertainty, Lindbeck concludes that:

> the standard of living in a country at a given time depends largely on the stock of physical capital and human skills and therefore on economic incentives in past decades or even centuries.[643]

Owing to the time lag between the implementation of policies and their effects, merely observing what transpires in a society and an economy is insufficient. By asserting that it is practically impossible to know, through any scientific method, the ramifications of policy proposals, Lindbeck invokes the argument of uncertainty familiar from environmental discourse, where caution in the face of the unknown is posited as a form of necessity. Lindbeck states:

> The problem is rather similar to the consequences of the accumulation of ecological disturbances. Because of the long time lags and the many factors involved, the effect may be discovered so late that serious damage has been done to the natural environment by the time that a general consensus is reached on the damage. The counter-actions may then be effective only after one or several decades. There may also be strong elements of 'irreversibilities'.
>
> This raises the important question of how to deal with uncertainties over the effects of government policies. Some economists seem to argue that as long as the evidence is not more conclusive than today of severe costs associated with tax distortions, there is no strong case for reducing marginal tax rates. By contrast, when we consider the negative side-effects of human activities on the natural environment or the side-effects of medicines, even extremely small risks of severe damage are usually regarded to be a sufficient reason to take action. Why isn't the same principle usually applied to the risks of severe damage of high tax rates on 'the economic and social environment'?[644]

The above quotes suggest an implicit argument that assessments of what is beneficial or detrimental cannot be fully accomplished within the realm of formal science due to the fragmented and dispersed nature of information. It raises the question of who Lindbeck sees as possessing the ability to make these non-quantifiable assessments and "careful observation of everyday life" when knowledge is dispersed. Lindbeck, I would suggest, employs the uncertainty argument as a speech act primarily intended to elevate the expertise of the economist (as an expert on uncertainties) who perceives the risks associated with tax increases (or high tax rates), thus circumventing the need for quantitative validation by employing the principle of uncertainty, which essentially renders such empirical substantiation unattainable. This approach, again, appears to be deeply anchored in

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[642] Lindbeck, "Consequences of the Advanced Welfare State," 26.

[643] Lindbeck, "Consequences of the Advanced Welfare State," 28-29.

[644] Lindbeck, "Consequences of the Advanced Welfare State," 29.

Hayek's formulation of the knowledge problem, something that again highlights the pivotal role of Hayekian epistemology in Lindbeck's writings. Lindbeck articulates taxation as a problem by linking it to the notion of uncertainty, drawing an analogy with environmental problems, where he had previously utilised the uncertainty argument against neo-Malthusians in the "limits to growth" debate. Lindbeck implicitly suggests that the principle of uncertainty finds greater acceptance within environmental contexts. This stance can however be viewed as a continued argument for the application of Hayekian epistemology also to the formulation of responses to environmental problems.

Finally, Lindbeck's perhaps most innovative contribution to the field of economics during the 1980s (and perhaps during his entire career) lays in his articulation of the insider-outsider theory, which he presents in a series of articles beginning in 1984. This theory is interesting in that it shows how Lindbeck again utilises a strategy of re-articulating arguments from his political opponents. The insider-outsider theory can be described as a way to re-articulate the problem of unemployment and its root causes. The theory rests heavily on the idea of the Nash equilibrium (which is also deployed by James Buchanan in his attempts to predict human behaviour) as well as ideas from the free-rider problem, primarily theorised by Ronald Coase and James Buchanan.[645]

Not unlike his position in the internal social democratic debates of the 1950s, Lindbeck's principal argument draws an analogy with the Marxist concept of social outcomes being the result of a conflict between two fundamental classes: workers and the bourgeoisie. However, Lindbeck here re-articulates the traditional class struggle to represent a contemporary divide between those with employment (insiders) and those who are involuntarily unemployed (outsiders). Because of how the insiders determine conditions, through for example unionising and the threat of strike action, the logic of the competitive marketplace is in practice set aside. This is to the benefit of the insiders, but to the disadvantage of the outsiders who have no prospect of gaining employment.[646] Lindbeck envisions the relationship between the outsider and insider as follows:

> Persistent involuntary unemployment is explained [...] as a consequence of the employed workers ('the insiders') exploiting the monopoly power that they obtain in wage setting as a result of the costs of hiring and firing. The unemployed workers ('the outsiders') are unable to undercut the 'monopoly wages' of the insiders, not only due to conceivably existing 'social mores' against such attempts, but also because the firms would have no incentives to fire the insiders and hire the outsiders.[647]

Note how Lindbeck also chooses to use language such as exploitation (where the insiders exploit the outsiders) in direct analogy to Marxist thinking. Here, however, it is the employed working class that through their organising are the exploiters, leaving the

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[645] Lindbeck and Snower, Involuntary Unemployment as an Insider-Outsider Dilemma, 8.

[646] Lindbeck and Snower, Involuntary Unemployment as an Insider-Outsider Dilemma, 38.

[647] Lindbeck and Snower, Involuntary Unemployment as an Insider-Outsider Dilemma, 38.

capitalists out of the fundamental conflicts in society.[648] Finally, Lindbeck's problematisation of unemployment, as I have discussed in my analysis of the Bjurel report, shows a divergence from typical neoliberal views which often deem high unemployment necessary to curb inflation. Lindbeck operated within a Swedish context, where an increase in private sector unemployment risked expanding the state welfare sector, which Lindbeck viewed as problematic. The articulation of the Insider-Outsider theory can be seen as an attempt to answer this problematisation. Although Lindbeck's Insider-Outsider theory deserves more detailed exploration beyond this brief analysis, it is essential to recognize his distinctive approach to unemployment as a more pressing issue than typically acknowledged by his neoliberal contemporaries, while still attempting to address it within a neoliberal framework. Thus, it can be argued that the articulation of the Insider-Outsider theory presents a challenge to Keynesian solutions to unemployment, while still recognizing that the issue requires a solution.

Concluding notes

To summarise and conclude, Lindbeck continued to engage with a diverse range of neoliberals during the 1980s. The main departure from his approach in the 1970s lies in his involvement with theories stemming from public choice, particularly those espoused by James Buchanan. Yet, the pervasive influence of Hayekian epistemology endures. Lindbeck also shows significant influence from Milton Friedman's and Gary Becker's ideas about the family, as an entity existing outside of, but vital to, the market. In Lindbeck's work during the 1980s, the family assumes a pivotal role to the extent that he articulates the threat to the family from the state's nationalisation of familial functions, as society's foremost problem. This supersedes the previously highlighted threat of nationalising private businesses, as advocated by his socialist opponents. It is crucial to recognise that we are not merely discussing a project of marketisation here. For Lindbeck and the neoliberals who inspire him, keeping certain groups — such as women — less engaged in the traditional market sphere and more within the family, is as crucial as enhancing market efficiency. This is achieved through the creation of legal frameworks that foster competition, entrepreneurship, and so forth. Moreover, it is noteworthy that Lindbeck consistently re-articulates key positions from the environmental movement, the classical leftist movement, and the New Left as part of his overarching argumentative strategy, thereby co-opting the arguments of his adversaries and repurposing them to his advantage.

Most notably, Lindbeck essentially re-articulates the concept of the welfare state, de-linking it from notions of redistribution, while simultaneously using the concept as a critique against those who advocate for a system marked by extensive redistribution, such as prominent factions within the Social Democratic Party and the broader Swedish left. These

[648] Lindbeck and Snower, Involuntary Unemployment as an Insider-Outsider Dilemma.

groups, who perceive themselves as defenders of the welfare state, albeit with a different understanding, are thus challenged by Lindbeck's re-articulated perspective. Consequently, it is possible to interpret Lindbeck's use of the welfare state concept as a speech act, deployed to criticise his interlocutors who promote a system of general and vast redistribution.

Further, the arguments within Lindbeck's body of work during the 1980s can be interpreted as a speech act on the role of economists, manifesting his earlier ambition for economists not to confine their discussions to purely conventional economic concerns. Rather, they are (at least implicitly) urged to extend economic reasoning to a wider array of social issues, covering morality, behaviour, psychology, and more — frequently positioning themselves as implied experts on uncertainty in a world characterised by dispersed and fragmented information. Moreover, the uncertainty argument can be seen as bypassing the necessity for quantitative validation of Lindbeck's propositions, given the Hayekian principle of uncertainty where empirical substantiation is unfeasible, further complicating the task of grounding these arguments in quantitative evidence.

Finally, Lindbeck's conceptualization of the unemployment problem, articulated as an Insider-Outsider dilemma, must be analysed within the context he operated in. Lindbeck's problematisation of unemployment re-articulates conventional neoliberal understandings by not merely treating unemployment as a solution to inflation but as a condition that must be managed to prevent legitimising the expansion of the welfare sector. Simultaneously, articulating unemployment as an Insider-Outsider dilemma can be seen as a speech act that challenges the dominant Keynesian view that the unemployment issue should be addressed through expanding the welfare state. To fully grasp this perspective, a thorough exploration of the genealogy of Lindbeck's writings is essential.

“The Lindbeck report”: a neoliberal Coup d’état?

In 1990, Sweden was engulfed in a profound financial crisis that persisted for several years. Given its significant impact on Swedish political and economic discourse, I regard the crisis as a dislocatory event. This perspective allows for an understanding of how it facilitated swift changes in discourse, particularly concerning the types of political and economic proposals that could be legitimately entertained in mainstream debate. The origins and consequences of this crisis can be attributed to the neoliberal reforms and market deregulation implemented during the 1980s. These policies facilitated easier access to borrowing, which in turn precipitated a real estate price bubble. The collapse of the housing market in 1990, triggered by the bursting of this bubble, had a domino effect, dragging the rest of the Swedish economy down with it. As a result of the crisis, Swedish GDP fell three years in a row, from 1990 to 1993, with the housing crisis lasting for at least another year. Battled by the economic downturn, the social democrats were ousted from power in 1991, which paved the way for a centre-right government led by Prime Minister Carl Bildt of the conservative Moderate Party. The new administration attempted to combat the crisis through austerity measures inspired by neoliberal principles and diverging from the Keynesian approach of stimulating the economy through expansive fiscal policies, which would traditionally have been advocated.[649] Mark Blyth, for example, comments:

> Rather than stabilising the economy and attempting to bottom out the recession, in the fall of 1992 the government announced a crisis package that lowered sick pay, decreased housing allowances, and increased taxes, thereby removing approximately 40 billion krona from the economy. This was pure 1920s classicism, and it had the same result in 1992 as it had had in 1922: it turned a slump into a crash. ‘Fight inflation’ became an ideological mantra that was applied regardless of actual conditions.[650]

The battle against inflation was not the sole focus of the eclectic blend of neoclassical economics and neoliberalism that emerged in Sweden, known as *normpolitik* or “norm politics”, which took aim at the prevailing Keynesian orthodoxy. Equally critical was the

[649] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 21ff.

[650] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 22.

objective of maintaining a stable Swedish krona, which from 1990 was tied to the European Currency Unit and, de facto, to the German D-mark. While anti-inflationary measures continued to be a key concern among Swedish economists, politicians, and bureaucrats persuaded by the neoclassical and neoliberal critique of Keynesianism, the quest for a stable krona was largely abandoned. This reached its crisis when, in 1992, the Bank of Sweden was unable to defend the value of the krona, raising the repo rate to an extraordinary 500%. The subsequent failure led to a steep devaluation of the krona, exacerbating an already precarious economic situation.[651]

The Swedish financial crisis of the 1990s precipitated a dramatic surge in unemployment, a development that caught many off guard. Up until that point, de facto full employment, underpinned by proactive state intervention, had been largely assumed to be a given. This complacency persisted despite the fact that mass unemployment had plagued the European continent for years, almost up to the very moment when Sweden's own unemployment rate soared.[652] Between 1990 and 1994, unemployment levels rocketed from 2.6% to a staggering 13.3%. Among immigrants — many of whom had relocated to Sweden from Southern Europe between the 1950s and 1970s to work in industry — the unemployment rate rose even more sharply.[653] At the same time, a new far-right, xenophobic movement gained traction. This was evidenced, for example, by the far-right populist party New Democracy securing nearly 7% of the national vote in 1991, thus contributing to the articulation of migration, and "foreigners" together with high taxes as the main problem for Sweden. The surge of the far right went even further, as seen by the emergence of an extremely violent neo-Nazi movement. Although the neo-Nazi groups failed to win seats in the Riksdag, they were implicated in a significant number of high-profile murders and violent assaults targeting immigrants, union activists, and police officers.[654]

In December 1992, amidst the burgeoning crisis, Prime Minister Carl Bildt reached out to Assar Lindbeck, entrusting him with a significant mandate. Bildt tasked Lindbeck with the formation of a commission aimed at "analysing and proposing guidelines for the design of economic policy from a medium-term perspective, set against the backdrop of the prevailing issues within the Swedish economy".[655] Lindbeck agreed on condition that politicians would not be included in the commission, to which Bildt consented. As a result, Lindbeck gained the freedom to assemble his own team, a process he undertook after

[651] Calmfors, *Mellan forskning och politik: 50 år av samhällsdebatt*, 98-103; Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 18ff.

[652] This was especially true in the labour movement. See Stråth, *Mellan två fonder: LO och den svenska modellen*, 270-72.

[653] Schön, *En modern svensk ekonomisk historia: tillväxt och omvandling under två sekel*, 480.

[654] Christy Chamy, "Forskare befarar att det högerextrema våldet ska öka," *Dagens Nyheter*, 2024-05-29 2024, https://www.dn.se/sverige/forskare-befarar-att-det-hogerextrema-valdet-ska-oka/.

[655] Lindbeck, "Lindbeckkommissionen och framtiden," 5.

consultation with his colleague, Torsten Persson. This ensured that the members of the commission were selected under the guidance of Lindbeck's discernment.[656]

Besides Lindbeck, who acted as chairperson:

> the commission consisted of the Swedish economists Torsten Persson and Birgitta Swedenborg, political scientist Olof Petersson, and economists Agnar Sandmo from the Bergen School of Business and Niels Thygesen from the University of Copenhagen. Per Molander, a Doctor of Engineering and an official in the Chancellery, was appointed as secretary.[657]

The report was officially the result of the collective effort of the commission, but Lindbeck has highlighted that, in addition to himself, only Persson and Molander were significant contributors to the writing process.[658] While acknowledging the formally collective authorship of the report, I therefore approach the text as an extension of Lindbeck's body of work, in line with Michel Foucault's concept of the author function. According to this perspective, the identity of the individuals behind the text is secondary to its role in the broader discourse. My analysis treats the report as a lens through which to examine a particular manifestation of Swedish neoliberalism, which becomes comprehensible through the genealogical examination of Lindbeck's writings. Lindbeck's dominant role in the writing is also acknowledged by other commission members. For example, in a 2023 interview Per Molander testified that "this was the investigation in which I experienced the most pronounced dominance of a chairman. Assar Lindbeck had a clear vision of his objectives, and he pursued them decisively."[659]

Considering the way the report aimed to instigate broad political and economic reforms, it is striking that no elected politician participated in the commission, which instead acted as a pure "expert committee with five economists and one political scientist who acted as secretary",[660] as noted by historian Kjell Östberg. Östberg further interprets the commission's report as part of a tendency that began in the 1980s in Sweden, which shifted power from politics to the markets. A common theme in the proposals was to "centralise political power while reducing the influence of democratic structures," giving power to economic experts while also severely restricting union power.[661]

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[656] "Assar Lindbeck förklarar," (Youtube: IFN – Research Institute of Industrial Economics, 2018); Lindbeck, *Ekonomi är att välja: memoarer*, 295.

[657] Lindbeck, *Ekonomi är att välja: memoarer*, 295.

[658] Lindbeck, *Ekonomi är att välja: memoarer*, 295.

[659] Johan Manell, "Utredningen som skakade om Sverige – Lindbeckkommissionen fyller 30 år," *Altinget*, 2023-03-29, 2023, https://www.altinget.se/artikel/utredningen-som-skakade-om-sverige-lindbeckkommissionen-fyller-30-aar.

[660] Kjell Östberg, "Politikens förändrade villkor," in *Det långa 1900-talet: När Sverige förändrades*, ed. Anders Ivarsson Westberg; Ylva Waldemarson; Kjell Östberg (Umeå: Boréa Bokförlag, 2014), 153.

[661] Kjell Östberg, *The Rise and Fall of Swedish Social Democracy* (New York: Verso, 2024), 242-43.

Historian Pär Wikman posits that the composition of the commission, constituted as an expert body, was strategically leveraged in the debates that followed the publication of its report, so as to enhance the legitimacy of its proposals. Although this aspect falls beyond the ambit of my research, and hence will not be delved into in detail, there is no basis for me to dispute Wikman's evaluation.[662] Further, Erik Thosteman, in his study of neoliberalisation in Sweden from the 1960s to the 2000s, makes some noteworthy observations regarding the report. He highlights that "the language of the investigation was polemical, and its introduction almost took the form of a political plea".[663] Thosteman also points out that "scientific arguments were mobilised to consolidate the neoliberal discourse".[664] In particular, he emphasises that the report enabled "the concept of welfare to be used as a weapon against the very politics that had articulated welfare as its primary goal for much of the 20th century".[665]

Even though Lindbeck had previously been closely linked to the social democrats, his involvement in policymaking for the newly established right-wing government did not come as a surprise. The centre-right coalition's political agenda had already been significantly shaped through dialogue between representatives of the right-wing parties and influential figures like Assar Lindbeck, Hans Tson Söderström, and Lars Calmfors. Following the centre-right electoral victory in 1991, this group additionally acted as an advisory board for the Finance Minister, Anne Wibble, who was the daughter of Bertil Ohlin and a member of the People's Party, previously led by her father.[666]

In stark contrast to the comprehensive documentation produced by the Bjurel delegation as previously outlined, the records of the Lindbeck commission available in the Riksarkivet, the Swedish National Archives, are notably sparse. Surprisingly, no remaining minutes or other documents directly associated with the activities of the commission are to be found in the National Archives. The scarcity of source material serves as an implicit testimony to the unconventional and less transparent processes employed in the construction of the report, unlike the normal routines associated with Swedish government reports.[667] Regarding the general secrecy surrounding the work of the commission, Olof Petersson in an interview from 2023, 30 years after the publication of the report, said that "[w]e consistently operated with the windows sealed shut and ensured no paperwork was left

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[662] Pär Wikman, "Den avgränsade krisen: En gränsdragningsanalys av Lindbeckkommissionens rapport Nya villkor för ekonomi och politik (SOU 1993:16)," (Uppsala universitet, 2012), Master Dissertation.

[663] Thosteman, "Från stat till marknad: Apoteksväsendet och nyliberaliseringen i den ekonomisk-politiska diskursen, 1968–2008," 227.

[664] Thosteman, "Från stat till marknad: Apoteksväsendet och nyliberaliseringen i den ekonomisk-politiska diskursen, 1968–2008," 227.

[665] Thosteman, "Från stat till marknad: Apoteksväsendet och nyliberaliseringen i den ekonomisk-politiska diskursen, 1968–2008," 227.

[666] Calmfors, *Mellan forskning och politik: 50 år av samhällsdebatt*, 101, 04.

[667] Lindbeck, *Ekonomi är att välja: memoarer*, 295.

behind in the office. This created an atmosphere akin to being in a high-security chamber."[668] Thus, it is somewhat difficult to assess what sources the report was built upon. It was not, as Lindbeck states, a result of any original research. For that, the time was simply too short, with just three months of writing preceding its publication. Therefore, Lindbeck writes, we "had to primarily rely on the accumulated insights among the commission's members, which meant that the report was distinctly a team effort".[669]

Birgitta Swedenborg, a member of the commission, notes that its work was closely aligned with the research directions of public choice.[670] She stresses that the Lindbeck report played a crucial role in importing the economic theories associated with the school of public choice into Sweden, an approach that has since been woven into the fabric of Swedish economics.[671] She specifically cites the influential work of James Buchanan and Gordon Tullock and their seminal text *The Calculus of Consent* as pivotal for these research fields, which also extend beyond the traditional confines of economics.[672]

Building on this foundation, my analysis will leverage the insights garnered from my preliminary exploration of the public choice school, as outlined above, in the introduction. Interestingly, Swedenborg also draws on John Rawls' notion of the "veil of ignorance", a reference that bolsters the parallel I draw between Rawls and Buchanan in my earlier discussions. I intend to explore the ramifications of Rawls' concept as it intersects with the principles emanating from the public choice school, particularly as they are manifested within the Lindbeck report.

On 9 March 1993, following three months of deliberation, the commission presented its 203-page report, *Nya villkor för ekonomi och politik* (New Conditions for Economy and Politics), to Finance Minister Anne Wibble. The report contained 113 concrete legislative proposals.[673] While the issue of the reception of the report is undoubtedly intriguing, this, as I have already stated, lies beyond the scope of this study. My analysis will instead be concentrated on the content and recommendations of the report.

After reviewing the report and identifying some overarching themes, I have structured the analysis into three subchapters that I believe encapsulate the primary problematisations

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668 Manell, "Utredningen som skakade om Sverige – Lindbeckkommissionen fyller 30 år."

669 Lindbeck, "Lindbeckkommissionen och framtiden," 5-6.

670 Birgitta Swedenborg, "Lindbeckkommissionens rapport i ett politiskt-ekonomiskt perspektiv," *Ekonomisk Debatt* 4 (2013): 32.

671 Swedenborg, "Lindbeckkommissionens rapport i ett politiskt-ekonomiskt perspektiv."

672 Swedenborg, "Lindbeckkommissionens rapport i ett politiskt-ekonomiskt perspektiv," 33; I have already mentioned how Lindbeck generally attemted approach a take on economics that transgressed the boundraries for the social scienses. For a discussion on the similar ambitions in New political economy, see Richard Higgott and Matthew Watson, "All at Sea in a Barbed Wire Canoe: Professor Cohen's Transatlantic Voyage in IPE," *Review of International Political Economy* 15, no. 1 (2008): 12, http://www.jstor.org/stable/25261951.

673 Lindbeck, "Lindbeckkommissionen och framtiden," 5.

presented in the report. In contrast to Mark Blyth, who employs a Polanyian perspective to characterise the policy measures proposed in Sweden during the 1990s as a return to "pure 1920s classicism" — akin to the swing of a pendulum back to its starting point — I adopt a genealogical perspective. This approach focuses on identifying what is novel and unprecedented in the report, aiming to uncover the unique contributions that distinguish it from the cyclical motion suggested by the pendulum analogy. The first subchapter focuses on the report's articulation of the state, paying particular attention to its response to a problematisation of democracy. This includes connecting to earlier problematisations articulated in Lindbeck's writings, now more explicitly linked to public choice theory. The second subchapter examines the question of subjectivity, or the (re)production of capitalist subjects, drawing on the public choice perspective that human rationality is not a given. The third subchapter, while diverging slightly from Lindbeck's earlier work, relates to the discussions in the first two subchapters. It explores the articulation of civil society as a response to specific governance challenges and explores issues of human capital and temporality, highlighting their interconnectedness.

Re-articulating the welfare state, and limiting democracy

In this subchapter, I will examine how the authors articulate or re-articulate the central functions of the state. This analysis will partly focus on how the arguments align with Lindbeck's previous writings and — given the significance of public choice theory to the report — will also explore how public choice theory is articulated and applied in discussing the state's central functions, associated problems, and related topics.

The authors situate the writing of the report withing a broader reform tendency "in many western countries" where "the goal", echoing the same argument that Lindbeck had presented in his research on the welfare state in the 1980s:

> is not to dismantle the welfare state that we see as a triumph for western democracy, but to remove the exaggerations and the faulty constructions that have become a severe handicap for the national economy and hence threaten to undermine the social economic foundations of the welfare state.[674]

The articulation of the author's goal — formulated ambiguously to blur the distinction between the reform tendency in the West and the author's stated aim — links the project of transforming the welfare state to a sense of belonging within a western community. To further underpin the argument, they lean on the Hayekian epistemological framework that for decades served as one of the foundations for Lindbeck's writings, including for the arguments in the Bjurel delegation's "Roads to increasing prosperity" of 1979.

[674] Lindbeck et al., *SOU 1993:16*, 180.

> A market economy is a complex and sophisticated system for coordinating millions of decentralised decisions and thereby delegating responsibility. Prices, wages, and profit opportunities serve as carriers of information about the desires of households and the production possibilities of companies.[675]

This market economy, or market system, they claim, has been continuously eroded and needs to be "restored":

> What the commission desires, in terms of the market system, is nothing less than to restore the economic freedom that was established in Sweden in 1846 and 1864 but has been increasingly eroded over the decades by regulations and competition restrictions, largely as a result of influence from various, often short-term, special interests.[676]

Adopting a genealogical perspective necessitates a critical examination of the concept of "restoration". The portrayal by the authors of the market as an information processor and the state as being responsible for ensuring that these markets function efficiently bears scant resemblance to the 19th century laissez-faire model to which they allude. Thus, the call for restoration of a bygone era of economic freedom is, rather, a proposal for something distinctly new. However, the quotations aptly highlight the central problematisation within the report, grounded in Hayekian epistemology. This problematisation involves the authors addressing the challenge posed by the welfare state's "exaggerations and … faulty constructions", driven by "special interests", which they argue threaten a system where markets are employed as information processors for governance, especially in terms of resource allocation and fulfilment of the desires of households. The report can be seen as an attempt to solve this articulated problem.

Although Lindbeck and his co-authors repeatedly problematise state intervention and the realm of politics in the report, they never advocate for simply reducing the state's role and letting markets operate freely. On the contrary, a key argument in the report stresses the need for a vigilant state, acting in favour of markets and ensuring the (re)production of market mechanisms that facilitate information processing. Again, Lindbeck and his co-authors state that the problems that have brought Sweden to a crisis should not be handled with a laissez-faire approach to governing, but "can and should be solved by political decisions".[677] The report then outlines the exact boundaries for what the state should do:

> An ideal is that the state guarantees appropriate legal and regulatory frameworks, which maintain effective competition, correct potential market failures, and design taxes and

[675] Lindbeck et al., *SOU 1993:16*, 180.

[676] Lindbeck et al., *SOU 1993:16*, 180.

[677] Lindbeck et al., *SOU 1993:16*, 67.

> transfers in such a way that the conflict between efficiency and distributional objectives is minimised as much as possible.[678]

The state should, following a logic that resembles Hayekian neoliberalism, guarantee welfare politics through specific kinds of state intervention that produce a market where the logic of competition applies. The report envisions a state that, while itself bound by clear frameworks, is primarily tasked with the creation of additional frameworks for an efficient society through mechanisms like guarantees of a functioning market competition. The threat to a functioning competitive marketplace comes not only from excessive state regulation that hinders competition, but also from state failure to intervene when market actors themselves circumvent the competitive order of the marketplace, for example by entering price cartels.[679] Also noteworthy is how the report, in describing an ideal where "the state guarantees appropriate legal and regulatory frameworks", implies a role for the state in shielding the markets not just from their own failures but also from democratic or other influences seeking alternative governance forms not aligned with competitive logic.[680] This perspective can aptly be described as "imagining the neoliberal state", suggesting a vision where the state's primary function is to ensure stable conditions for market competition, potentially even at the expense of democratic decision-making processes, but also protection from "market failures".

This concept of the state, constrained by frameworks and charged with generating additional frameworks as its principal method of ensuring competitive markets, closely mirrors the model proposed by Buchanan and Tullock, as previously examined. It should be noted, however, that the report claims to base its approach "on the fundamental principles of Western society: democracy and market economy", both of whom need regulatory frameworks ensuring that they can function together.[681] Just as the constraints on the welfare state are described as necessary to safeguard it, the same principle applies to democracy; it also requires boundaries if it is to function and endure. This is a reflection of the authors' re-articulation of the concept of democracy in accordance with public choice theory, which its advocates also claim to be based on specific Western values, seen as essential for a functioning market economy.[682]

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678 Lindbeck et al., *SOU 1993:16*, 68.

679 Lindbeck et al., *SOU 1993:16*, 68.

680 This analysis is indebted to Rune Møller Stahl. He contends that similar arguments ought to be interpreted as "a critique of the role of democracy and popular participation in governance". Møller Stahl, "From Depoliticisation to Dedemocratisation: Revisiting the Neoliberal Turn in Macroeconomics," 406. I elaborate on this argument in my introductory chapter.

681 Lindbeck et al., *SOU 1993:16*, 179.

682 Refer to my discussion on "Judeo-Christian values" in the introduction to this thesis. Intriguingly, Hayek also explored the notion that freedom might be contingent upon Christian values. Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 66-67.

The report's focus on the state centres on the nature of its actions — either their absence or their failures. The report, like Lindbeck's previous writings, underscores that markets cannot function autonomously; they require the active intervention of the state to foster and maintain competition. It is crucial to note this articulated link between state action, competition, and markets.

The state, or the political process, however, is articulated as anything but an optimal space for the materialisation of the interests of the citizens. "Citizens, who seek to fulfil their interests through the political process find that a vote for a specific political party is not always an effective way to express wishes on a specific topic."[683] The reason given for this is that the democratic process, as it is structured, forces voters to accept packages of ideas promoted by political parties. This leads voters to organise in "interest groups" in order to have an influence on specific issues. Such interest groups, according to the report, have a disproportionate influence on political decisions, which threatens the "public interest". "The public interest", the report states, "is something different than the sum of all special interests."[684] Instead the report identifies a general conflict between (the sum of) special interests and the public interest.

> The relationship between special interests and the public interest can be compared to the relationship between competition and monopoly. In a monopoly, the self-interest of producers does not lead to socio-economically efficient solutions. Therefore, it is the state's task to create rules that promote efficiency in competition. Similarly, it is the state's task to create institutional frameworks for the political process that strengthen the public interest against special interests.[685]

The analogy drawn between the public interest and competition itself highlights the significance of competitive logic within the report's overarching arguments. Moreover, the argument, even down to the specific choice of words, bears a striking resemblance to the concepts used by Buchanan and Tullock in *The Calculus of Consent*, demonstrating the close intellectual affiliation Lindbeck, as evidenced through his collective writings, has with the school of public choice. This is evident in the report's use of concepts such as "public interest" and "special interests", which, as explored in my introductory chapter, play a significant role in Buchanan's and Tullock's work.[686] The Lindbeck commission's report is notably vague in its articulation of what constitutes "the public interest" and offers little more than an implication that this interest dovetails with the report's broader recommendations.[687] It essentially promotes a model of governance rooted in the logic of competition. This is strikingly similar to the assertions made by Buchanan and Tullock,

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[683] Lindbeck et al., *SOU 1993:16*, 68.

[684] Lindbeck et al., *SOU 1993:16*, 69.

[685] Lindbeck et al., *SOU 1993:16*, 69.

[686] See also Mirowski, Review of Nancy MacLean, Democracy in Chains.

[687] This observation also applies to Buchanan's and Tullock's definition, as highlighted by Mirowski. See Mirowski, Review of Nancy MacLean, Democracy in Chains.

who argue that the dilemmas they highlight arise from the democratic process undermining "the public interest". Implicit in this stance is the presupposition that a correct understanding of the public interest is the privilege of a select group of (neoliberal) intellectuals advocating these views. The sometimes vague, implied conflict between individual freedom (expressed through consumer sovereignty, etc.) and democracy, which had been articulated in Lindbeck's writings since the late 1950s, becomes more explicit with the use of public choice language. Here, Lindbeck re-articulates his scepticism towards democratic logics, which had previously been influenced by Hayekian epistemology and neo-Keynesian ideas, in line with public choice terminology. Therefore, public choice theory can also be seen as addressing Lindbeck's problematisation of democracy or direct democratic influence as endangering the market system, where individuals can more effectively convey their desires and wishes than they are able to do through the act of voting.

It should also be noted that central neoliberal actors have maintained an ambivalent relationship with market monopolies. Initially, it was believed that state intervention was necessary to mitigate the risk that such monopolies would be formed. Later, neoliberals regarded marketplace monopolies as inconsequential, arguing that any business operating in an open market must behave as if it faced competition; otherwise, competition would naturally emerge, provided the monopoly was not artificially maintained by the state.[688] This, however, is not a position taken in the report, which sees monopolies as a central problem that the state must prioritise. The commission's treatment of the problems related to monopolies also makes visible the link between the articulated problems of politics and the problems of the economy, which are implied to have had very similar roots.

The analogy of monopoly is employed here to justify state intervention in the name of the "public interest", which is seen as being under threat from "special interests" adept at co-opting the democratic process. This situation, it is argued, necessitates strict regulatory frameworks, akin to those required to prevent market monopolies. The analogy further illustrates how political issues are essentially framed similarly to market-related problems, suggesting that both realms operate under the same logic, where individuals are primarily motivated by their self-interest.

To conclude, we are not merely dealing with proposals for marketisation, but rather with proposals for an interventionist state that protects markets while maintaining their efficiency through guaranteeing competition.

Articulating pluralism

It is indicative of the public choice approach adopted in the report that its authors consistently suggest that structural and economic issues across a wide range of sectors can

[688] Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 64.

be ultimately attributed to political problems. These political problems are shaped by the fact "that decisions to a great extent have been formed under the influence of special interests and short-term tactical considerations",[689] which do not encourage any emphasis on a greater good, or public interest. Consequently, the authors conclude that "Swedish democracy in these respects has major weaknesses and therefore needs to change in the direction towards pluralism and more personal responsibility".[690]

This reshaping of democracy should take into account the intricate nature of society, which the report describes as a complex network of interrelated and overlapping domains. Each of these spheres is guided by its own distinct, (potentially) ever-changing, logic, and seems to exist in a perpetual state of flux:

> The market, for example, is a superior method for achieving efficient production, especially in a situation where there is competition, but there are many wishes that cannot be fulfilled by the market. Enforcement through legislation based on majority decisions is a condition for guaranteeing the safety of citizens and to uphold common game rules for society as a whole, but legislation cannot replace citizens' voluntary commitment. Independent courts are required to interpret legislation and to protect citizens' freedoms and rights, but many social coordination problems cannot be solved by legal measures. The university is meant to ensure scientific independence, but several problems in society lack a scientific solution. Local self-determination is a method for citizens to decide on common matters, but local self-determination is limited by demands for the rule of law and equal treatment. The family is one of society's foundational units, but the role of the traditional family and division of labour has changed through the modernisation of society and women's increased part in the workforce outside of the household.
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> Voluntary associations are an expression of spontaneous organisation of civil society [medborgarsamhället], but strong interest organisations can come into conflict with the public interest.[691]

The main problem for social organisation, the report argues:

> is not to choose one institution before another, but to find a mix that allows every institution to develop its advantages while simultaneously decreasing disadvantages and side effects. A combination of institutions and game rules creates the constitution of a society, in the broadest sense.[692]

Here we see a portrayal of society as an intricate, organic mechanism. Its various components necessitate state intervention, not for planning or creation, but to monitor and balance the conflicting interests that govern different sectors, each possibly having an

[689] Lindbeck et al., *SOU 1993:16*, 149.

[690] Lindbeck et al., *SOU 1993:16*, 149.

[691] Lindbeck et al., *SOU 1993:16*, 151-52.

[692] Lindbeck et al., *SOU 1993:16*, 152.

inherent tendency to expand to the detriment of others. The primary role of the state is to ensure that these special interests do not upset this delicate equilibrium by allowing one domain to expand harmfully at the expense of another. This rationale may initially appear paradoxical, as it casts the state as both the chief threat to, and the custodian of, a balanced society. This idea, however, is rooted in what the French philosopher Jacques Rancière refers to as "the police", defined as "an order of bodies"[693] that assigns everything to its proper place — a construct that should not be conflated with the state but rather illustrates the tension between the state and (civil) society. The governance model proposed here can be characterised as a form of ordering without necessitating a planning state. The state is tasked with creating the conditions for a balanced ecosystem, which includes preventing the application of majority decision ideals in areas where they are considered unsuitable. Similarly, decisions based on market dynamics, scientific solutions, and so forth, are only deemed fitting within certain, clearly defined sectors. If one sector of society acquires disproportionate power or influence to the detriment of another, it is incumbent upon the state to step in to re-establish or maintain balance. This might involve ensuring that democratic solutions are not employed in contexts where they are inappropriate, much like market solutions should not be applied indiscriminately. Again, this shows that we are not dealing with a process of pure marketisation.

The report continues by arguing that "the different collective organs of society must have clearly formulated tasks and clear incentives. The division of responsibilities demands demarcations [gränsdragningar] between different spheres of society."[694] Although the authors of the report consistently advocate for the principles of the competitive marketplace as a panacea for a range of challenges, at the same time they recognise that different spheres of society operate — and indeed should operate — under different logics. This notion is termed "pluralism" in the report, a concept that Lindbeck had previously operationalised in opposition to those advocating a shift towards socialism or the proposers of the wage earner funds. Pluralism is articulated as an indispensable element of the democratic society that the report aims to outline. This pluralism, however, "demands […] that every strong interest is controlled by it being balanced by a counter interest".[695] The report continues by arguing that a system that is constructed to reach this form of spontaneous equilibrium is preferable to

[693] Jacques Rancière writes that: "The police is thus first an order of bodies that defines the allocation of ways of doing, ways of being, and ways of saying, and sees that those bodies are assigned by name to a particular place and task; it is an order of the visible and the sayable that sees that a particular activity is visible, and another is not, that this speech is understood as discourse and another as noise. It is police law, for example, that traditionally turns the workplace into a private space not regulated by the ways of seeing and saying proper to what is called the public domain, where the worker's having a part is strictly defined by the remuneration of his work. Policing is not so much the "disciplining" of bodies as a rule governing their appearing, a configuration of occupations and the properties of the spaces where these occupations are distributed." Jacques Rancière, *Disagreement: Politics and Philosophy* (Minneapolis: University of Minnesota Press, 1999), 29.

[694] Lindbeck et al., *SOU 1993:16*, 152.

[695] Lindbeck et al., *SOU 1993:16*, 152.

political governing, since politics "risks having different effects than those aimed at, in a worst case the direct opposite".[696] The concepts of balancing and counterbalancing recur throughout the text, serving as stand-ins for the notion of equilibrium. While the term "equilibrium" is never explicitly employed, its essence is frequently suggested through the repeated emphasis on balancing and counterbalancing forces. In this argument, I propose that Lindbeck's idea of pluralism, inherently antagonistic to socialism, is rooted both in a radical neoliberal ontology and in a notion of equilibrium as proposed by Robert Nash, discussed above in relation to Lindbeck's writings on the insider-outsider dilemma. This ontology views all components of society as participating in market-like interactions, as evidenced by the analogy between political issues and the problem of monopolies, as previously discussed. Still, the report's vision is not limited to marketisation in every sphere but allows for a diversity of logics. Such pluralism, with its different centres of power providing balance, mimics the equilibrium principles of a marketplace. This understanding contains the idea that certain social spheres require market-like logics as counterbalances. Therefore, the report argues that a malfunctioning democracy — such as is claimed to exist in Sweden — can be conceptualised and scrutinised in terms analogous to those used for a dysfunctional market. Additionally, by using the notion of pluralism, which carries inherent anti-socialist connotations, to represent democracy, the report's articulation of democracy includes a profound anti-socialist dimension.

Articulating the problem of the Riksdag

Much like other concerns explored in the report, challenges related to democracy are principally framed as a problem within the public choice dichotomy where "special interests" are perceived to outweigh the "public interest". According to the commission "the main problem with today's Swedish Riksdag is that the public interest struggles to assert itself against various kinds of special interests".[697] However, as discussed earlier, the notion of the public interest is complex and often at odds with the political and democratic process. The report argues that this process has been co-opted by special interests, creating problems that demand state intervention in a similar way to a market facing the risk of monopolies. Consequently, an examination of the report's suggestions for how the state should regulate these special interests is essential to understand their perspective.

One illustration of this is the commission's intervention in the long-running Swedish debate about the length of the term of a parliament. This debate had been ongoing since at least the 1980s when a majority recommendation by a parliamentary committee had advocated extending the term from three to four years. Only the representative from the Left Communist Party strongly advocated for maintaining the three-year mandate period

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[696] Lindbeck et al., *SOU 1993:16*, 153.

[697] Lindbeck, "Lindbeckkommissionen och framtiden."

that had been established since 1970.[698] Here, the commission report goes a step further than the parliamentary committee and argues for an extension from three years to "4 or preferably 5 years" in order to ensure more "independent, forceful and long-term politics".[699] The commission's primary objectives are to counteract special interests and shield the economy from uncertainties linked to the democratic process. The argument is that when politicians are constantly urged to heed public opinion this is detrimental to the public interest, given that voters often opt for politicians who champion their special interests over the public interest.[700] Consequently, representative democracy is problematic as it serves to facilitate these special interests. To realign politicians with the broader public good, the commission advocates a reduction in the size of the Riksdag. With fewer parliamentarians, they argue, each would be accountable to a more extensive electorate, fostering a wider range of concerns. This, in turn, would increase the likelihood that decisions would converge towards the public interest and achieve a form of equilibrium by reconciling diverse needs and desires. Moreover, reducing the number of parliamentarians is viewed as a means of curtailing the sway of local interests over national or collective issues. "The parties would have better opportunities to rise above limited local and regional interests if they […] more often nominated candidates that were more interested in considering holistic perspectives and public interests."[701] The commission here follows the reasoning around the formation of equilibrium as a form of spontaneous order that government should always strive to produce.

It is worth noting that the strategy of influencing the behaviour of parliamentarians by aligning them more closely with the public interest can be interpreted through Foucault's understanding of governmentality as the "conduct of conduct". In the present context, the commission expects that by altering the framework within which parliamentarians function, their interests — and by extension, their actions — will more or less spontaneously adjust. The preferred structure, which obliges parliamentarians to represent a broader range of the population, is thereby posited to exert an indirect influence on the conduct of these elected figures. Consequently, this framework serves to subjectivise them as representatives aligned with the public interest. Considering Lindbeck's, and the commission's, emphasis on pluralism, it is intriguing that they do not argue that pluralism should be an internal logic within the parliamentary system, in the sense that it would be preferable for as many interests as possible to be represented in the parliamentary body. This highlights their interpretation of the tension between the public interest and special interests. As mentioned earlier, the public interest cannot simply be seen as the aggregate of all special interests. This challenges the notion that a majority can embody the public interest. Instead, suitable conditions or frameworks must be deliberately created to ensure

698 *Folkstyrelsens villkor: betänkande*, (Stockholm: Allmänna förlaget, 1987).

699 Lindbeck et al., *SOU 1993:16*, 159.

700 Lindbeck et al., *SOU 1993:16*, 159.

701 Lindbeck et al., *SOU 1993:16*, 159.

that the parliamentarians inherently represent the public interest — namely, to establish the prerequisites for parliamentarians to embody the general conception of governance outlined in the report.

Adding to the complexity there are challenges that arise from the necessity for parliamentarians with specialised expertise, but who are not required to act in line with special interests. The problem is exemplified by the report's discussion around the way representatives on parliamentary committees are chosen, where "farmers tend to be placed in the agricultural committee, teachers in the education committee and so on".[702] However, for practical reasons this does not result in a recommendation to completely disqualify the representation of specific work categories on the committees representing their specific fields. The problem, or the dilemma, that the report identifies here appears connected to Hayek's knowledge problem. Knowledge that specific actors have gained by operating in their specific fields (education, agriculture and so on) is deemed necessary for governing specific sectors, but also potentially problematic. It is problematic because it puts specific knowledge above the knowledge that market logic connected to competition is the best governor of these specific sectors, and because specific knowledge is deemed to be linked to special interests. Again, the report argues that the active construction of counter-weights is the best solution to this problem, suggesting, for example, that: "[a] possibility to counter this tendency would be different kinds of restrictions against interest affiliations"[703] while simultaneously toughening the regulations against conflict of interest or bias.[704] The primary argument against an outright ban on conflict of interest in parliamentary committee work stems not from the necessity for expert knowledge, but rather from the belief that governmental regulations are generally ineffective. According to Lindbeck and his co-authors, any planned actions that deviate from a competitive market logic could give rise to unforeseen side-effects. Regulations would just lead to special interests "finding other ways"[705] to gain influence. Interestingly the report blames the "easily led mass media"[706] for this problem, essentially problematising Swedish journalism as agents for special interests because of their inability to understand the public good.

Consequently, instead of employing direct regulations that could lead to unintended and undesirable consequences, the authors propose the creation of frameworks that ensure the prevalence of market logics, thereby allowing for the spontaneous emergence of solutions and order. They, for example, write that:

> [a] natural strategy would be to give committees broader and more general tasks. The committee of agriculture, for example, should be included in a general business committee.

[702] Lindbeck et al., *SOU 1993:16*, 159-60.

[703] Lindbeck et al., *SOU 1993:16*, 160.

[704] Lindbeck et al., *SOU 1993:16*, 160.

[705] Lindbeck et al., *SOU 1993:16*, 160.

[706] Lindbeck et al., *SOU 1993:16*, 160.

> The Committee on Finance should also […] be given a superior role in dealing with the state budget.[707]

The solution, therefore, is not merely to establish a framework where special interests are counterbalanced (by broadening the remit of various committees), but also to ensure the ascendancy of committees that are presumed to operate in line with the principles of a competitive marketplace — such as business and finance committees — "important factors if one wants to strengthen the public interest".[708] The public interest is thus articulated to be the effect of an equilibrium that will emerge within a specific framework that forces interests to compete against each other. This follows a logic that closely resembles the game theory model of the prisoner's dilemma — where it is perceived that a model that creates a situation where all involved actors plot and strategise against each other will create an optimal outcome in the form of an equilibrium that benefits everyone. This reasoning can be recognised from the thinking of Robert Nash, who came to be important for Lindbeck's own thinking from the 1980s, as discussed above.[709]

The state as an enterprise?

Following the idea associated with neoliberals such as Ronald Coase, who was important for Lindbeck's intellectual development from at least the 1970s, the commission report advances the radical proposition of transforming the Swedish state to something that resembles an enterprise. Lindbeck and his co-authors propose to change the role of the Riksdag from being primarily a legislative body to that of an auditing entity:

> Today's members of the Riksdag are more focused on deciding on new reforms rather than evaluating past decisions, despite the fact that follow-up and auditing would offer significant opportunities to highlight irregularities and inefficiencies.[710]

To achieve this, the commission initially proposes restricting each parliamentarian's capacity to introduce motions on individual issues to just one per term of office, arguing that "restrictions on the right to put forward motions are particularly called for when these are proposals that lead to increased government spending".[711] While the Riksdag is redefined as primarily an auditing body, auditing is in turn defined as making cost-savings possible while keeping expenditure in check.[712] However, the Swedish Riksdag is seen as

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707 Lindbeck et al., *SOU 1993:16*, 160.

708 Lindbeck et al., *SOU 1993:16*, 160.

709 For an elaboration regarding Robert Nash and game theory, see Mirowski, *Machine Dreams: Economics Becomes a Cyborg Science*.

710 Lindbeck et al., *SOU 1993:16*, 160.

711 Lindbeck et al., *SOU 1993:16*, 160.

712 Lindbeck et al., *SOU 1993:16*, 160.

being ill equipped to deal with the necessary function of auditing. "The Swedish Riksdag's auditors should therefore be given greater responsibility and be made into one of the parliament's most important bodies."[713] This is followed by a proposal for the auditing services (that are perceived to be the most important role and function the Swedish Riksdag) "to be contracted out [upphandlas] through contracting Swedish and foreign auditing bodies [granskningsorgan]".[714] The Commission thus argues that one of the most important parliamentary functions could with advantage be carried out by external actors that are perceived to be better suited for the task.[715]

It is also noteworthy how the Commission, in problematising the role of the Riksdag, does so by revisiting history and idealising the conditions of the 19th century, when the Riksdag had a clearer role of safeguarding the population from unjust taxation by the sovereign:

> The European parliaments once emerged as a method for the monarchy to convince mostly reluctant subjects to contribute through taxes to the increasingly costly wars and public administration. The legitimacy of the Riksdag is still based on the notion of the consent of the estates and the common people to levies. 'The Swedish people's ancient right to tax themselves' was exercised according to the 1809 Constitution by 'the Riksdag alone'. The current Constitution stipulates that it is the Riksdag that decides on tax to the state.[716]

The report continues "[i]n recent years, on the contrary, it has been the Riksdag, especially following pressure from various interest groups, that has advocated for increased public spending, while the government, particularly its Ministry of Finance, has aimed for fiscal restraint".[717] This leads to the conclusion that "the Riksdag's inability to assert the public interest shows that the budget process must be reformed".[718] Once more, the public interest is described as not being embodied by an elected parliament; rather, democratic representation is problematised through public choice terminology and depicted as co-opted by special interests.

These special interests, which contribute to higher taxes, the report argues, necessitate the imposition of strict limitations on the actions that the elected parliament is allowed to undertake. The commission legitimises these proposed limitations by stating that the "Swedish Riksdag's central task" is, in accordance with the public interest, to "achieve

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713 Lindbeck et al., *SOU 1993:16*, 160.

714 Lindbeck et al., *SOU 1993:16*, 160.

715 It should be notated that the wished-for function of the Swedish parliament highly resembles that of the European Parliament. EU parliamentarians can for example not put forward their own proposals for legislation but are limited to voting on questions that are brought forward by the Council of Ministers or the European Commission who have not been elected directly by the European electorate.

716 Lindbeck et al., *SOU 1993:16*, 161.

717 Lindbeck et al., *SOU 1993:16*, 161.

718 Lindbeck et al., *SOU 1993:16*, 161.

sound government finances",[719] further aligning the notion of the public interest with the report's general recommendations. Again, the idea of the public interest is that of something predetermined, and not something that can be made intelligible by the act of voting. Additionally, the report argues that "[p]roposals for new expenditures must include specified savings of the same amount within the respective committee area",[720] and that this must be guaranteed by changes to the Swedish constitution. Although the report thus advocates making it constitutionally illegal for parliamentarians to propose a budget that violates the need for fiscal restraint, this is said not to result in a limitation of democracy:

> The necessary changes to the Constitution and the Riksdag Act are decided by the Riksdag, and it is therefore a matter of voluntary self-restriction. It is the Riksdag that itself creates the new rules that enable it to better fulfil its actual mission.[721]

This reasoning effectively demonstrates how the commission, in line with the public choice notion that representative democracy requires strict constitutional restraints, reveals an articulation of democracy that is significantly, and constitutionally, constrained in the name of an abstract and pre-conceived public interest, or a form of unanimity that cannot be made intelligible by the act of voting. By accepting that the Riksdag should be tasked with putting the strict constitutional restrictions to democratic influence in place, the restrictions are articulated as democratic.

The proposals to establish constraints and limits on parliamentarians' actions underscore the commission's recommendation that the Riksdag should be prohibited from managing monetary policy via the governance of the central bank. This recommendation can be viewed as a de-democratisation of fiscal policy, though aligning perfectly with the commission's conception of democracy. Simultaneously, they specify the central bank's main task as that of fighting inflation, rather than focusing on other objectives such as keeping unemployment low.[722] The commission believes:

> in agreement with the Bank of Sweden inquiry, that it is desirable to continue creating conditions for greater continuity and a long-term perspective in monetary policy, at a certain distance from day-to-day politics.[723]

This quote also effectively illustrates how the concept of ensuring a "long-term perspective" is linked to the idea of shielding institutions from democratic influences associated with fluctuating short-sightedness.

719 Lindbeck et al., *SOU 1993:16*, 164.

720 Lindbeck et al., *SOU 1993:16*, 164.

721 Lindbeck et al., *SOU 1993:16*, 164.

722 Lindbeck et al., *SOU 1993:16*, 167-68.

723 Lindbeck et al., *SOU 1993:16*, 40.

In conclusion, the report advocates for changes in the roles of and balance between parliament and government, drawing an implicit parallel with the relationship between auditors and boards in private enterprises. Further, Lindbeck and his co-authors propose a restructuring that elevates those ministries that are seen as upholding stricter fiscal responsibility, thus echoing the private enterprise as a model. The government's relationship with voters would mirror that between a company's leadership and its shareholders. The underlying logic posits that fiscal restraint embodies the public interest, which is consistently under threat from fiscally irresponsible special interest groups whose influence drives up taxes and public debt. Instituting stringent constraints on the capacity of public officials or elected representatives to act outside a highly restrictive framework is a cornerstone of public choice theory, which becomes apparent in the recommendations for restructuring democratic institutions. The premise here is that unfettered democracy is unsustainable without stringent controls, based on the notion of human beings as actors mainly motivated by their self-interest. In agreement with leading public choice theorists such as James Buchanan and Gordon Tullock, the only viable solution is seen as to severely limit the scope of public officials' actions and to establish frameworks where interests are balanced and, in essence, nullified by mechanisms that ensure equilibrium. Interestingly, the report abstains from recommending similar restrictions for the Ministry of Finance, on the presumption of an inherent understanding of the need for fiscal restraint and a competitive market.

Municipal self-determination

The commission argues for increased powers for municipalities, particularly with regard to their ability to levy taxes independently of the state. This stance may seem at odds with Lindbeck's and his co-authors' general scepticism towards taxation. However, they address this apparent contradiction by specifying that "the power to tax must be surrounded by strict [constitutional] rules"[724] and that "referendums should be made mandatory for tax increases".[725] Because these proposed referendums would only be able to prevent tax increases, they should be perceived as a mechanism to complicate the process of raising taxes, effectively providing a veto power. The idea of using referendums as a form of veto process is again not unique to Lindbeck and his co-authors, but closely resembles Buchanan's and Tullock's ideas of unanimous consent, which more or less translates into what the Lindbeck commission calls the public interest. On this, Nancy Mclean for example writes that "the only truly fair decision-making model to 'confine the [political] exploitation of man by man within acceptable limits […] [is to] give each individual the capacity to veto the schemes of others so that the many could not impose on the few'".[726]

724 Lindbeck et al., *SOU 1993:16*, 170.

725 Lindbeck et al., *SOU 1993:16*, 171.

726 MacLean, *Democracy in Chains: the Deep History of The Radical Right's Stealth plan for America*, 79.

Since taxation is understood as a majority violation of the rights of the few, it follows that citizens, through majority decisions, should only have the ability to veto tax increases — but never reductions in taxation.

Here, the democratic right to vote is construed primarily as a negative right, allowing voters to say "no" under specific conditions. It should be noted that the report does not propose any similar voter influence, by way of mandatory referendums, over tax reductions or budgetary cuts. This delineation aligns with the conceptual differentiation between negative and positive rights. A tax increase is viewed as a positive action, implicating proactive state intervention, whereas a tax reduction merely implies a withdrawal of state action. Consequently, a majority in a referendum has no legitimate status in the latter context. Rather than endorsing broader democratic oversight of economic governance, the report's stipulation for referendums underscores the limited scenarios in which democratic action is deemed acceptable. This legitimation arises essentially when it affords citizens the ability to veto fiscal expansion, in the name of an abstract, or imagined, unanimity.

Additionally, to combat the risk of municipal tax increases, Lindbeck and his co-authors invoke the logics of competition and the production of consumer-like citizens. Tax competition, they argue "might give important incentives to effective resource management [that will guarantee low taxes] within the municipalities" because citizens' choice of place of residence is affected by municipal taxes".[727] For this to work, the report argues that the state mechanisms that even out the resources between municipalities must be reformed:

> But it is important that tax equalisation does not hinder, or even destroy, the mechanisms that are an essential component of the differentiation and dynamics of local self-government. In the long run, the state tax equalisation grant should therefore to an even greater extent than today be linked to factors that are not affected by the municipality's own decisions.[728]

Even though the report does not explicitly outline the abovementioned factors, it implies that the state should not subsidise a municipality that fails to adopt necessary austerity measures. Implementing this governing framework will compel municipalities to maintain strict budgetary controls while keeping taxes low, or risk losing residents to neighbouring municipalities that offer greater economic incentives. The underlying logic suggests that citizens can influence local tax rates and service levels by acting as rational consumers, choosing from a variety of municipalities as if they were products in a marketplace. This, in turn, incentivizes municipalities to act as if they were competing firms, striving to attract residents by offering better services or lower taxes.

This reimagined framework for municipal governance heavily relies on the principle of capitalist subjectification. It presupposes that citizens will engage in a market-like selection process when choosing between municipalities, with the implication that they will choose to

[727] Lindbeck et al., *SOU 1993:16*, 171.

[728] Lindbeck et al., *SOU 1993:16*, 171.

live in the municipality that has the lower tax rate, and that "[s]uch tax competition can provide important incentives for efficient resource management within the municipalities".[729] On the one hand, such a system can be seen as an example of how not only individuals but also municipalities are potentially driven by the logics of competition and will seek advantages from a form of entrepreneurial logic, given the right conditions. This may then be utilised to create efficiency, again in the sense that any free choice within a market-like system is considered efficient, as discussed above. On the other hand, the proposed system implicitly also aims to foster, or construct, a particular type of citizen-consumer whose behaviour and choices in turn perpetuate the system's foundational principles. For municipalities to compete for citizens, those citizens must learn to select between municipalities in the same way that rational consumers choose between commodities. We are thus again dealing with a process where, in order for the proposed form of governance to work, the "conduct of conduct", or governmentality, becomes central. Furthermore, this perspective once again reveals a radical neoliberal ontology at play: the notion that citizens' choices about where to reside can be understood as marketplace transactions, and that municipalities are in competition for citizens in the same way that private enterprises compete for customers through the act of setting a price on a commodity.

Further, the commission uses the language of local self-government as a justification for more relaxed legislation in regard to the requirement that municipalities uphold those social rights — the right to housing, eldercare, childcare and so on — that Lindbeck and his co-authors regard as being outside the sphere of "fundamental civil rights".[730] Basically they echo the philosopher Isaiah Berlin in identifying a distinction and potential conflict between negative and positive rights while supporting the former.[731]

> There is a risk that local self-government will be curtailed in practice by the state deciding on increasingly detailed legislation in the form of social rights. The limits to municipal competence should therefore only be drawn with regard to the fundamental civil rights and freedoms under the rule of law.[732]

By articulating negative rights as fundamental rights, the report opens for the possibility of municipalities, without state involvement, conducting radical privatisations, or making cuts to social services, if they so wish. In line with this reasoning, the commission sees "no reason to outline the perfect organisational model".[733] Rather, it is implied that when municipalities compete by offering different services and tax rates, the preferable forms will spontaneously emerge without any need for state planning. For this approach to be

[729] Lindbeck et al., *SOU 1993:16*, 171.

[730] Lindbeck et al., *SOU 1993:16*, 171.

[731] For a detalied disussion, see Quentin Skinner, *Liberty Before Liberalism* (Cambridge, New York: Cambridge University Press, 1998).

[732] Lindbeck et al., *SOU 1993:16*, 171.

[733] Lindbeck et al., *SOU 1993:16*, 172.

effective, municipalities must have a reduced obligation to uphold social rights (or positive rights as Isaiah Berlin defines them), focusing instead on maintaining ”fundamental civil rights and freedoms under the rule of law.” This reduced scope excludes rights such as the right to childcare, thereby increasing the freedom for individuals to choose between different municipal systems.[734] This reduction would enhance the freedom to choose between different municipal systems. Municipalities, then, may naturally adapt to the needs and desires of potential residents, much like a private company adjusts its prices and products in response to consumer signals. Seemingly offering some kind of middle way alternative, the report therefore neither proposes “total political governance nor total privatisation”,[735] since the optimal form of local governance is implied to materialise spontaneously. For this to work, however, the right of private establishment becomes “the most important requirement”[736], since it forces the logics of competition always to be at play — and only then can “the practical experience in the individual case show if a committee-based organisation, a business, a cooperative, an association or any other form of operation is the best”.[737] Only a competitive marketplace, guaranteed by active statecraft, where both the enterprise state and private or other non-state actors compete, can establish the necessary conditions for sound decision-making.

Concluding remarks

To conclude, the commission’s vision for the state remains deeply rooted in Hayekian epistemology, albeit articulated through the language of public choice theory. While public choice represents a relatively new framework for Lindbeck, particularly as regards the description of the state compared to the 1979 report, the underlying Hayekian principles are not new. Public choice theory has provided the crucial vocabulary and framework for embedding Hayekian epistemology at the heart of Swedish statecraft. This approach is most evident in the report’s distinction between “the public interest” and “special interests” which mirrors the discourse in Buchanan and Tullock’s *The Calculus of Consent*.

While the foundational logic is in line with Lindbeck’s previous work, this report introduces innovations and even radical shifts. A notable instance is the re-contextualisation of pluralism, a concept Lindbeck previously employed in opposition to his critics. Now, pluralism is re-articulated, linking it to a notion resembling the Nash equilibrium, where the state’s role is envisioned as balancing various sectors in society that are inherently in conflict with each other, in order to maintain an equilibrium in society that is akin to market dynamics. Consequently, society, in its entirety, is conceptualised as analogous to a

[734] Regarding the right to childcare, see Lindbeck et al., *SOU 1993:16*, 120.

[735] Lindbeck et al., *SOU 1993:16*, 172.

[736] Lindbeck et al., *SOU 1993:16*, 172.

[737] Lindbeck et al., *SOU 1993:16*, 172.

market. This perspective signifies the adoption of a radical neoliberal ontology, viewing and managing all aspects of society as if it were a market in its totality.

It is noteworthy that the commission envisions the state functioning internally akin to a private enterprise, with parliamentarians depicted as similar to business colleagues or auditors, whose influence within the state ought to be curtailed. Externally, the state is tasked with protecting markets not just from their inherent flaws but also from democratic or other influences that propose governance models divergent from competitive principles. This depiction, I contend, illustrates the report's conceptualisation of a neoliberal state, one that elevates the promotion of market competition, possibly at the expense of democratic decision-making processes.

However, the report's stipulation for referendums underscores the limited scenarios in which democratic action is deemed legitimate — essentially when it affords citizens the ability to veto fiscal expansion, acting in the name of an abstract unanimity. Such referendums can be interpreted as a way of giving veto-power against decisions that the commission does not endorse, like tax increases.

Furthermore, the report envisages a system in which the state plays a crucial role in shaping specific capitalist or entrepreneurial subjectivities that are essential for its self-sustenance. The governance model they promote, reminiscent of Michel Foucault's idea of governmentality, aims to cultivate a particular type of citizen-consumer through the "conduct of conduct". In the following subchapter, I will further explore the creation of capitalist subjectivity, as it emerges as one of the primary governance strategies proposed in the report.

Capitalist subjectivity: The (re)production of human capital, morals, virtues, and lessons in the competitive marketplace

In the Lindbeck commission's report, as highlighted in several sections above, the concepts of subjectivity, subjectification, or the conduct of conduct play a pivotal role in the envisioned form of statecraft and the arguments for a restructuring of the state. This governmental strategy is, for example, visible in the report's assertion that a "dynamic capitalist economy", which Lindbeck and his co-authors explicitly promote in the report, "cannot function without capitalists".[738] As argued in the report, one way of creating capitalists is to increase the number of Swedish shareholders.[739] It can be deduced that shareholding has a governmental function in that it can be assumed to align citizens' interests with the stock market, thereby subjectivising them as capitalists. Lindbeck had

[738] Lindbeck et al., *SOU 1993:16*, 86.

[739] Lindbeck et al., *SOU 1993:16*, 86.

previously advocated this when arguing for a reconfiguration of the wage earner funds system: turning it from a mechanism that empowers trade unions to one that fosters individual entrepreneurs in the stock market.

The proposed role of the state in nurturing a specific type of subjectivity or behaviour underscores a point I have consistently made: the capitalist or entrepreneurial subject is not presumed to pre-exist inherently. Instead, the state is responsible for ensuring the development or creation of capitalist or entrepreneurial subjectivity. I will use these terms analytically and interchangeably to describe the type of subject who is envisioned to take responsibility for themselves, embodying the role of an entrepreneur of themselves, in line with a Foucauldian understanding of a process that can be described as "biopower".[740]

I will explore this process by examining how the report addresses the key concept of of human capital. As elaborated in my chapter on Lindbeck's engagement with the New Left, he started to integrate the notion of human capital into his work during his stay at Columbia University in the late 1960s. This was when he met Gary Becker, the scholar primarily associated with this concept. Explicitly inspired by Becker, Lindbeck used the concept of human capital to challenge the New Left's demands for radical redistribution. He contended that achieving greater equality did not necessitate extensive redistribution. Instead, he argues that state investment in human capital, predominantly via education, could boost individuals' lifetime earnings and promote economic equality. The commission report, rather than seeing human capital as a driving factor for equality, defines the concept as:

> a factor of production, which, alongside capital, labour, and inputs is utilised in the production of goods and services. It can also be viewed as a quality dimension of the workforce, better expressing work effort than the blunt measure of working hours. Furthermore, it is a source of innovations whose role in growth is indisputable.[741]

While important, human capital is here, on the one hand, seen as a "factor of production" of goods and services like any other. On the other hand, it is an essential indicator of the quality of the workforce and, in a sense, of the value they contribute to production. I thus agree with Philip Mirowski, who argues that the neoliberal concept of human capital, associated with Gary Becker, which is here used, "deconstructs any special status for human labour" and "reduces the human being to an arbitrary bundle of 'investment', skill sets" and so on.[742] Simultaneously, it rejects Marx's labour theory of value. While Marx articulated

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[740] Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 58-59.

[741] Lindbeck et al., *SOU 1993:16*, 129-30.

[742] Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 59.

value as an abstraction of socially necessary labour time, any notion that the time worked could express the value or quality of work is here explicitly countered.[743]

While the concept of human capital is central to the entire report and seen as an essential source of both growth and innovation, the report primarily discusses the concept of human capital in relation to the question of economic incentives for education and as a measurement of the quality of education. Importantly, it is human capital that determines the quality of education, and not vice versa. Lindbeck and his co-authors, for example, argue that the number of years of study is a poor measure of the amount of "human capital that an individual brings along".[744] Just as in the case of the "factor of production", the report articulates quality by de-linking it from the notion of time. In line with its implicit critique of the labour theory of value, the report argues that it must "be strongly emphasised that the discussion on the role of human capital cannot be used to justify general and unconditional wage increases for those with higher education".[745] A reason for the disconnect between the amount of time spent in education and human capital can be discerned in their argument that "a low expected rate of return decreases study motivation and thus the outcomes".[746]

The authors of the report regard this disconnect as problematic, since the return on investment in the form of income is articulated as the primary motivator for individuals investing in themselves as human capital, or in their human capital. "Wage differences are an important incentive for productive investments in human capital",[747] the report argues. Working from the assumption that an individual is driven by economic incentives to accumulate human capital or better themselves as human capital, it is argued that:

> [t]he wage solidarity policy, which has characterised post-war wage policy in Sweden, aimed not only to realise the principle of 'equal pay for equal work' but also to force a rapid structural transformation through strong upward pressure on wages. A weakness of this wage policy is that it creates problems […] for real investments and investments in human capital and technological development. […] But as is evident from the previous description, productivity development largely depends on the formation of real and human capital and the interaction between these. The wage solidarity policy thus damages the incentives, an important aspect of the innovation process.[748]

In the conclusion of the report, the authors continue to underline how the question of human capital is intimately connected to the question of incentives:

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743 "Necessary & Surplus Labour Time," in *Encyclopedia of Marxism*, ed. Encyclopedia of Marxism (https://www.marxists.org). https://www.marxists.org/glossary/terms/n/e.htm.

744 Lindbeck et al., *SOU 1993:16*, 132.

745 Lindbeck et al., *SOU 1993:16*, 136.

746 Lindbeck et al., *SOU 1993:16*, 132.

747 Lindbeck et al., *SOU 1993:16*, 137.

748 Lindbeck et al., *SOU 1993:16*, 133-34.

> We have strongly emphasised the importance of human capital for economic growth. In the long run, investment in human capital requires that the individual receives a positive return on their investment, whether this compensation occurs in the form of formal education or through the accumulation of experience and qualifications in the workplace —on-the-job training. This necessarily presupposes a certain degree of wage dispersion. Against this, it must be weighed that increasing the educational capacity of educational institutions and companies can in the long term contribute to limiting the return that an individual can receive on their human capital.[749]

An analysis of the quoted statements on human capital yields two principal insights. The first and most immediately apparent revolves around the argument that the wage solidarity policy diminishes the incentive for individuals to develop new skills, whether within the educational sphere or outside it. This argument represents a move from Lindbeck's earlier advocacy for leveraging human capital towards enhancing equality. Instead, it posits that increasing wage dispersion and thereby fostering inequality would generate essential incentives for individuals to engage in self-improvement, viewing them as entrepreneurs of themselves, motivated by economic benefits to gain new skills. Consequently, the report resonates more closely with the neoliberal perspective that inequality is a catalyst for societal progress, thus diverging from Lindbeck's prior position. Wage disparity is thus an essential part of governmental strategy, as is the conduct of conduct where individuals are encouraged to better themselves spontaneously by, for example, incentive structures without direct supervision.

The second insight is intrinsically linked to Hayekian epistemology and the Hayekian knowledge problem, where only price and markets are seen as legitimate conveyors of information. The report highlights a pervasive issue: the challenge of making human capital intelligible through assessing a person's level of education. This difficulty arises because, due to the wage solidarity policy, skills are not tied to the price mechanism in a manner that would see higher skills resulting in higher wages. Increasing the wage dispersion and ensuring that skills are mirrored in higher wages makes it feasible to determine whether a certain level of education generates greater human capital, and also serve as a gauge of the quality of skills. If an educational pathway leads to higher wages, this is an indication of its value. Conversely, if it does not, this signals that the education lacks quality and discourages people from choosing that education. Following Hayekian epistemology, increased wage dispersion makes it possible to assess the quality of education, as the price mechanism provides the sole authentic measure of quality. However, for this approach to work, wages must reflect workers' skills rather than just their formal educational qualifications. This second insight also has a governance dimension, as it shows that individuals are able to spontaneously better themselves by independently acquiring skills, acting as entrepreneurs of themselves and incentivised to make their own economically rational decisions for the benefit of society as a whole, in their efforts to achieve a higher lifetime income.

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749 Lindbeck et al., *SOU 1993:16*, 194.

These excerpts also illustrate why human capital should not be regarded as an alternative term for educational attainment. The concept of capital, inherently linked to time, suggests an expectation of future returns on investment. Consequently, education and skills enhancement are viewed purely as investments and valued according to the returns they are expected to generate. Without greater wage dispersion, the enhancement of human capital through education becomes marginal, without a potential for substantial return and thus devaluing the initial investment. Essentially, evaluating the quality of education in terms of its creation of human capital involves determining its capacity to produce future returns.

Articulating education and skills as human capital suggests that the primary incentive for investing in human capital is the anticipation of increased earnings. Therefore, employing the term human capital to signify education is a speech act, subtly arguing for increased wage dispersion. The Lindbeck commission's use of the concept of human capital challenges the tradition of the wage solidarity policy, upheld by Swedish trade unions and the Social Democratic Party, which is often described as a foundational aspect of the Swedish model.[750] As noted, the report envisions increased wage disparity as encouraging individuals to continuously improve themselves for the overall advantage of society and the economy. However, this shift also necessitates reforming the social security system, as a generous welfare system provides alternatives to self-improvement for acquiring resources. The report concludes: "How the political process has shaped the distribution and security systems explains the low savings and the slower accumulation of human capital over the past two decades".[751]

However, following a Hayekian, neoliberal, epistemic conclusion that no individual can possess complete information about the world around them, the report argues that the expected return incentives are insufficient to guarantee the production of human capital:

> If human capital were a matter that individuals decided with full information about different education alternatives and complete consideration of the socio-economic consequences, there would be no obvious reason for the public sector to influence their decisions. However, the situation is more complex than that. Knowledge differs from other commodities because its value is not fully appreciated until it is possessed. Nor can it be assumed that very young people have the capacity to make decisions with lifelong consequences. This is the main reason for mandatory education.[752]

Those who make decisions about investment in themselves as human capital cannot do so without being taught to act as economically rational agents, again showing that the authors of the report do not submit to a universal notion of human nature as a rational agent.

[750] Blyth, "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change," 13ff.

[751] Lindbeck et al., *SOU 1993:16*, 149.

[752] Lindbeck et al., *SOU 1993:16*, 130.

Economic rationality must be learnt. Therefore, the state must influence the form of education that individuals participate in and keep education mandatory.

The crisis of the welfare state

Moving on from here, I will further examine the Lindbeck commission's notion of how the structures of the welfare system, with their distributional and security aspects, affect human behaviour and the conduct of conduct. Problematising the incentive structures of the welfare system, the report argues that the "welfare state's crisis is a crisis of efficiency and a crisis of trust",[753] continuing:

> Tax financing makes it difficult to know if services are delivered in the quantity and manner individuals would desire. But the efficiency problems go beyond that. The expenditure programmes, and their tax financing, also create incentive problems in the market sector.[754]

Just as in the case of human capital, the report argues that the lack of price signals makes it difficult, if not impossible, to assess the quality of the welfare system. The problems are depicted as epistemic: they are problems of the transference of knowledge, which in turn leads to an unpredictable myriad of other problems. Here, the report's description of the welfare state's crisis can be interpreted as articulating the Hayekian knowledge problem, where the questions of efficiency and trust are linked. Further, the quality issue is also an issue of desire, and the lack of a price signal thus also makes it impossible to assess if the welfare system is fulfilling individuals' desires. A tax-funded system is seen as a system where desire is unintelligible and, therefore, potentially unattainable, implying that the system is illegitimate. Further, considering Lindbeck's definition of efficiency as consumers making free choices in the market and trust as a moral issue that indirectly shapes individuals' behaviour and conduct, both efficiency and trust concern the question of human behaviour and the conduct of conduct, and can thus be understood as linked to the knowledge problem.

The report continues, concretising the moral implications of the crisis:

> The generous benefit systems […] tempt individuals to take advantage of the welfare systems instead of attempting to improve their situation through their own productive efforts. High marginal taxes increase this temptation because they make it more difficult for individuals to improve their situation through their own efforts in productive life.[755]

"It is", the report argues, "a main task in the Swedish economy to tackle these problems through structural reforms",[756] essentially articulating conduct as a problem connected to

[753] Lindbeck et al., *SOU 1993:16*, 87.

[754] Lindbeck et al., *SOU 1993:16*, 87.

[755] Lindbeck et al., *SOU 1993:16*, 87.

[756] Lindbeck et al., *SOU 1993:16*, 87.

the structures of the welfare state. Note how the question of incentives works both ways. On the one hand, individuals are incentivised to remain unproductive because the welfare system is overly generous. On the other, the authors argue that people are not incentivised to be entrepreneurial because high-income earners are taxed too high.

The report treats this problem as a question of moral hazard, which effectively links moral problems to the structures of the welfare state:

> Individuals, who were not intended as beneficiaries when the systems were designed, have adapted their behaviour to become just that, beneficiaries — a moral hazard. The perception of citizens, including administrators, of what constitutes, for example, illness is influenced by the benefit system, especially in the case of vague symptoms.[757]

Interestingly, the report here hints at how an expansive welfare system also has problematic cultural implications in that it can transform general notions regarding what constitutes illness, creating beneficiaries and thus draining society both morally and economically. This "moral hazard" is also exemplified by how some "citizens are tempted to abuse benefits that are not intended for them", which leads to a general tendency that decreases trust in society, threatening the entire legitimacy of the welfare system.[758] As noted above, the report goes as far as to state that the welfare state's problem is beyond being a crisis of efficiency: it is "a crisis of trust".[759] Their argument implies that an expansive welfare system generates internal contradictions, which risk its downfall, not unlike Marx's analysis of the trajectory of capitalism. In Marx's theory, the capitalist system struggles to maintain its need to produce surplus value while simultaneously undermining that need.[760] However, unlike Marx the Lindbeck commission does not present the contradictions as having an economic root. Here, the contradiction instead has a moral root in that the welfare system, which depends on high trust, can lead to suspicion and distrust. My interpretation is that the report suggests that one of the main tasks of statecraft is to break this cycle, which is inherent in an expansive welfare system that is driven by the actions of its beneficiaries, whose spontaneous adjustments to the system are also the driving factor in its expansion.

The solution to this moral hazard is partly seen as refraining from exposing individuals to an overgenerous welfare system, whose administrators, in turn, apply an overgenerous definition of what constitutes an illness. In the sense that morality constitutes a framework

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757 The report uses the term "moral hazard" in English, and therefore, I have not translated it. Lindbeck et al., *SOU 1993:16*, 93.

758 Lindbeck et al., *SOU 1993:16*, 93.

759 Lindbeck et al., *SOU 1993:16*, 87.

760 In simplified terms, the Marxist notion of the internal contradictions of capital accumulation highlights that for businesses to generate surplus value, they must suppress wages. However, this action complicates the sale of goods at high rates of profit, thereby diminishing the potential to produce surplus value. This cycle leads to a crisis, and, according to Marx, is inherent in the capitalist system. David Harvey, "The Enigma of Capital and the Crisis this Time," *davidharvey.org*, *David Harvey*, 2010, https://davidharvey.org/2010/08/the-enigma-of-capital-and-the-crisis-this-time/.

regulating the self-conduct of individuals, the main task in the proposed form of governing can be interpreted as offering an alternative moral framework. This would instead subject individuals to positive incentives by reductions in marginal taxation. This is my interpretation of how the authors seek to create entrepreneurial subjects that "improve their situation through their own efforts" instead of being "beneficiaries". Thus, both the problems of efficiency and of trust can be solved by implementing price signals since these spontaneously and simultaneously create preferable moral conditions and efficiency.

This argument is intrinsically linked to other core issues that the Lindbeck commission seeks to resolve, such as unemployment. The report argues that unemployment should be tackled primarily by creating incentives to work and by reducing the generosity of the welfare system. For instance, the report argues that individuals should assume a more active (and implicitly entrepreneurial) role in areas traditionally dominated by the state:

> [W]e advocate for a society where the individual takes greater personal responsibility than today in terms of allocating their consumption over time, creating economic security for themselves and their family, and utilising various types of care and support services.[761]

For this to work, the expansion of the welfare state must be reversed, or at least stopped, the report argues, stating that it is "important to have constitutional rules that, with every political decision, force a realistic balancing of benefits and costs".[762] The problems regarding subjectification, connected to the size of the welfare state, are seen as critical, and therefore, meriting a constitutional change halting the expansion of the welfare state. Thus, the report aims to establish a constitutionally bound framework that guarantees that individuals are motivated to improve their own situation spontaneously, akin to the neoliberal subjects who are "entrepreneurs of themselves" responsible for their own wellbeing.[763] Moreover, I understand the reference to the family being the individual's economic responsibility as a continuation of Lindbeck's work in the 1980s. Then, he articulated the danger of the state nationalising the family by taking over the responsibility for care and support services as one of the greatest risks of his time. In the Lindbeck commission's report, however, the family question is barely mentioned explicitly, although the report is still in line with Lindbeck's discussion of the welfare state during the 1980s and argues for a mandatory social insurance system as a part of the general welfare provision.

> In the absence of mandatory social insurance, some citizens would refrain from saving and insuring themselves; the reason would be that they count on others, i.e., the taxpayers, to help them if they were to fall on hard times — the free-rider motive.[764]

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761 Lindbeck et al., *SOU 1993:16*, 88.

762 Lindbeck et al., *SOU 1993:16*, 88.

763 Lindbeck et al., *SOU 1993:16*, 36, 87-88.

764 Lindbeck et al., *SOU 1993:16*, 93.

The report continues by listing another motive, which as in Lindbeck's earlier work on the welfare state, is called the "paternalistic motive", which suggests a belief that, while the marketplace serves as a space for learning, not all individuals possess the capacity to absorb the knowledge it provides. A third reason, referred to as the "adverse selection motive", is that insurance companies would refuse to insure high-risk patients in a non-mandatory system, thus passing these costs to the public purse.[765] Therefore, state intervention through a restrained welfare state is required to address these three issues. Each issue is grounded in a Hayekian form of neoliberal rationality, encompassing the idea that some individuals cannot care for themselves. This rationale seeks to protect taxpayers from excessive costs and gains legitimacy through neoliberal discourse, using public choice discourse where the free-rider question has an important role.

However, the welfare system proposed to address these three fundamental issues is envisioned to have a much more limited scope than the one they critique. The commission recognises that the development of a new entrepreneurial subjectivity, necessary for a comprehensive reform of the social security system to one that does not produce adverse moral consequences, cannot happen overnight. Echoing Hayek, who argued that the "economic problem of society is mainly one of rapid adaptation to changes in the particular circumstance of time and place",[766] Lindbeck and his co-authors assert that "citizens need time to adapt".[767] I interpret this as indicative of their view of conduct as emerging from a gradual learning process, deeply embedded in culture rather than universally innate. If people who have adapted to exist in one context are suddenly forced into another reality, the results could be very harmful. According to the report, a method for the gradual transformation of society, consistent with Lindbeck's earlier long-term view, could involve raising the level of deductibles in the public insurance system:

> Regarding systems such as unemployment insurance, sickness benefits, and compensation for temporary work injury, the implemented and proposed reforms appear rational: to increase the deductibles by both reducing the benefit levels and increasing the number of qualifying days of sickness.[768]

This allows for a slow adaptation to the information communicated by price signals. The report contends that this approach will incentivise individuals to avoid becoming dependent on the public insurance system.[769] This implies that the authors of the report believe that citizens will be motivated to prevent workplace injuries, illness, or

765 Lindbeck et al., *SOU 1993:16*, 93.

766 Hayek, "The Use of Knowledge in Society," 8.

767 Lindbeck et al., *SOU 1993:16*, 100.

768 Lindbeck et al., *SOU 1993:16*, 100.

769 Lindbeck et al., *SOU 1993:16*, 100.

unemployment if these situations are linked to higher economic risks.[770] A similar logic underpins the construction of positive incentives:

> *Fiscal policy*, despite the large budget deficit, should be able to be designed to contribute to *reduced unemployment* by the general method of paying citizens as much as possible to work instead of paying them for not working.[771]

Therefore, it is considered legitimate for the state to pay or subsidise cheap labour, such as "affordable forms of standby work, especially for repair, conversion, and extension" in housing.[772] However, a notable exception to this rule warrants serious attention: the question of negative income tax or universal basic income, which the report addresses seriously.

Central to the quest for governance through "increased individual responsibility" is the report's notion of "basic protection":

> If one aims for a society with more individual responsibility, there are good reasons to limit the compensation in *mandatory security* systems to a form of *basic protection*, whether this is a fixed amount in kronor, the same for everyone, or income-dependent up to a certain level.
>
> By 'basic protection', we mean that a cap is placed on the mandatory benefits, and that this cap is at the level that large groups of citizens find it desirable to obtain significant income protection above this cap.[773]

Basic protection is explicitly used as an argument to incentivise individuals to acquire private social insurance whilst simultaneously handling the above-mentioned free-rider problem. Even though in ambivalent tones, the report seriously discusses the implementation of universal basic income (or negative income tax) as the solution for reconstructing the Swedish welfare system. In a negative income tax system, the state pays individuals with earnings below a certain threshold, while those earning above it pay taxes to the state. Lindbeck and his co-authors argue that a basic income does not disturb the incentive system discussed above.[774] They argue that a negative income tax, or universal basic income, which they also call a "state-guaranteed basic security",

> with a fixed amount that is the same for everyone, like a basic pension, can be seen as a way to reduce the number of social assistance recipients. Such basic protection indeed entails

[770] The logic closely resembles what neoliberals effectively recommended to counter the AIDS crisis in the US during the 1980s and 1990s, as described by Melinda Cooper. By keeping people at risk of getting HIV or AIDS outside the public insurance systems, they were deemed to be more likely to take active action to not become infected in the first place. Cooper, *Family Values: Between Neoliberalism and the New Social Conservatism*, 168.

[771] Lindbeck et al., *SOU 1993:16*, 187.

[772] Lindbeck et al., *SOU 1993:16*, 187.

[773] Lindbeck et al., *SOU 1993:16*, 94.

[774] Lindbeck et al., *SOU 1993:16*, 95-96.

> slightly higher expenditure than social assistance but lower administrative costs and less governmental control over an individual's life.[775]

Interestingly, the report explicitly argues that this basic income system may indeed increase the cost of the welfare system (even though reduced administrative costs might partly mitigate this). Still, its implementation is not motivated by cost but by what can be described as a governmental logic. As discussed above, the existing social security system is thought to encourage people to become passive beneficiaries who do not take responsibility for their own provision and are instead seeking to expand the welfare system that supplies them. This is described as a "moral hazard". The commission suggests that implementing a universal basic income system would decrease the number of social assistance recipients, thus mitigating the "moral hazard" problem. In this regard, a negative tax system has the advantage of not exposing individuals to situations that may lead to poor morals, increased costs and decreased trust, whilst still providing individuals with the means to survive in case of unemployment, accidents, sickness and so on.

During the post-war era, ideas about a universal basic income were widely debated among neoliberals as a solution to problems associated with a growing state. Negative income tax as a form of universal basic income seems to have originated with Chicago school (or American) neoliberals such as Milton Friedman.[776] In the chapter "Alleviation of Poverty" in his book *Capitalism and Freedom* from 1962, Friedman writes that negative income tax "could be far less costly in money [compared to a general welfare system], let alone in the degree of governmental intervention involved, than our present collection of welfare measures".[777] While both Lindbeck and Friedman articulate the benefits of a negative income tax system, their views diverge when it comes to the financial implications of such a system. Lindbeck accepts that his approach might incur additional costs, while Friedman believes it would reduce state expenditure. Intriguingly, this divergence suggests that Lindbeck may view the price of shielding individuals from the state's influence as justifiable in its own right — more so than Friedman does (the latter viewed by Foucault as more affiliated with an anarcho-capitalist tendency).[778] It is crucial to recognise that cost is not the primary rationale for adopting a negative income tax system for either Friedman or the Lindbeck commission, indicating that their perspectives are not driven exclusively by economic considerations. However, both articulate the growth of an expanding welfare

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[775] Lindbeck et al., *SOU 1993:16*, 95.

[776] In his lecture on French (and German) neoliberalism, on 7 March 1979, Foucault discusses negative income tax primarily in relation to how it was used by French financial minister Valéry Giscard d'Estaing during the 1970s. Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 200-07.

[777] Milton Friedman and Rose D. Friedman, *Capitalism and Freedom*, 40th anniversary ed. (Chicago: University of Chicago Press, 2002), 193.

[778] Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 161.

state as a problem that needs addressing. This strain, they all propose, can be mitigated by redirecting resources towards a universal basic income system.

I believe returning to Michel Foucault's reading of neoliberalism is essential to understand the proposed role of a negative income tax or basic income.[779] Foucault saw the negative tax system as working in tandem with other core ideas of neoliberalism, and perhaps primarily with the abandonment of the striving towards full employment in a society that uses the private enterprise as a template. He writes that:

> A society formalised on the model of the enterprise, of the competitive enterprise, will be possible above the threshold, and there will be simply a minimum security, that is to say, the nullification of certain risks on the basis of a low-level threshold. That is to say, there will be a population which, from the point of view of the economic baseline, will be constantly moving between, on the one hand, assistance provided in certain eventualities when it falls below the threshold and, on the other, both its use and its availability for use according to economic needs and possibilities. It will therefore be a kind of infra- and supra-liminal floating population, a liminal population which, for an economy that has abandoned the objective of full employment, will be a constant reserve of manpower which can be drawn on, if need be, but which can also be returned to its assisted status if necessary.[780]

In this interpretation Foucault views the concept of a negative income tax as almost indispensable in "a society formalised on the model of the enterprise",[781] where competitive logic underpins all governance. However, this logic cannot be universally applied: it requires boundaries to ensure that those who falter in the competitive arena have an opportunity to re-enter spheres governed by competitive principles.[782] The problem, Foucault points out, is finding a balance where those living in the system covered by a negative income tax will "always find it preferable to work rather than receive a benefit".[783] This problem also seems central to the Lindbeck commission. There must always be incentives to return to the world governed by the logics of the competitive marketplace, without risking death or starvation for those who fail in the struggle towards successful entrepreneurship (as risktakers in a marketplace).

It should be noted that Lindbeck later revised his stance on implementing a universal basic income, or a negative income tax. In his autobiography, Lindbeck refers to the proposal for a universal basic income as "hippie subsidies" that create disincentives to work, particularly "among the less educated who value leisure and domestic work [egenarbete i hemmet]".[784]

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779 Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 200-07.

780 Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 206.

781 Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 206.

782 The very same point is made by Friedman in Friedman and Friedman, *Capitalism and Freedom*, 192.

783 Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 204.

784 Lindbeck, *Ekonomi är att välja: memoarer*, 340.

He does this without acknowledging that in the report he had presented these ideas as a potential solution to the central problems of the welfare state.

The moral causes and consequences of unemployment

The Lindbeck report was composed during a period of the highest unemployment levels in modern Swedish history. After being virtually non-existent for much of the post-war era, unemployment escalated to approximately 8% from 1993 to 1998, peaking at 13% around the time the report was written — up from about 2% in the early 1990s and late 1980s.[785] Similar to the 1978–1979 Bjurel delegation, a vital objective for the Lindbeck commission was to tackle the issue of unemployment, which makes it crucial to examine precisely how they problematise this issue. Importantly, with significant implications for interpreting unemployment as a problem, they articulate it as being directly linked to and subordinate to the problem of inflation.[786] With profound implications for understanding unemployment, this perspective aligns with discussions in the 1979 Bjurel report and is informed by the Friedmanite concept of the "Non-Accelerating Inflation Rate of Unemployment". This framework suggests that full employment might realistically align with unemployment rates of four to five per cent (or potentially higher), indicating a re-articulation of traditional benchmarks for full employment.[787] The commission's approach to unemployment is more complex than merely connecting it to the problem of inflation. To fully grasp this complexity, we must revisit Michel Foucault's notion of governmentality, or the conduct of conduct, which provides a broader framework for understanding how the commission conceptualises and seeks to manage unemployment within broader societal governance.

The Lindbeck report primarily frames the mass unemployment of the 1990s as a consequence of government intervention, which had led to artificially low levels of unemployment during the 1970s and 1980s. This is posited to have triggered wage increases, resulting in a cost crisis for private businesses. By not setting up the right conditions for an equilibrium between cost and unemployment levels, the state created the conditions for future disasters. Lindbeck and his co-authors, however, do not place the entire blame for the crisis on politics or the state.[788] Even though they argue that the "property and finance crisis of today is to a high degree caused by economic-political measures",[789] they also state that a market failure likewise was to blame because the main

[785] *Sysselsättning och arbetslöshet 1976–2004.*

[786] Lindbeck et al., *SOU 1993:16*, 23.

[787] See how the notion of full employment from the 1970s changed in the USA and OECD Gayon, "Debating International Keynesianism: The Sense of the Acceptable and the Neoliberal Turn at the OECD," 139.

[788] Lindbeck et al., *SOU 1993:16*, 27-30.

[789] Lindbeck et al., *SOU 1993:16*, 29.

actors on the Swedish market were not used to acting in an "unregulated capital market".[790] Because of this, the actors could not adequately assess "risk and information".[791] Market and business actors were thus perceived to have failed due to their acclimatisation to an environment of increased state regulation, lacking exposure to the instructive experiences offered by the marketplace. In the same way as the problem of the over-expansive welfare state is conceived as a moral problem, so is this. The Lindbeck report defines the failures of Swedish banks as a consequence of a "moral hazard", exemplified by the "way that banks were tempted to take excessively large risks [...], believing that taxpayers will cover the losses if things go wrong".[792] This perspective underscores how articulating the marketplace as a domain of knowledge profoundly influences the report's depiction of the Swedish crisis of the 1990s and its root causes.[793] Access to the markets is perceived as central in the conduct of conduct, as it teaches business actors, including banks, to self-regulate and spontaneously acquire the knowledge and skills to assess risk and information in the marketplace. The crisis of the 1990s, with its resulting mass unemployment, is thus articulated as a consequence of a fundamental moral hazard caused by state action.

As previously discussed, a de facto primary role attributed to the state by many leading neoliberals is that it should safeguard private business against organised labour interests and trade unions. This sentiment is also echoed in the Lindbeck report, which proposes active state measures directed against organised labour:

> The opportunities for *industrial action* [stridsåtgärder] are very generous in Sweden, for example, in the case of sympathy strikes. Another example is the right to industrial action in the public sector, even when it involves the exercise of public authority. Through the possibility of strike by key personnel, public employees have means of industrial action at their disposal that are forbidden in many other countries. Another example is the ability to boycott companies with unorganised labour that are not involved in any union conflict at all.[794]

The report, for example, argues for stricter regulations of trade unions' ability to organise strikes and boycotts, suggesting the need to "[a]bolish the right to boycott companies with unorganised labour that are not involved in any union conflict, unless the employees request such action".[795] Lindbeck and his co-authors also criticise "how lightly legislation and courts have long treated certain types of contract violations in the labour market, especially in the case of wildcat strikes",[796] proposing that "[b]reaches of contract in the labour market

[790] Lindbeck et al., *SOU 1993:16*, 29-30.

[791] See: Lindbeck et al., *SOU 1993:16*, 30.

[792] Lindbeck et al., *SOU 1993:16*, 84.

[793] See: Lindbeck et al., *SOU 1993:16*, 29-30.

[794] Lindbeck et al., *SOU 1993:16*, 82.

[795] Lindbeck et al., *SOU 1993:16*, 84.

[796] Lindbeck et al., *SOU 1993:16*, 82.

should be prosecuted with the same severity as other breaches of contract".[797] Practically, those who engaged in wildcat strikes could thus be held financially accountable for the economic damages they would cause. These examples are all indicative of how the Lindbeck commission regards trade union power, and the power of labour, as problematic, needing solutions mainly in the form of restriction of the right to strike in the case of strikes organised by trade unions, and severely increasing the punishments for those who strike outside the regulatory framework of the collective agreements between unions and businesses. A further problem of trade union power is found in their ability, because of the right to industrial action, to control parts of the public sector, and therefore control of the exercise of public authority. The Lindbeck report also aims to limit the political power of unions by restricting their right to take industrial action. This right is thus, in a sense, articulated as breaking with the idea of a state that governs through the rule of law, because of how legal, governmental action can be prevented by the exercise of union power.

As mentioned above, Assar Lindbeck had already, in the 1980s, established himself as a theorist of the problems of unemployment through his publication of books and articles on the "insider-outsider dilemma", where one of his central theses is that unemployment becomes unnaturally high because "workers manipulate these [wage] costs to their advantage by unionising to pose threats of strike and work-to-rule".[798] The commission report contends that employment protection laws, drawing on Lindbeck's work on the insider-outsider dilemma previously discussed, primarily benefit those who are "insiders" in the labour market. It argues that this adversely impacts those less favourably positioned within it. People outside the labour market, it is argued:

> ended up in a vicious circle: if they never enter the labour market, they will never acquire the work experience that can motivate higher wages further on. […] This is an especially serious problem for those youths who might never properly enter the labour market. Many immigrants (and their children) are threatened by the same problems.[799]

The argument re-articulates the fundamental conflict in the labour market as being not between labour and business but between insiders and outsiders. Within the insider group, "employees who neglect their work"[800] are identified as beneficiaries of solid employment protection legislation. This further associates the articulated structural issues in Sweden with moral issues, like workplace misconduct, which persists due to minimal risk of consequences.

Two examples of the active policy changes called for by the report and that would benefit struggling outsiders, are the lowering of wages and the possibility of making it easier for

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797 Lindbeck et al., *SOU 1993:16*, 84.

798 Lindbeck and Snower, Involuntary Unemployment as an Insider-Outsider Dilemma, 2.

799 Lindbeck et al., *SOU 1993:16*, 83.

800 Lindbeck et al., *SOU 1993:16*, 81.

businesses to lay off employees.[801] These recommendations differ from traditionally applied Keynesian approaches, which typically support enhanced state expenditure to lower unemployment rates. In practical terms, what is framed as a form of altruism might more aptly be understood through a Schmittian lens, as representing a political, antagonistic approach to the power of organised labour via a critique of employment protection legislation.[802] The report acknowledges that this proposal would create losers:

> If the rules are changed in the direction we propose, 'insiders' would undoubtedly lose in the short term, while some of the unemployed, 'outsiders', would benefit through increased opportunities to find work.[803]

However, it is significant that the Lindbeck commission continues to assert that its proposals chiefly advantage those whom the political left traditionally purports to champion, such as the unemployed. This approach, consistent with Lindbeck's broader work, involves co-opting the logic of their political opponents and reversing or re-articulating it. Through this strategy, the authors of the report claim to support groups that their adversaries in the labour movement are accused of undermining. Simultaneously, they disarticulate the link between the interests of the employed and the unemployed.

Echoing Hayek and Buchanan, among other central neoliberal figures, the Lindbeck commission argues that "tolerance and the duty to respect other citizens' self-determination" and "honesty, a sense of duty, and morality"[804] are the main requirements for a functioning society. The production of these virtues, or virtuous subjects, is articulated as central to statecraft. The state, however, is supposed to handle these issues by governing from a distance — by enabling the spontaneous production of virtuous subjects in the marketplace. Consequently, although a certain level of unemployment is considered essential for combating inflation, prolonged unemployment for the same individuals becomes highly problematic. Lindbeck and his co-authors contend that such unemployment dislocates individuals from the sphere of active citizenship, where the abovementioned virtues associated with privileged subjectivity are cultivated.[805] According to the commission, the sharply increased unemployment is the most serious threat to active citizenship.[806] In a sense, unemployment is problematised because it is understood to remove individuals from the fostering and subjectivising competitive marketplace that would enable them to function harmoniously in society. Therefore, to comprehend why

[801] Lindbeck et al., *SOU 1993:16*, 83-84.

[802] Carl Schmitt defines the political as the distinction between friend and enemy. Although I haven't explored this in depth, I see this definition as compatible with Quentin Skinner's notion of context, where political statements are often inherently antagonistic towards interlocutors. See Carl Schmitt, *Det politiska som begrepp* (Göteborg: Daidalos, 2010).

[803] Lindbeck et al., *SOU 1993:16*, 83.

[804] Lindbeck et al., *SOU 1993:16*, 150.

[805] Lindbeck et al., *SOU 1993:16*, 150.

[806] Lindbeck et al., *SOU 1993:16*, 150.

long-term unemployment is viewed as problematic, it is essential to grasp how the commission perceives the market as a space for learning and fostering. This perspective reveals the commission's (implicit) adoption of a Hayekian or neoliberal social constructivist approach to human nature. It highlights their belief in the market as a learning space, a crucial environment for shaping individual capabilities and societal norms.

Further, the report concludes that democracy must be formed around the concept of "active citizenship" based on "self-determinations and autonomy" where the goal is to "combine freedom with order".[807] "Democracy's society", Lindbeck and his co-authors say, "does not entail viewing the inhabitants as isolated atoms; democracy requires organisation and common rules."[808] They continue by stating that "democracy can be seen as a gigantic organisational social experiment, as an attempt to reconcile freedom and order".[809] This can be attributed to the commission's specific articulation of democracy, which has little to do with the influence of voters. Here, it is rather articulated by linking it to a form of subjectivity based on morals and virtues created in proximity to the market. Access to the competitive marketplace (by acting as human capital in the labour market) is thus not merely necessary for the production of purely economic assets but also because the labour market is understood to produce the moral foundations for a harmonious society. There, well-behaved, virtuous citizens are produced by learning work ethics and the distinction between good and bad, right and wrong.[810] This concept intriguingly contrasts with the perception of neoliberalism as advocating for a form of extreme individualism. Despite their evident neoliberal stance, the authors of the report argue against viewing the members of society as "isolated atoms". Instead, they highlight the importance of "organisation and common rules" for a functioning society.

The above examples show how contradictory the problematisation of unemployment can be — especially if we see it in the light of the abandonment of full employment in the name of fighting inflation. Unemployment, up to a certain level, is seen as beneficial for maintaining low inflation, reducing business costs, and encouraging competition among the unemployed. However, long-term or permanent unemployment poses the risk of significant moral hazard. Therefore, continuous competition between the employed and the unemployed is crucial to avoid solidifying their statuses as insiders and outsiders, respectively.

It is also important to consider, as mentioned above, that although unemployment reached critical levels during the writing of the Lindbeck report (over 13%), unemployment levels were even higher among immigrants, especially newly arrived refugees fleeing (for example)

[807] Lindbeck et al., *SOU 1993:16*, 150.

[808] Lindbeck et al., *SOU 1993:16*, 150.

[809] Lindbeck et al., *SOU 1993:16*, 150.

[810] Lindbeck et al., *SOU 1993:16*, 150.

the devastating wars in the Balkans.[811] Even though it is never explicitly stated, it is noticeable that the implied lack of virtues such as "honesty, a sense of duty, and morality" resonates with much of the xenophobic stereotypes that were spreading like wildfire in Sweden during the crisis of the 1990s. Considering that "immigrants (and their children)"[812] are specifically named as a group that permanently risks standing outside the labour market that produces these virtues, the problem of morality and migration are implicitly linked. It is also interesting to note that this understanding of unemployment as connected to questions of subjectification (through the construction of morals and good behaviour) did not exist in the Bjurel report of 1979, when the demography of the unemployed was vastly different. Evaluating the Lindbeck report in 2013, Lindbeck writes that:

> A significant reason for the challenges in integrating poorly educated immigrants into Swedish society is that institutions and regulatory systems in Sweden are not designed for large numbers of poorly educated immigrants. I am referring primarily to the distinct insider/outsider nature of the Swedish labour and housing markets, which makes it difficult for poorly educated immigrants to find stable employment and housing.[813]

Facilitating employment for immigrants can be viewed as a means of acquainting them with the "Western principles" the Lindbeck commission purports to embody. In his 2013 article, Lindbeck concluded that migration restriction is the only feasible solution to this problem. "Of course, there are examples of racism in Sweden", he writes, but "[i]t does not necessarily indicate racism when many, including myself, argue that Swedish institutions struggle to handle net immigration exceeding a certain size in an acceptable manner."[814]

The question of "free schools"

In 1992, the Swedish government enacted a sweeping school reform that closely resembled the voucher school system proposed by Milton Friedman, a system previously implemented in Chile under the dictatorship of Augusto Pinochet. Unusually, for such a significant Swedish political transformation, the reform was never scrutinised and documented in a government report (SOU), contravening protocols for important legislative changes, established in Sweden since the 1990s. While the centre-right Bildt government hastily and controversially implemented the voucher system, Matilda Millares has demonstrated that,

[811] Schön, *En modern svensk ekonomisk historia: tillväxt och omvandling under två sekel*, 480.

[812] Lindbeck et al., *SOU 1993:16*, 83.

[813] Lindbeck, "Lindbeckkommissionen och framtiden," 14-15.

[814] Lindbeck, "Lindbeckkommissionen och framtiden," 15.

by the early 2000s, ideas surrounding privatisation and voucher schools had become largely uncontroversial, even within the Social Democratic Party.[815]

In their now well-known book, *Free to Choose* (that was also televised with an infamous introduction by Arnold Schwarzenegger), the Friedmans described the public school system as "an island of socialism in a free market sea"[816] introduced in the 19th century. For Milton and Rose Friedman, a state-controlled school system signified an environment where parents had little or no control over their children's education. The Friedmans, who often idealised the 19th century as a golden era of successful laissez-faire that laid the groundwork for modern affluence, saw the state school system as symbolically significant. Specifically, state schools challenged the notion of the superiority of the free market system. They argue that this was not because the private school system was inferior but because special interest groups, such as teachers and administrators, fought for a system that benefitted them. The growth of the public school system represented the victory of special interests over the common interest.[817]

As discussed above, the state should not, according to the Lindbeck report, be abolished or removed from the welfare sector but it must be kept in check by a strict regulatory and constitutional framework. The main problem of the welfare state is how it is structured and creates structures, not its mere existence. This question is often problematised as a lack of consumer sovereignty. Building on Lindbeck's earlier definition of efficiency, as outlined in his 1970 text "The efficiency of competition and planning", which drew significantly on Hayek and where efficiency was defined as the outcome of any choice made in a competitive marketplace with consumers free to choose, the new report states that:

> [e]fficiency is not just about producing things in the right way but also about producing the right things. In the market sector, this is achieved by allowing individual consumers to freely choose based on their desires. In the public sector, the supply is politically determined and standardised. This is not necessarily related to tax financing. Tax financing is, in principle, compatible with freedom of choice and consumer control. One example is that state subsidies can be paid to the individual in the form of so-called service "vouchers" that can be used to pay for a certain type of service. A system of service vouchers allows for both competition and diversity in production as well as freedom of choice in consumption.[818]

It is worth noting that the Lindbeck commission's defence of not only voucher schools, which had just been implemented in Sweden, but a voucher system throughout the public sector is firmly based on Lindbeck's notion of efficiency. The debate over the efficiency of

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815 Matilde Millares, *Att välja välfärd: politiska berättelser om valfrihet* (Stockholm: Statsvetenskapliga institutionen, Stockholms universitet, 2015), 99-100. http://urn.kb.se/resolve?urn=urn:nbn:se:su:diva-112779.

816 Milton Friedman and Rose D. Friedman, *Free to Choose: A Personal Statement*, First edition ed. (New York: Harcourt Brace Jovanovich, 1980), 154.

817 Friedman and Friedman, *Free to Choose: A Personal Statement*, 154.

818 The term "vouchers" is used in English. Lindbeck et al., *SOU 1993:16*, 106.

this system fundamentally suggests that the presence of choice indicates efficiency, and efficiency is indicated by the presence of choice. This circular reasoning creates a self-validating tautology, where the system's efficiency is both the cause and the effect of the freedom to choose.

The report acknowledges the risk that a voucher system could lead to social segregation (in, for example, schools). Still, this acknowledgement should not be interpreted as ambivalence to the neoliberal ideas of governing and statecraft. The voucher system, for example, was controversial even among neoliberals such as James Buchanan because it had been associated with racial segregation proponents in the US South. It was acknowledged that the system could lead to (unwished-for) race and class segregation.[819] While recognising the risk of segregation, the Lindbeck report counters with an argument very similar to the Friedmanite position:

> Today there is a considerable segregation made possible by the fact that only people with higher income can afford to pay twice for the services they wish for — first via taxes and later through the consumption of a private unsubsidised alternative. Today, we also have significant segregation between different neighbourhoods. Free choice of schools for everyone can help to break this segregation.[820]

Looking back at the voucher school system implemented in 1992, the fears of increased segregation between "different socioeconomic and ethnic profiles"[821] have proven true, as several researchers have pointed out. This fallout was, however, all but fully anticipated in the Lindbeck report, which states that if:

> social segregation turns out to be a problem, it will be necessary to supplement with supportive measures for weaker groups. It is unreasonable to prevent freedom of choice for (almost) all children because the authorities have not been able to develop methods to support the very weakest groups.[822]

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[819] This became evident after the debate around Nancy MacLean's book about James M. Buchanan, "Democracy in Chains" where scholars noted that Buchanan was hostile to the Friedmanite idea of unregulated voucher schools. The hostility was based on Buchanan's wish to "to avoid the evils of race-class-cultural segregation that an unregulated voucher scheme might introduce". See for example Georg Vanberg, "Democracy in Chains and James M. Buchanan on School Integration," *Washington Post* (2017-09-01 2017). https://www.washingtonpost.com/news/volokh-conspiracy/wp/2017/09/01/georg-vanberg-democracy-in-chains-and-james-m-buchanan-on-school-integration/.

[820] Lindbeck et al., *SOU 1993:16*, 106.

[821] Maria Brandén and Magnus Bygren, *School Choice and School Segregation: Lessons from Sweden's School Voucher System*, Linköping University Electronic Press (Linköping, 2018 2018), http://urn.kb.se/resolve?urn=urn:nbn:se:liu:diva-148614; Anders Trumberg, "Den delade skolan: segregationsprocesser i det svenska skolsystemet" (Doctoral thesis, monograph, Örebro universitet, 2011), http://urn.kb.se/resolve?urn=urn:nbn:se:oru:diva-14527 (6).

[822] Lindbeck et al., *SOU 1993:16*, 107.

Interestingly, the report concludes that the state is responsible for taking action when markets deliver unwanted results, a conclusion analogous to the idea of externalities, but never in a way that threatens the competitive market system, which had created the problem of segregation in the first place. At the very least, the state's solution to market problems must be compatible with competitive market logics — and preferably lead to more implementation of competitive market logics in statecraft.

Lindbeck and his co-authors weigh many reasons for full or partial privatisation of the welfare and school system but conclude that many factors that point to the benefit of freedom of choice and rich variation in the healthcare and education sector are unmeasurable. They cannot be known by merely looking at them.[823] However, as I have already discussed, according to a standard (Hayekian) neoliberal epistemic viewpoint, only markets can convey the truth. A state-planned system can never anticipate the needs of those in the welfare system. This perspective implies that the only way to interpret what people want is to make their wishes known by subjecting them to price mechanisms. Re-utilising Lindbeck's earlier expressed binary conflict between bureaucracy and markets, the report states:

> Individuals are different and consequently demand a variety of things, not only in their private consumption, which is generally accepted, but also in the social sphere. There is no reason to believe that choice and diversity are less important for care and educational services than they are for other goods and services. 'Good quality' means different things to different people. If every daycare, school, health centre, and nursing home is to be everything to everyone, it becomes either very expensive or many people become dissatisfied.[824]

Since only markets can convey truth or transfer knowledge and information in any manner that is meaningful, what citizens need can never be articulated by politics — but the state must create marketplaces that function as a form of polling station for the sovereign consumer, whom the state must govern for and govern to produce. This makes it impossible to evaluate the quality of services, or efficiency, in any other way than to make it possible for people to make free choices in the market, in line with Lindbeck's earlier definition of efficiency, based on Hayekian, neoliberal epistemology. The report comments that:

> it is particularly difficult to specify and in detail control the quality content of care and educational services through bureaucratic means. Quality often cannot be measured solely in objective terms but also depends on the very personal qualifications of individual teachers, healthcare staff, and the personal experiences of those involved.[825]

When the report here claims that "quality cannot be measured in objective terms", it again seemingly leans on a Hayekian understanding that only markets can convey people's wishes. Hence, it is impossible to assess what constitutes good educational services "through

[823] Lindbeck et al., *SOU 1993:16*, 106ff.

[824] Lindbeck et al., *SOU 1993:16*, 106.

[825] Lindbeck et al., *SOU 1993:16*, 106.

bureaucratic means"; this can only be evaluated by letting individuals make choices in the market as consumers. The decision they make is in itself a validation of quality.

Concluding remarks

To conclude, I have discussed the importance of the concept of human capital in the 1993 Lindbeck report, showing that compared to Lindbeck's engagement with the New Left in the 1960s and 1970s, when he used the concept of human capital to argue for increased equality, the concept is now, instead, used to argue for increased inequality, which is seen as a necessary driving force for individuals in their aspiration to acquire human capital. The very use of the concept of human capital can be seen as a speech act in that it is a plea for increased wage disparity. The report argues that the wage solidarity policy diminishes the incentive for individuals to develop new skills, whether within the educational sphere or outside it. Here, we see a direct discontinuity regarding the utilisation of the concept. In their discussion of human capital and education, following Hayekian epistemology, the authors imply that increasing wage dispersion makes it possible to assess education quality, as the price mechanism provides the sole authentic measure of quality. However, for this approach to be effective, wages must reflect workers' skills rather than just their formal educational qualifications.

Further, following Foucault's genealogical method, I have scrutinised how the report articulates the welfare state as a problem. Even though the welfare state is depicted as expansive, which is a problem in its own right, it is primarily articulated as a problem of conduct, behaviour, virtue, and morals, and, as such, the conduct of conduct. It is suggested that an expansive welfare system generates its own internal contradictions, which risk its downfall — an observation that is similar to Marx's analysis of capitalism. However, in this articulation, the contradictions are of a moral nature in that a system that requires a high amount of trust produces distrust. The welfare system provides individuals with financial incentives to cheat and take advantage of the system. My interpretation is that the report suggests that one of the main tasks of statecraft is to break this cycle, which is inherent to the expansive welfare system and thus systemic. This systemic problem can be tackled by governing subjectivity, or the conduct of conduct, by altering the subjectivising frameworks that the report regards as constituting a "moral hazard".

One of the central tasks outlined in the report is thus related to the conduct of conduct, as interpreted through Michel Foucault's notion of governmentality. The report aims to cultivate rational, capitalist subjects or entrepreneurs of themselves, whose rationality is not assumed to be inherent but is developed through engagement with the marketplace. Morality, which from a perspective of governmentality can be seen as "a practice in which human beings take their own conduct to be subject to self-regulation",[826] or the conduct of

[826] Dean, *Governmentality: Power and Rule in Modern Society*, 19.

conduct, is here articulated as a central object for governing, but indirectly, by producing the framework that spontaneously produces the preferred forms of subjectivities. This exemplifies how Lindbeck and his co-authors agree with their neoliberal contemporaries who do not view rationality, or more specifically the type of rationality that makes one a utility maximiser in a market-like setting, as an innate attribute. Rather, it is a characteristic that must be deliberately fostered in order to teach individuals to govern themselves, by immersing them in a marketplace defined by specific rules and frameworks — or even constitutional regulations.

Even though the authors of the report problematise the welfare state, they do not wish to abolish it, as this would produce its own set of problems. They present three principal reasons for this, closely resembling Lindbeck's arguments of the 1980s. The first reason is what they call the free-rider problem. They argue that a mandatory public insurance system forces everyone to contribute to the system. Secondly, while the marketplace serves as a space for learning, not all individuals possess the capacity to absorb the knowledge it provides, something that requires a paternalistic state. A third reason, called the "adverse selection motive", is that insurance companies would refuse to insure high-risk patients in a non-mandatory system, thus passing these costs to the public purse.[827] State action, in the form of a limited welfare state, is therefore needed in order to handle all of these three problems.

Employment, according to the report, enables individuals to be connected to the marketplace as a space of learning and knowledge. While accepting a persistently high unemployment rate as a strategy to combat inflation, the report identifies unemployment as particularly problematic when it becomes long term, as this disconnects individuals from the marketplace — a space deemed essential for cultivating morality and virtues. This stance reflects the commission's embrace of a Hayekian or neoliberal social-constructivist view of human nature and underscores their belief in the role of the market not merely as an economic arena but as a vital environment for developing individual skills and shaping social values. Thus, engagement in the competitive marketplace (in this instance, by participating as human capital in the labour market) is seen as crucial not only for economic production but also for laying the moral foundations for society. Here, it is posited that well-behaved, virtuous citizens are constructed through learning, not just work ethics, but also how to discern between good and evil, right and wrong. Although not explicitly stated, the insinuation that virtues such as "honesty, a sense of duty, and morality" are lacking resembles the xenophobic stereotypes prevalent in Sweden during the crisis of the 1990s. Observing the broader context of unemployment in Sweden in the early 1990s, it was often framed as an issue linked to migration, given the significantly higher unemployment rates among individuals with migrant backgrounds compared to those from long-established Swedish families. It should be noted that the 1979 Bjurel report, while approaching unemployment from a neoliberal perspective, did not imply that unemployment was also a matter of virtue and morality.

[827] Lindbeck et al., *SOU 1993:16*, 93.

Temporality, environmental problems, and civil society

Even though the Lindbeck report is based on the Hayekian notion of radical uncertainty it still argues for the state to function in a way that makes predictability possible:

> Companies need, in order to be prepared to invest in Sweden, to feel some certainty regarding the rule systems of tomorrow […] [regarding] property rights, trade politics, and taxes. Individuals need to know how much they need to single-handedly save and how big insurance they need to feel safe for the future.[828]

Through what it calls "stabilisation policy", the report proposes that the state must enable individuals and enterprises to plan for the future, in a way that Lindbeck, throughout his work, has argued is impossible for the state's own planners. For this planning outside of the sphere of the state to work, the state must give individuals "a reasonable chance to assess future rules that govern return of investment in knowledge […] [and] education in a broader sense".[829] What this refers to, judging from the argumentation put forward throughout the report, is human capital. This reasoning shows that the definition of capital has temporal connotations, in addition to the important epistemic connotations discussed above. It is temporal in the sense that capital is understood as an asset that is expected to generate a return in the future — but in a future that, according to neoliberal, Hayekian epistemology, cannot typically be known, at least not in the unpredictable marketplace. According to the report, the state should be tasked with making the unpredictability associated with capital predictable by guaranteeing long-term rules.

Arguments around time and temporality (and planning) are used not only to legitimise reforms but also to warn of the dangerous consequences if reforms are implemented too fast. Echoing Hayek, who argued against "too rapid change in institutions and public policy […] the case for caution and slow process is indeed strong",[830] the report warns that it is:

> important to carefully proceed with phasing in long-term structural reforms, not just to avoid disrupting individuals' life planning, but also to prevent the economy being driven into an even deeper recession than the current one.[831]

As my discussion above explains, the reason for this has a governance aspect. Since individuals are formed by their context, introducing them to a new one can have potentially dangerous consequences, as seen in the example of how Swedish banks were not accustomed to being subjected to the risks of an unregulated market and, therefore, took too high risks. The report warns against a repetition of this, implying that the rapid neoliberal reforms of

[828] Lindbeck et al., *SOU 1993:16*, 181.

[829] Lindbeck et al., *SOU 1993:16*, 181.

[830] "Why I Am Not a Conservative," Cato Institute, 1960, accessed 2024-03-14, 2024, https://www.cato.org/sites/cato.org/files/articles/hayek-why-i-am-not-conservative.pdf.

[831] Lindbeck et al., *SOU 1993:16*, 181.

the banking system in Sweden during the 1980s were a mistake. While they were not a step in the wrong direction, they were implemented too fast. It is implied that the governance of conduct is a slow process, in which both individuals and institutions must have time to learn. At the same time, they must not be punished for making economically rational decisions in a context that is then removed by the state, which would produce an environment of unpredictability that the report attempts to avoid.

Arguments that emphasise the importance of predictability for both the economy and society — in particular, its role in enabling the growth of capital — also serve as implicit justifications for many of the constitutional constraints proposed throughout the report, such as the removal of parliamentary control of the central bank in the name of guaranteeing "long-term perspective in monetary policy, at a certain distance from day-to-day politics".[832] Given that unpredictability arising from shifts in governance is perilous, it becomes crucial to establish political conditions that minimise changes in statecraft. I would argue that the line of reasoning used by the commission further attests to the enduring impact of Lindbeck's initial forays into neo-Keynesian thought. As Rune Møller Stahl has pointed out, arguments around creating predictability in governing by limiting the impact of democratic influence can be seen as a way to de-democratise (rather than de-politicise) the state.[833]

Governing through civil society

Interestingly, and in a way that is similar to Michel Foucault's choice to end his lecture series on neoliberalism with a lecture on civil society — termed "the home of *homo œconomicus*",[834] the Lindbeck report ends with a discussion of civil society.

In 1993, when the report was published, the debate on civil society in Sweden and internationally had moved the concept into public awareness.[835] The notion of civil society, especially in the US, gained popularity within the new political right that intersected neoliberalism and conservatism after the publication of Berger's and Neuhaus's influential

[832] Lindbeck et al., *SOU 1993:16*, 40.

[833] Møller Stahl, "From Depoliticisation to Dedemocratisation: Revisiting the Neoliberal Turn in Macroeconomics."

[834] Foucault makes the following note on liberal governing: "An omnipresent government, a government which nothing escapes, a government which conforms to the rules of law, and a government which nevertheless respects the specificity of the economy, will be a government that manages civil society, the nation, society, the social. *Homo œconomicus* and civil society are therefore two inseparable* elements *Homo œconomicus* is, if you like, the abstract, ideal, purely economic point that inhabits the dense, full, and complex reality of civil society." Foucault, *The Birth of Biopolitics: Lectures at the Collége de France, 1978-79*, 296.

[835] Lars Trägårdh summarases this debate in Lars Trägårdh, "Det civila samhället som analytiskt begrepp och politisk slogan," in *Civilsamhället: Statens offentliga utredningar, 0375-250X ; 1999:84*, ed. Erik Amnå (Stockholm: Fakta info direkt, 1999), 19-20.

book *To Empower People: The Role of Mediating Structures in Public Policy* in 1977.[836] They proposed that state welfare should not be abolished (an idea established within parts of the political right) but instead moved to the family, the church, and voluntary organisations.[837] The idea rapidly gained a foothold in parts of the right, even in Sweden. In the party and action programmes of Moderaterna (the conservatives) in 1990 and 1993, the most important proposals do not concern the economy but the social sphere and civil society.[838]

According to the neoliberal definition of civil society, it is not a place or a sphere dominated by market logics. Even for radical neoliberals such as Gary Becker (who saw market logics more or less everywhere — including in the structures of the perceived traditional nuclear family), civil society was understood as something of a protected sphere where those who, for one reason or another, failed in the competitive marketplace (a natural outcome for an entrepreneurial subject who is taking risks), civil society can function as an arena for recovering, making future actions in the marketplace possible for those who have been outcompeted or have failed in their entrepreneurial ventures. As Melinda Cooper has pointed out, the neoliberal project has been intertwined with conservative politics and "family values".[839] Under Lindbeck's leadership and embodying a broader neoliberal tradition unified by Hayekian epistemology, the commission is no exception. In Lindbeck's subsequent research, influenced by fellow neoliberals like Gary Becker, he highlighted the "moral hazards" associated with a welfare state that provided women with the economic means to divorce their husbands and become single parents.[840]

In line with Lindbeck's previous work, as showcased in the Bjurel report, the new report addresses the question of delineating the state's responsibilities versus those of families. Even though the role of the family is not discussed extensively in the report, it states that "the family is one of society's fundamental units".[841] The relative lack of discussion of the role of the family is thus noteworthy and makes it more urgent to examine how the Lindbeck commission envisions the role of the family the few times it is mentioned.

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[836] The concept of Civil Society was not used in the first edition of the book, but added in a re-publication from 1996 when the book was also retitled to To Empower People: From State to Civil Society. Lars Trägårdh, "The 'Civil Society' Debate in Sweden: The Welfare State Challenged," in *State and Civil Society in Northern Europe : The Swedish Model Reconsidered*, ed. Lars Trägårdh (New York, Oxford: Berghan Books, 2007), 11.

[837] Cooper, *Family Values: Between Neoliberalism and the New Social Conservatism*, 284-94.

[838] "Handlingsprogram 1993," (Moderata samlingspartiet, Svensk nationell datatjänst, 1993). https://snd.gu.se/sv/vivill/party/m/h/1993. *Idéer för vår framtid*, (Stockholm: Moderata samlingspartiet, 1990).

[839] Cooper, *Family Values: Between Neoliberalism and the New Social Conservatism*.

[840] Assar Lindbeck, "Changing Tides for the Welfare State - An Essay," *CESifo Working Paper* No. 645 (3) (2001): 16, https://www.researchgate.net/publication/5066397_Changing_Tides_for_the_Welfare_State_-_An_Essay.

[841] Lindbeck et al., *SOU 1993:16*, 152.

The report is particularly focused on reforming a system that, it is suggested, incentivises families to opt for pre-school childcare, discouraging alternative choices. I read its arguments in the light of Lindbeck's discussion of how the fundamental problem for society is the risk of the state nationalising the family, as he argued in the 1980s. The report states that:

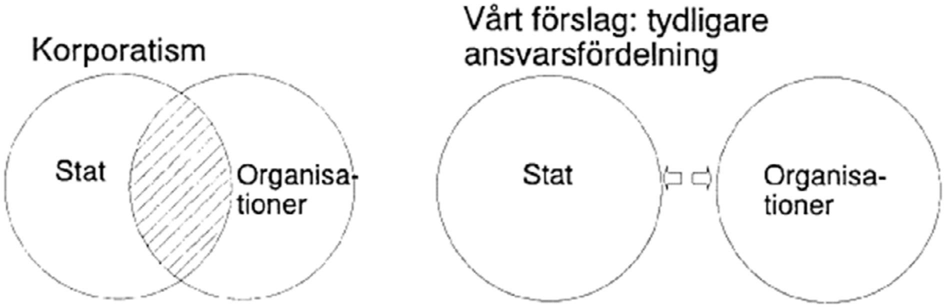
> Above all, today's subsidies for childcare outside the home cannot be justified from a distributional perspective. The subsidies to municipal childcare centres constitute an income transfer to the approximately 40% of families with young children who utilise this form of care. The subsidies for the 20–30% of families with young children who use other forms of municipally supported care are smaller. In comparison, the 30% of families with young children who do not use municipal childcare at all receive no subsidy whatsoever. From a distributional perspective, a cash support or a service voucher, equal for all, would be more justified. Another possibility is tax deductions for childcare expenses.[842]

The report's stance on municipal childcare presents a notable contrast to its broader critique of welfare services as something that might disincentivise labour market participation (in itself seen as having a subjectivising function fostering good morals, among other benefits). In the childcare context, however, the proposal is for financial incentives for families to facilitate the option for one parent to remain at home with the children. Given that the pre-school childcare system has predominantly increased women's participation in the labour market, the new suggestion seems intended to enable primarily women to stay at home with their children, implicitly not encouraging them to spontaneously strive to increase their value as human capital. Instead, their role is implied to be that of being responsible for reproducing human capital as caregivers and childbearers.

Understanding civil society as a realm expected to assume certain responsibilities traditionally held by the state, like caregiving, illustrates how the domain of civil society is gendered. This perspective suggests that civil society should specifically support and facilitate women's roles in caregiving.[843]

[842] Lindbeck et al., *SOU 1993:16*, 108.

[843] This is what Gary Becker argues in Gary S. Becker, *A Treatise on the Family* (Cambridge, Mass.: Harvard U.P., 1981); See also Cooper, *Family Values: Between Neoliberalism and the New Social Conservatism*, 57ff.



Picture taken from Lindbeck et al., *(SOU 1993:16).*[844]

According to the report, civil society is a realm where the state must establish supportive frameworks.[845] Still, Lindbeck and his co-authors depict civil society in the form of a Venn diagram with the overlapping circles signifying the problems inherent in the state's connection with civil society. The representation of civil society as a self-contained circle plays into the notion of a naturally self-contained and self-reproducing sphere that the presence of the state has contaminated. This contamination is labelled as corporatism. The depiction also represents civil society as existing on the same level as the state, potentially of the same importance. The optimal relationship between state and civil society is implied as one of (relatively independent) clearly demarked co-dependency. One cannot function without the other, but they must be kept separate.

The problem Lindbeck and his co-authors primarily address concerns how the Swedish Union of Tenants and trade unions and their counterparts have, through legislation, been transformed into "organs of public administration".[846] "The Swedish model for co-determination in the workplace" is particularly pointed out as a problem, described as the state having favoured specific organisations over others. In the case of the influence of the Union of Tenants, it has meant that the system of fixing rents is not subject to the price mechanism of the marketplace, and in the case of the trade unions, it has meant that the wage solidarity mechanism drives wages and that they are not indicators of work efforts and skills, as discussed above. It can thus be deduced that the problem with Swedish organisations is that they block the implementation of the price mechanism, which, as discussed throughout this chapter, is perhaps the most important problem that the Lindbeck commission sets out to solve. I am reading the discussion on civil society with this in mind.

844 Lindbeck et al., *SOU 1993:16*, 173.

845 Lindbeck et al., *SOU 1993:16*, 16.

846 Lindbeck et al., *SOU 1993:16*, 174.

The report, however, depicts this problem as being on the verge of sorting itself out:

> The Swedish model for co-determination at work is now challenged not only through the necessity of wage formation that to a lesser extent drives inflation and to a higher degree promotes efficiency. It is also challenged by European integration. The EEC [EG] countries' model is, regarding the influence of employees, less collectivistic and more centred around the individual.[847]

Considering that the Swedish model, where the system of co-determination, the wage solidarity policy, and so on, are important elements, is said to be challenged, not only by the report's general proposals but by being found to have lost its legitimacy because of its "inability to achieve the best solution for the economy as a whole".[848] The report also suggests that its most important elements might already have gone: "several parts of the Swedish model's social contract have been terminated. Sweden finds itself in a kind of contractless state",[849] something that is very serious:

> The economic crisis highlights Sweden's acute need for institutional changes. The issue is not whether these changes will happen, but how and when they will take place. History's lessons suggest that an economic crisis can also become a crisis for democracy.[850]

Thus, for the sake of the economy the general suggestions of the commission must be accepted, or other, much worse, changes loom on the horizon, with the entire democratic system being threatened. Therefore, the question is not whether the Swedish system will be replaced but what will replace it. The report's depiction of the crossroads ahead can be described as "capitalism or barbarism", turning Rosa Luxemburg's argument in the Junius pamphlet of 1916 on its head. If the commission's suggestions win approval, there is still room for trade unions and civil society but with a vastly different role than in the old Swedish model.

Referring to the discussion on human capital and the specific Swedish context of strong union power embedded in civil society and therefore difficult to challenge, the report outlines a re-articulated role for the trade unions:

> As we have previously pointed out, the competence of employees is becoming an increasingly important factor for growth. Formal education alone is not decisive; the concept of a good job involves constant skills development. Consequently, the role of trade unions changes; their tasks become indirect rather than direct. Instead of being the primary bearer of rights, the trade union will act as an advisor and consultant to the individual member.[851]

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[847] Lindbeck et al., *SOU 1993:16*, 174.

[848] Lindbeck et al., *SOU 1993:16*, 18.

[849] Lindbeck et al., *SOU 1993:16*, 19.

[850] Lindbeck et al., *SOU 1993:16*, 19.

[851] Lindbeck et al., *SOU 1993:16*, 174.

This depicts the unions as having an important governance role, not as representatives of the working class in labour disputes and wage settlements, but as advisors and consultants to members who strive to increase their human capital, helping them to better themselves, spontaneously and without the need for state intervention, in a way that not only affects themselves but the whole economy and society. This vision is aligned in the report with the idea of "a good job", which was a central concept in the Swedish trade unions from the 1980s onwards, referring, for example, to workers acting more flexibly and independently in the workspace. This, the report implies, is a further argument for the need for workers who constantly and spontaneously improve their skills, enabled by the conduct of conduct, thus increasing their value as human capital. The Lindbeck commission thus links the interests of the unions with its general reform programme.

Civil society has, according to the arguments presented in the report, an important role to play in changing the hearts and minds of individuals. A major problem in this context is the tendency of journalism to produce a "personified and aggravated depiction of social conflicts, [which] lead to current problems being assessed through the disposition of 'the affected', 'the stricken', and so on".[852] "Journalists' way of working focuses on particularities and promotes special interests",[853] the report claims. This has then caused the economic crisis of the 1990s to be prolonged because "necessary measures have been delayed".[854] To address this issue, the report advocates reform of journalism education, with the aim of rendering journalists less susceptible to special interests. This approach to the perceived problems within journalism are indicative of Lindbeck's broader views on governance. Rather than directly regulating the field of journalism, the report seeks to alter the subjectivity of journalists, thereby indirectly shifting the essence of journalism itself. In this respect, the report essentially espouses a form of indirect governance.

This understanding of the role of journalism also shows that the Lindbeck commission has, at least partly, adopted an understanding of power as having a hegemonic dimension. Perhaps it is possible to govern without consent (which the proposals around limitation of democratic influence are indicative of, as discussed above), but it creates costly delays. It is also noteworthy that Lindbeck and his co-authors imply that the production of such consent is carried out in the sphere of civil society, thus placing him close to the Marxist understanding articulated by, for example (and most notably) Antonio Gramsci, who was important in the New Left movement against which Lindbeck continuously argued from the 1960s onwards.[855]

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852 Lindbeck et al., *SOU 1993:16*, 175.

853 Lindbeck et al., *SOU 1993:16*, 175.

854 "Media have, of course, not caused the economic crisis", the authors add. Lindbeck et al., *SOU 1993:16*, 175.

855 Antonio Gramsci, *A Gramsci Reader: Selected Writings 1916-1935*, ed. David Forgacs (London: Lawrence and Wishart, 1988), 189ff.

The temporality of the environmental problem

Given Lindbeck's earlier involvement in the environmental debate, it is unsurprising that this topic takes on an important role in the 1993 report. Here, the environmental issue is, like in Lindbeck's writings during the 1970s, still articulated as a potential risk to the prospect of growth, not because of any real underlying problem but because of how the question has been politicised. In the words of the report:

> The environmental issue that today creates the greatest conflict with economic growth is the climate problem. If Sweden, within the framework of an international convention, or unilaterally, were to commit to significant reductions in carbon dioxide emissions, this would have very strong effects on energy and transport supply in Sweden.[856]

Here, the report articulates a potential ban on carbon dioxide emissions as a potential danger for the Swedish economy and growth, arguing that committing to significant reductions in carbon dioxide emissions is potentially harmful and unnecessary. The conclusion is that environmental problems are increasingly decoupled from growth in that "the connection between production and the external environment is becoming increasingly weaker".[857] This argument is put forward in direct opposition to the key understandings of the environmental movement and environmental research.[858] As such, the argument must be seen as a contestation of established notions in the environmental discourse and as taking a controversial standpoint in an ongoing debate regarding the consequences of growth.

The report argues that the logic that drives this decoupling makes the question of growth a lesser concern the more an economy grows since the higher up a country is on the growth scale, the less impact its growth has on the environment.[859] The more an economy expands, the more environmental problems are de-linked from growth. In part, they attribute the de-linking to the notion that new technology is "more efficient and more environmentally friendly" but also to advanced economies being more knowledge-driven.[860] Implicitly, it is the growth of human capital, not industry, that increasingly drives growth. Thus, echoing Lindbeck's arguments in the Doomsday debate during the 1970s, the report implies that entrepreneurial innovations can spontaneously solve environmental problems without a need to limit growth through political means.

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[856] Lindbeck et al., *SOU 1993:16*, 147.

[857] Lindbeck et al., *SOU 1993:16*, 147.

[858] T. Vadén et al., "Decoupling for Ecological Sustainability: A Categorisation and Review of Research Literature," *Environmental Science & Policy* 112 (2020/10/01/ 2020), https://doi.org/https://doi.org/10.1016/j.envsci.2020.06.016, https://www.sciencedirect.com/science/article/pii/S1462901120304342.

[859] Lindbeck et al., *SOU 1993:16*, 147.

[860] Lindbeck et al., *SOU 1993:16*, 147.

Further, as a solution to the problems that still exist even though economic development spontaneously turns them into a lesser concern, the report, again echoing Lindbeck's earlier arguments, concludes that:

> the most effective method to avoid conflicts between economic growth and environmental considerations is to utilise environmental charges. Such charges generally align better with the principles of a functioning market economy than regulations do.[861]

The recommendation to implement environmental charges, such as carbon emission taxes, is a direct challenge to interlocutors advocating for emission bans, caps, or other types of regulations. Note how the report argues that such charges should not serve as a complement but as an alternative to regulations and political control of pollution making such regulations unnecessary or even illegitimate, in the sense that they are misaligned with a functioning market economy.[862] While these arguments are similar to Lindbeck's earlier ones, one novel approach to the environmental issue is presented that concerns the question of debt and long-term sustainability, linking the environmental issue to other issues.

> According to the directives, the commission's proposals should aim for a medium-term perspective, which we interpret as ten years into the future. However, the proposals should be sustainable over an even longer term. Costs must not be deferred to the future in a way that seriously restricts the freedom of action of future generations. We believe that our generation should not leave future generations with either a burdensome national debt, a heavy pension debt, or an environmental debt that lowers welfare.[863]

This use of the notion of sustainability needs examination. The notion of sustainable development spread significantly following the release of the Brundtland Report by the United Nations in 1987.[864] The report linked environmental, economic, and social concerns, arguing that a better environment could only be achieved through reduced resource consumption, given the issue of limited resources, and an increase in equality to safeguard the welfare of future generations.[865] The Lindbeck commission uses a similar definition in arguing that the sustainability vision "underscores the importance of considering long-term consequences of various decisions".[866]

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861 Lindbeck et al., *SOU 1993:16*, 147.

862 Lindbeck et al., *SOU 1993:16*, 147.

863 Lindbeck et al., *SOU 1993:16*, 6.

864 Ann-Kristin Bergquist and Thomas David, *Beyond Limits to Growth!: Collaboration Between the International Business and United Nations in Shaping Global Environmental Governance*, Université de Lausanne (2022 2022), http://urn.kb.se/resolve?urn=urn:nbn:se:umu:diva-192827.

865 G.H Brundtland, *Our Common Future: Report of the World Commission on Environment and Development. Geneva, UN-Dokument A/42/427* (United Nations, 1987), http://www.un-documents.net/ocf-ov.htm

866 Lindbeck et al., *SOU 1993:16*, 147.

However, as Lindbeck did with the concept of the environment during the 1970s, the question of sustainability is here used to link the environmental question to a neoliberal framework rather than a plea for equality. Referring to how sustainability encompasses constitutional restraints on day-to-day politics, in line with both a public choice rationality and Hayek's arguments on how political decision-making should be restricted, the report concludes:

> We have emphasised the demand for long-term sustainability in all political areas, not just for resource and environmental issues. One type of demand is not more important than all others; rather, the requirement for long-term perspectives should be introduced as a restriction in daily decision-making overall. As has been shown in the previous chapters, Swedish economic policy has long been lacking in this area.[867]

Here, the report uses "sustainability" and "long-term perspectives" to indicate the necessity of constitutionally restraining political governance. In that sense, the concept of sustainability is used similarly to the concept of public interest. It can be viewed as a speech act that requests the implementation of constitutional restraints to protect the recommended form of governance from the whims of democratically elected politicians representing special interests.[868]

Further, in the name of long-term perspectives, the report "advocates for the inclusion of environmental debt calculations as a routine element in the budgeting process, to complement (but not replace) traditional national accounts".[869] Not just the concept of capital but also the matter of debt is closely tied to the question of temporality by necessitating repayments in the future. In this context, debt functions similarly to the concept of capital, as it implies that to know what must be done the price mechanism must signal the information. Lindbeck and his co-authors conclude that:

> To clarify whether one generation is passing on costs to future generations, we propose the development of a system for generational accounting that, as far as possible, encompasses all assets and liabilities between generations.[870]

The report is, however, sceptical about how this debt might be calculated, arguing that calculations made by those trying to assess the environmental debt are inaccurate. They mention calculations that show that:

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867 Lindbeck et al., *SOU 1993:16*, 147.

868 Again, see: Møller Stahl, "From Depoliticisation to Dedemocratisation: Revisiting the Neoliberal Turn in Macroeconomics."

869 Lindbeck et al., *SOU 1993:16*, 148.

870 Lindbeck et al., *SOU 1993:16*, 148.

> emission of carbon dioxide costs the country 2.5 billion kronor per year, despite the fact that, due to forest growth, we currently absorb more carbon dioxide than we emit.[871]

By arguing that carbon dioxide emissions have a negative net effect, the report effectively de-problematises the entire climate question, at least from a Swedish perspective, implying that there is potential room for more carbon dioxide emissions without the risk of accumulating national environmental debt.

To sum up, the report proposes growth and market mechanisms as solutions to environmental problems, which they suggest are potentially not problematic. The stance of Lindbeck and his co-authors can be seen as a result of Hayekian epistemology and radical uncertainty, in that we cannot know if there is a climate problem because information is fragmented and dispersed. The only thing we can do is apply the price mechanism, which enables spontaneous and instant solutions and does not require political planning, making it unnecessary to know if there is a problem.[872] In a sense, this depiction represents a form of full-spectrum dominance of the climate discourse. It encompasses both a denialist position and a position where markets are seen as the solution to the problem. However, what is most important for sustainability is that politics and policies ensure that the market mechanism stays in place.

Concluding remarks

I have shown that arguments that emphasise the importance of predictability for both the economy and society — particularly its role in enabling capital growth — also serve as implicit justifications for many of the constitutional constraints proposed throughout the report. Given that unpredictability arising from shifts in governance is seen as perilous, it becomes crucial to establish political conditions that minimise changes in statecraft. I would argue that the line of reasoning used in the report further attests to the enduring impact of Lindbeck's initial forays into neo-Keynesian thought, which highlighted the issue of creating predictability in governing by, as Rune Møller Stahl has pointed out, limiting the impact of democratic influence. This can be seen as a way to de-democratise (rather than de-politicise) the state.[873]

The family has a role in the report's vision of a society outside the sphere of the state. This can be seen in its articulation of the pre-school childcare problem. The report recommends financial incentives to facilitate the option of one parent staying at home with the children instead of sending them to pre-school. Given that the pre-school childcare system has

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871 Lindbeck et al., *SOU 1993:16*, 148.

872 My analysis follows what Philip Mirowski discusses in Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 334ff.

873 Møller Stahl, "From Depoliticisation to Dedemocratisation: Revisiting the Neoliberal Turn in Macroeconomics."

predominantly increased women's participation in the labour market, this suggestion primarily aims to enable women to stay at home with their children, implicitly not encouraging them to spontaneously strive to increase their value as human capital. Instead, they have an implied role as caregivers and are responsible for reproducing human capital as caregivers and child-bearers.

The trade unions are central to the report's vision of a new civil society and are here depicted as having an important governance role, not as representatives of the working class in labour disputes and wage settlements, but as advisors and consultants to members who strive to increase their human capital, helping them to better themselves, spontaneously and without the need for state intervention, in a way that not only affects themselves but the whole economy and society.

Finally, the report proposes growth and market mechanisms as solutions to environmental issues, which they simultaneously suggest might not even pose a real problem. This stance of Lindbeck and his co-authors can be seen as a result of Hayekian epistemology and radical uncertainty in that we cannot know if there is a climate problem because information is fragmented and dispersed. The only thing we can do is apply the price mechanism, which enables spontaneous and instant solutions and does not require political planning, making it unnecessary to know if there is a problem.[874] In a sense, this depiction represents a form of full-spectrum dominance of the climate discourse. It encompasses both a denialist position and a position where markets are seen as the solution to the problem. However, what is most important for sustainability is that politics and policies ensure that the market mechanism stays in place. Further, the notion of sustainability has a central role in the report, linking the environmental question with the need to enact strict constitutional frameworks for governing in all sectors.

Conclusion: Articulating Swedish neoliberalism

Looking back on the report, Assar Lindbeck, in his memoirs, emphasised that he was ahead of his time. "We proposed a work line rather than a welfare grant line",[875] he writes, echoing the main slogan of the centre-right Reinfeldt coalition that governed Sweden from 2006 to 2014. Underscoring the impact of the report, Lindbeck concluded that around 50 of the 113 proposals had been implemented (or were about to be implemented) as early as one year after the publication of the report.[876] The proportion of proposals that were made into policy was, however, secondary for Lindbeck who concluded that "[w]e have succeeded the

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[874] My analysis follows what Philip Mirowski discusses in Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, 334ff.

[875] Lindbeck, *Ekonomi är att välja: memoarer*, 299.

[876] Lindbeck, *Ekonomi är att välja: memoarer*, 312.

day people think that they have come up with the same ideas as us in the commission".[877] The goal of the Lindbeck commission was a general shift in the discourse surrounding political-economic issues, rather than the proposals in themselves. This indirect impact underscores Lindbeck's role as an author, as seen through Foucault's understanding of the author function. The importance is not Lindbeck as a person, but the discourse that is represented by the work and the kind of discursive changes it enables. Regarding impact, this time Lindbeck (at least according to himself) succeeded where he had failed after the publication of the 1979 Bjurel report. For the impact to be possible, however, and for Lindbeck to be able to present an eclectic range of neoliberal ideas as potential alternatives for the restructuring of Swedish governance, the crisis of the early 1990s was a necessary context in that it functioned as a dislocatory event.

The Lindbeck report is a good example of how neoliberalism must be seen as a hybrid entity, as discussed by Jamie Peck. Even though Becker, Buchanan, and especially Hayek serve as necessary influences for the suggestions in the report and its logical foundations, the form of neoliberalism articulated here has distinct Swedish characteristics. This becomes evident when we acknowledge that the commission envisions Swedish unions playing a central role in enabling the independent and self-managing entrepreneurs necessary for the society the authors imagine. This conclusion also nuances Kjell Östberg's explanation regarding how the report aimed to restrict union power. I have shown that its goal was rather to re-articulate the very function of unions in governance, restructuring them to serve as agents in the production of human capital.

While the report often presents its arguments in the form of creating continuities with both a Swedish legacy of market governance and the traditions of Western civilisation, it does mark some interesting discontinuities even with Lindbeck's writings. Central here is the role of the economist. While Lindbeck for decades, explicitly inspired by Gary Becker, depicted the economist as a potential universal expert and as one who is able to transcend the boundaries of academic disciplines whilst simultaneously giving political advice, he had earlier put strong emphasis on the special knowledge represented by business leaders. Now, however, Swedish businesses are described as having been made ignorant because of the actions of the Swedish state, which has deprived them of the competitive market as a space for learning or accumulation of entrepreneurial knowledge.

Instead of highlighting the knowledge possessed by business leaders, the commission now (at least implicitly) depicts the economist as the one carrying privileged knowledge, with an implicit capacity to understand the information conveyed by markets. It is implied that those who are enlightened by the market and its associated logics of competition should be seen as endowed with both authority and trustworthiness. The report, for example by granting more political power to the Ministry of Finance and auditors, can be seen as implicitly proposing to transfer political power to economists, who have been drilled in understanding the

[877] Lindbeck, *Ekonomi är att välja: memoarer*, 317.

superiority of the market mechanism and its ability to process information through their education and socialisation in their field. This notion challenges the fundamentals of Swedish political discourse because it gives authority to speak truth to the economist, rather than to politicians who are seen as having been coopted by special interests.

This notion of the politician, or of politics, leads to a general scepticism towards democracy, at least in its current form, that flows through the report. Public interest, which is used in a sense we recognise from the theory of public choice, is often articulated in direct contrast to the outcomes of the democratic political process. Further, the numerous arguments for creating constitutional frameworks, for example in the name of sustainability and long-term perspectives, can be seen as arguments for restricting the consequences of democratic influence. “Day-to-day politics” must be kept at bay to protect the economy from democratic fluctuations, the argument goes.

It should be noted that Lindbeck and his co-authors do not ask for the roll-back of the state but rather aim at re-structuring the state in the direction of an enterprise or a firm. This is especially evident if we look at how Lindbeck and his co-authors aim to strengthen government as if it were an executive board of a private company, while simultaneously restructuring parliament to function as an auditor of the state as an enterprise. The role of parliament is thus not envisioned primarily as a body of democratic representation but as an organ whose main role is to keep state expenditure under control in the name of the public interest.

This report is also another striking example of how neoliberal politics does not just interest itself in the economy. It asks for a restructuring of all spheres of society, from the moral foundations that influence the behaviour of the entrepreneurial individual to the logics that govern municipalities as well as state action and constitutional frameworks. The main task of the report is not to propose a restructuring of the economy as an independent field, nor is it to combat the state or the welfare system. It is to restructure all spheres of society through active statecraft.

Further, the Lindbeck report can be understood not primarily as a response to the state’s deficit problems but as a response to the problem of subjectivity and freedom. The report is thus not a return to “naïve laissez-faire” regarding the state’s relationship with the market and society. On the contrary, it asks for a restructuring of the state to guarantee and create competitive marketplaces where the sovereign consumer can be materialised by being exposed to price signals, and thereby encouraged to take responsibility for his or her own life as entrepreneurs of themselves.

From a Foucauldian perspective, the Lindbeck report can be understood as embodying a governmental perspective, where governmentality refers to “the conduct of conduct” — a form of governance aimed at the self-regulation of citizens. This perspective focuses on encouraging individuals to spontaneously adjust and take responsibility for their own lives, adapting to economic and societal changes without becoming a burden to others.

Finally, the report reflects a form of neoliberal radicalisation within Lindbeck's writings. This is most evident in Lindbeck's discussions concerning pluralism. While Lindbeck previously aligned primarily with a Hayekian epistemology in the sense that he saw the marketplace as an essential information processor, my interpretation is that he now also subscribes to a radical neoliberal ontology — radical in the sense that it potentially encompasses everything. While there are ontological dimensions already in understanding what a market is (namely, a superior information processor), here, everything at a meta-level is conceptualised and understood as (or as if) operating within a broader marketplace.

PART III

Conclusions

A central purpose of the writing of this dissertation has been to contribute to what Michel Foucault calls the history of the present. I have been fascinated by how we can explain the society around us, full of contradictions, for example, regarding how, in Sweden, we can understand the significant neoliberal re-structuration of the state responsibilities and the welfare state during the last few decades and how we can explain that contemporary neoliberalism manages to co-exist with a relatively generous welfare state, as in Sweden. One of many answers to this broader purpose can be found in the genealogy of Assar Lindbeck's authorship, which can simultaneously be described as the genealogy of a specific form of Swedish neoliberalism which was articulated in the final report of the 1993 Lindbeck commission.

While I acknowledge that neoliberalism is not easy to define and that neoliberals often contradict not only each other but also sometimes themselves, I have worked from the conclusion, based mainly on Foucauldian and post-Foucauldian understandings of neoliberalism, explaining neoliberalism as functioning under three common denominators. I use these denominators as a Weberian ideal type. The first common denominator is the Hayekian epistemic notion that the competitive marketplace is the most effective information processor known to man. Second, neoliberals use private enterprise as a template for governing. This also applies to how individuals are encouraged to govern themselves as competing firms in the form of human capital, as entrepreneurs of themselves, responsible for their spontaneous betterment, risk management, and so on. I here use a broad definition of government, following Michel Foucault's and Mitchell Dean's notion of governing, which encompasses any action targeted towards affecting human behaviour. This definition also implies that neoliberalism deals with far more than the economy or the market, so I have hesitated to use notions such as marketisation to explain neoliberalism. Third, neoliberalism should not be mixed up with laissez-faire; instead, it emphasises active statecraft in both the creation and protection of markets and entrepreneurial subjects, as well as moral systems, family structures, and so on that help perpetuate (entrepreneurial) conduct of conduct, which I, following Foucault, call (neoliberal) governmentality.

Building on the conclusions of scholars such as Jenny Andersson, Philip Mirowski, and Mark Blyth, who have already established Assar Lindbeck's pivotal role in Swedish statecraft and neoliberalism, this dissertation uses Lindbeck's authorship to answer four groups of questions.

The first set of questions I have answered relates to my understanding of Hayekian epistemology as a central pillar of neoliberalism. While this aspect has been extensively discussed in an international context, it has often been overlooked in the analysis of Swedish neoliberalism. This leads me to ask *how neoliberalism and neoliberal epistemologies inform Assar Lindbeck's perspective in the material analysed*. My second set of questions relates to how the state has a central function in neoliberalism. I have asked *how the state and its legitimate core functions are articulated in Lindbeck's writings, as seen in the analysed material.* My third set of questions has focused on the constructivist dimension of neoliberalism, as exemplified by the public choice school of thought and Michel Foucault's concept of governmentality as the "conduct of conduct". The main question regarding this is as follows: *How does Assar Lindbeck employ "conduct of conduct" as a governing strategy, for example, through the creation of specific types of subjectivities?* Lastly, acknowledging that political ideas are formulated and reconstituted within a political context where statements and utterances are often employed antagonistically, I have answered *how the political context surrounding Lindbeck shaped his authorship and who his interlocutors are*.

Before I summarise the answers to these questions, I will present a summary of the development of Lindbeck's authorship. For more in-depth conclusions and summaries, I advise the reader to read the conclusion chapters in my major chapters.

Evolution of authorship

Lindbeck's intellectual development demonstrates a significant evolution in his thinking and authorship. Initially influenced by social democratic ideals of equality and somewhat inspired by notions within Keynesian economics, while being more affiliated with neo-classical economics than with Keynesianism, he gradually integrated and hybridised neoliberal thinking.

Lindbeck's early writings sought to merge social democratic values of equality with market efficiency and the neoclassical stance on Pareto efficiency, which resists radical redistribution. This alignment necessitated alternative solutions, paving the way for neoliberal approaches, yet not definitively shaping Lindbeck's evolution. Influenced by Hayekian epistemology, he positioned markets as central to information processing while advocating for state intervention to prevent monopolies and ensure effective competition. During his early authorship, Lindbeck began to re-articulate the concept of the mixed economy, where the state played a crucial role in fostering competitive markets, very similar to ideas of the neoliberal state proposed by, for example, Hayek. This is, for example, explored in the chapter "Contending for the future of social democracy".

Gary Becker's influence seems to have had a profound impact on Lindbeck's authorship from the late 1960s onwards. I explore this in my chapter "Engaging the New Left". By framing education as an investment in human capital (a concept developed by Becker) that would increase individual life incomes, Lindbeck offered a solution to the demand for increased equality while still opposing radical redistribution. Lindbeck proposed investments in education as an alternative to redistribution. Further, the influence of Becker can be seen in how markets are articulated to have a governmental function, as in the conduct of conduct. Markets are articulated as creating incentives, enabling indirect governance that allows for the spontaneous and efficient allocation of resources and the development of new technologies while simultaneously aligning the production of commodities with the fulfilment of individuals' desires. This is a good example of how consumption in neoliberal thinking — especially in its Chicago School form and in Gary Becker's authorship — is not only an act of exchange in the marketplace but is directly linked to production. A central part of this notion is how individuals fulfil their desires through consumption, which simultaneously aligns the production of commodities with what people truly desire. This argument also illustrates how this articulation of neoliberalism in the late 1960s could be seen as having a strong emancipatory dimension, competing with other emancipatory projects, particularly those connected to the New Left. Lindbeck's strategy to enable the fulfilment of desires within a system articulated by the New Left as overly bureaucratic and alienating underscores this emancipatory aspect.

For example, Orsi Husz has helped us understand that Lindbeck's articulation of the consumer as rational should be seen as a contestation against other articulations of the consumer as a subject warranting protection from the state — a view more dominant in Sweden during the post-war era — I believe that my Foucauldian understanding of neoliberalism highlights the very central position of consumption in Lindbeck's authorship. This perspective follows a fundamentally different understanding of the market compared to earlier forms of liberalism. For Lindbeck, as well as for neoliberals such as Gary Becker, the act of consumption is no longer merely an act of exchange but a way to make one's desires known while simultaneously producing the fulfilment of those desires. Again, this understanding of the consumer challenging the notion that individuals' preferences are best expressed through, for example, the act of voting.

The role of consumption is closely linked to how Lindbeck articulates efficiency, which he tautologically defined as any free choice made in a market driven by the logic of competition. This concept is further explored in the chapter "A Converging World," where I discuss Lindbeck's Hayekian understanding of efficiency, inspired by debates among economists who utilized Hayek's theories in the Eastern Bloc. I concur with Johanna Bockman's argument that parts of contemporary neoliberal thinking are traceable to these Eastern Bloc debates.

Initially sceptical about market solutions for environmental issues, as explored in my chapter "Contending for the future of social democracy", Lindbeck's stance transformed during the 1970s. Influenced by neoliberal and neo-Keynesian thinkers like Ronald Coase and Paul Samuelson, Lindbeck began to articulate property rights and competitive market mechanisms as viable solutions to environmental problems. Lindbeck's shift was rooted in a logic that postulated the market's ability to process and disseminate information more effectively than any centralised planning could. This I explore in my chapter "Engaging the environmental movement, and the neo-Malthusians: 'Against the doomsday prophets'". Lindbeck's position stands out compared to that of neoliberals such as Coase. Philip Mirowski has shown that Coase's proposal of property rights was made to solve the externality problem, often used in neoclassical economics. Lindbeck, likely inspired by Coase, instead used the notion of externalities — problems created by the market — by pointing at areas that needed both private ownership rights and active statecraft that promoted the application of price signals. A fundamental difference between Lindbeck and someone like Coase was Lindbeck's positive attitude towards state action in handling market failures as externalities. This is one of many examples of how neoliberalism always works in hybrid forms, as argued by Jamie Peck. For Lindbeck, there was never a problem with combining neoliberal approaches to environmental questions with neoclassical ideas, which the neoliberal ideas were sometimes articulated against.

The 1970s oil crisis marked a pivotal moment in Lindbeck's authorship. The Bjurel report, the writings of which I explore in the chapter on the chapter on "Roads to increasing prosperity", which he contributed to, problematised and critiqued Keynesian policies and articulated the crisis as systemic, requiring competitive market-based solutions. This period saw Lindbeck's authorship deepening the commitment to Hayekian principles and Hayek's epistemic notions, articulating that decentralised and competitive market mechanisms were essential for any form of effective state governing. Lindbeck re-articulated the notion of the welfare state by detaching it from redistribution and focusing on efficiency. During the 1970s, Lindbeck argued that welfare systems should not obscure price signals, as doing so prevents individuals from understanding the true costs of welfare expansion, thereby nudging individuals against desiring an expanding welfare state. This perspective aligns with the neoliberal view that markets reveal true consumer preferences, ensuring efficient resource allocation.

In the 1980s, Lindbeck continued to engage with diverse neoliberal thinkers, incorporating public choice theory from James Buchanan and ideas from Milton Friedman and Gary Becker. This period saw Lindbeck expanding his focus to include the role of the family and education in his articulation of what I would call a form of neoliberal governance, which included a somewhat positive articulation of the welfare state, although in a very limited form. He emphasised the state's role in promoting private shareholdership and integrating trade unions into a neoliberal framework. I explore this in the chapter "Lindbeck in the 80s: A neoliberal defence of the welfare state?" and in my final analytical chapter "The Assar Lindbeck report: Proposing a neoliberal revolution?" in which the genealogy of Lindbeck's authorship that I have explored comes together.

Neoliberalism and epistemological foundations

It is impossible to understand Assar Lindbeck's authorship — and the political development in Sweden, considering Lindbeck's influence as an economist and political advisor, without taking into consideration how it is rooted in neoliberal epistemologies. In particular, the Hayekian epistemic notion that knowledge is dispersed and fragmented across society and that markets and the price mechanism are perhaps the only viable tools for processing and facilitating knowledge in any meaningful way was essential in Lindbeck's authorship.

This foundational idea, which concludes that markets and price signals are the most effective mechanisms for processing and disseminating information, also breaks with the Polanyian and neo-Polanyian notion — represented by scholars such as Mark Blyth — that the form of neoliberalism represented by Assar Lindbeck and his proponents is merely a return to the politics of the 1920s and early 1930s. Lindbeck's position, like that of central neoliberal thinkers such as Hayek, follows an understanding of the market and consumption that is very different from earlier forms of liberalism. This reading has, in part, been influenced by my genealogical approach, which asks the researcher to question any claims of continuity and instead focus on what is new and novel.

From his early career in the late 1950s and early 1960s, Lindbeck's work reflected a profound influence from Hayekian thinking. Lindbeck articulated markets as superior information processors, a perspective that fundamentally shaped his neoliberal stance. This epistemic logic concludes that decentralised market mechanisms excel in processing information more efficiently than any centralised system, making them indispensable for addressing societal issues. This perspective also challenges interlocutors who propose economic planning as viable solutions for societal problems. Hayekian epistemic notions became so crucial for Lindbeck that they formulated the core logic and beliefs in both the 1979 Bjurel report and the final report of the Lindbeck Commission in 1993.

While I have hesitated to discuss whether or not Lindbeck was a neoliberal, this alone is enough to show how Lindbeck's authorship from early on was based upon a central and perhaps most crucial neoliberal notion.

Neoliberalism and the role of the state

Contrary to the conception that neoliberalism advocates minimal state intervention, as argued by earlier research from scholars such as Kristina Boréus, Andreas Fagerholm, and Mark Blyth, Lindbeck's authorship reveals a view where an active state is crucial for fostering competitive markets. Following a view on the state similar to Hayek's, Lindbeck articulated the state's role as setting the rules for market competition, protecting against monopolies, and ensuring that market failures were addressed through appropriate policies.

This perspective aligns with the broader neoliberal strategy of restructuring state functions to support competitive market mechanisms rather than direct control or planning.

Lindbeck also advocated for increasing the number of private shareholders to align the interests of wage earners with those of business owners. This strategy was intended to foster a sense of ownership and responsibility among citizens, promote the acceptance of lower wages, and encourage societal changes that aligned individual behaviour with neoliberal principles. Additionally, this approach was articulated as a method to maintain relatively high private business profits while dampening inflation.

Lindbeck proposed integrating trade unions into a neoliberal framework, positioning them as potential tools for governance and the production of entrepreneurial subjects through the governmental strategy of conduct of conduct, rather than as adversaries. This approach was particularly evident in Lindbeck's strategies for controlling inflation and unemployment, where he suggested that trade unions could play a central role in wage-setting mechanisms rather than relying solely on state intervention. This conclusion somewhat contrasts with that of Kjell Östberg, who has argued that Lindbeck's primary aim was to restrict union power as part of a general neoliberal trend in Sweden to shift power from politics to the markets.

Further, Lindbeck emphasised the need for the state to focus on long-term stability, shielding the economy from short-term political fluctuations. This involved creating constitutional frameworks to restrict the impact of day-to-day politics on economic governance, ensuring that market actors could engage in long-term planning. Inspired by Rune Møller Stahl, I have shown how neo-Keynesian problematisations regarding long-term stability issues acted as a springboard for Assar Lindbeck. He sought solutions within a broader neoliberal framework, where authors such as Hayek and Buchanan had articulated schemes to limit politicians' influence in day-to-day politics.

Constructivist dimensions: governmentality and subjectivisation

Lindbeck's attitude towards governing can be made intelligible by utilising Foucault's notion of the "conduct of conduct," or governmentality, which involves shaping the behaviour of individuals through market incentives. Lindbeck argues that exposing individuals to market conditions would foster entrepreneurial subjectivities, encouraging self-regulation and personal responsibility. This approach aimed to create a society where individuals act as entrepreneurs of themselves, adapting spontaneously to new conditions and contributing to overall societal stability.

This understanding of neoliberal governing breaks with the notion that neoliberalism is merely a return to earlier forms of liberalism. Instead, we can see a crucial difference in the attitude towards human subjectivity, which is viewed as contingent on cultural factors rather than being taken for granted.

Influenced by Gary Becker's concept of human capital, Lindbeck re-articulated educational policies to emphasise the development of market-oriented skills. He viewed education as a means to enhance individual competitiveness and self-reliance, aligning with neoliberal values. Further, Lindbeck proposed that governance should be based on principles designed to incentivise desired behaviours. This included using price signals to encourage efficient resource use and personal responsibility and creating a societal framework where market logic permeates all aspects of life by constructing specific moral systems and virtues, which he saw as threatened by the expanding welfare state.

Political context and interlocutors

Lindbeck's writings were significantly shaped by the political context and his engagement with various intellectual and political movements. His interactions with the New Left, neo-Malthusians, and welfare state proponents were central to developing his authorship, articulation, and utilisation of neoliberal ideas.

Lindbeck's interactions with the New Left and Neo-Malthusians, focusing on issues like environmental sustainability and social justice, exemplify how his authorship developed in an antagonistic context against his interlocutors. He used Hayekian epistemology to counter the grievances of his adversaries, arguing that market mechanisms were superior in addressing environmental and social challenges that he simultaneously acknowledged and problematised, such as pollution, unemployment, and the feeling of powerlessness in bureaucratic society. Inspired by Michel Dean and a post-structural reading of Quentin Skinner, I have shown that it is only possible to understand the genealogy of Lindbeck's authorship by recognising how it was articulated in opposition to his adversaries.

Comments on research contributions

I wish to emphasise that this dissertation would have been impossible to write without the essential contributions from the international research field on neoliberalism. Scholars such as Philip Mirowski, Melinda Cooper, Christian Laval & Pierre Dardot, Jamie Peck, Quinn Slobodian, and Dieter Plehwe, all building in some way on the foundational work of Michel Foucault, stand out as particularly important. For the Swedish research field, I am building upon contributions made by Jenny Andersson, Avner Offer and Gabriel Söderberg and pioneering work by Kristina Boréus. To conclude this dissertation, I would like to highlight some key points that are particularly significant in relation to the research field.

The first point to note in comparison with earlier research is that although Lindbeck was deeply involved in neoliberal discourse, contributing to its development and re-articulation, he was never a member of the Mont Pelerin Society. This highlights the importance of recognizing that the history of neoliberalism extends beyond those who were officially affiliated with key neoliberal organisations such as the MPS.

I have challenged the view of Lindbeck as a somewhat typical a social democratic economist, especially before the significant ideological shift of the 1980s. Understanding his role within social democracy is however essential for grasping his neoliberal trajectory. Lindbeck's neoclassical and Hayekian perspectives were apparent as early as the 1950s. Key to this is Lindbeck's early articulation of social democracy as an agent of the strong state, whose emancipatory project was compatible with capitalism, the defence of property rights, and governing through the utilisation of markets. This articulation opened up a compatibility with Hayek's vision of neoliberalism, where the focus on the state was central, rather than merely a form of social liberal anomaly. I here underscore the need to trace the history of neoliberalism in Sweden back further than the neoliberal turn of the 1980s.

Agreeing with Jenny Andersson, I argue that neoliberalism partially has its roots in social democratic history. Furthermore, in line with Johanna Bockman's findings, it is essential to acknowledge that an understanding of neoliberalism also involves the economic discourse within the Eastern Bloc, where Lindbeck was an active participant. Neoliberalism cannot simply be characterised as a shift to the right or merely as a consequence of increased class power, "more capitalism" (as some Marxist scholars argue), or solely a result of organised business interests. Neoliberalism was also, in part, articulated by leftist actors in response to internal problematisations within the political left.

I have also shown that Lindbeck's suggestions for governing were not merely using markets as a template, as argued by Offer & Söderberg. As for many neoliberals, non-market domains were always important for Lindbeck, though these domains differed throughout his authorship. The notion that market principles do not belong everywhere was developed under the concept of pluralism, a concept simultaneously used to challenge the growing power of organised labour. In his earlier work, Lindbeck was used the notion of external economies to identify areas where markets did not belong. In contrast, his later work, akin to Becker's, articulated non-market domains in the name of better-functioning markets. A good example of this is his advocacy for traditional family values, opposing major female participation in the labour market and the expansion of a Swedish kindergarten system. Another interesting example is Lindbeck's advocacy, or at least partial defence, of a form of universal basic income system in the 1993 report.

Alongside recognising that the neoliberal understanding of markets, which Lindbeck embraced, radically departs from other market concepts, I have also questioned the characterisation of neoliberalization merely as a "market turn." Neoliberalism re-articulates markets from merely being spaces of exchange, as seen in classical liberalism, to arenas of competition. Additionally, I emphasize the significance of non-market domains both within general neoliberal discourse and specifically in the utilisations and re-articulations presented by Lindbeck.

Furthermore, I have shown that we need to consider the significant ways in which neoliberal thinking differed from central neoclassical notions to understand the debate among Swedish economists, especially the efficiency debate earlier scrutinised by Agneta Hugemark. More precisely, I have argued that we cannot understand Lindbeck's articulation of efficiency without understanding Hayekian epistemology. For Lindbeck, all free choices made in a market-like system functioning under the logic of competition were deemed efficient. This is because, since the price signal and markets are the only viable information processors, it is impossible to know what people desire without utilising markets where individuals have to choose using their limited means. Considering this, it would be interesting to deconstruct how the notion of efficiency is used in contemporary Swedish governing.

Agreeing with Møller Stahl, particularly evident in Lindbeck's 1993 report, I argue that the neoliberal project (represented by Lindbeck) can, at least in part, be described as a process of de-democratisation rather than de-politicisation. Additionally, I concur that the genealogy of this thought can be traced back to the neo-Keynesian understanding that emphasises the need for long-term stability, where the state ought to protect the markets from short-sighted democratic influences.

I have also contributed to the important notion articulated by Jamie Peck, namely that neoliberalism is always articulated in hybrid and non-pure forms. The form of Swedish neoliberalism advocated by Lindbeck differed from its international, and especially American, counterparts by which Lindbeck was inspired. For example, labour unions were not articulated as enemies of the Lindbeck's neoliberal project but rather as important potential tools in, for example, the production of human capital. Lindbeck's project was thus not merely the restructuring of the state but also of the labour unions, probably because Swedish labour unions were already deeply integrated in governance due to the Swedish model.

Finally, this dissertation contributes to the ongoing debate on whether neoliberalism represents a return to laissez-faire or classical liberalism, or if it aligns with forms of libertarianism or anarcho-capitalism. My research supports the view that understanding neoliberalism, including the eclectic form advocated by Lindbeck, requires recognizing it as a project aimed at re-tasking the state rather than diminishing its role. This perspective necessitates a closer examination of how the state, and even the welfare-state, is re-tasked and re-articulated, rather than simply measuring the extent to which state functions have been replaced by markets.

Appendices

1: Mont Pelerin Society, Statement of Aims

The central values of civilisation are in danger. Over large stretches of the Earth's surface the essential conditions of human dignity and freedom have already disappeared. In others they are under constant menace from the development of current tendencies of policy. The position of the individual and the voluntary group are progressively undermined by extensions of arbitrary power. Even that most precious possession of Western Man, freedom of thought and expression, is threatened by the spread of creeds which, claiming the privilege of tolerance when in the position of a minority, seek only to establish a position of power in which they can suppress and obliterate all views but their own.

The group holds that these developments have been fostered by the growth of a view of history which denies all absolute moral standards and by the growth of theories which question the desirability of the rule of law. It holds further that they have been fostered by a decline of belief in private property and the competitive market; for without the diffused power and initiative associated with these institutions it is difficult to imagine a society in which freedom may be effectively preserved.

Believing that what is essentially an ideological movement must be met by intellectual argument and the reassertion of valid ideals, the group, having made a preliminary exploration of the ground, is of the opinion that further study is desirable inter alia in regard to the following matters:

1. The analysis and exploration of the nature of the present crisis so as to bring home to others its essential moral and economic origins.
2. The redefinition of the functions of the state so as to distinguish more clearly between the totalitarian and the liberal order.
3. Methods of re-establishing the rule of law and of assuring its development in such manner that individuals and groups are not in a position to encroach upon the freedom of others and private rights are not allowed to become a basis of predatory power.
4. The possibility of establishing minimum standards by means not inimical to initiative and functioning of the market.
5. Methods of combating the misuse of history for the furtherance of creeds hostile to liberty.
6. The problem of the creation of an international order conducive to the safeguarding of peace and liberty and permitting the establishment of harmonious international economic relations.

The group does not aspire to conduct propaganda. It seeks to establish no meticulous and hampering orthodoxy. It aligns itself with no particular party. Its object is solely, by facilitating the exchange of views among minds inspired by certain ideals and broad conceptions held in common, to contribute to the preservation and improvement of the free society.

Mont Pelerin (Vaud), Switzerland, April 8, 1947

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Doctoral dissertation from the National Graduate School in History/Historical Studies

This dissertation was produced within the framework of the National Graduate School in Historical Studies (formerly the National Graduate School in History). The Graduate School was founded in the autumn of 2000 and is a collaboration between Lund University, the University of Gothenburg (since 2011), Linnaeus University (formerly Växjö University), Malmö University (formerly Malmö University College), and Södertörn University, with Lund University as the host institution. In 2014, the Graduate School was expanded to include the subjects of Human Rights, History of Ideas and Sciences, Ethnology, Art History and Visual Studies, Musicology, Book History, Historical Archaeology, and Classical Archaeology and Ancient History. The National Graduate School in History changed its name in 2016 to the National Graduate School in Historical Studies.

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