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ECON JOURNAL WATCH  
Scholarly Comments on  
Academic Economics

**Roger B. Myerson [Ideological Profiles of the Economics Laureates]**

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*Econ Journal Watch* 10(3), September 2013: 501-507

**Abstract**

Roger B. Myerson is among the 71 individuals who were awarded the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel between 1969 and 2012. This ideological profile is part of the project called “The Ideological Migration of the Economics Laureates,” which fills [the September 2013 issue of \*Econ Journal Watch\*](#).

**Keywords**

Classical liberalism, economists, Nobel Prize in economics, ideology, ideological migration, intellectual biography.

**JEL classification**

A11, A13, B2, B3

**Link to this document**

[http://econjwatch.org/file\\_download/753/MyersonIPEL.pdf](http://econjwatch.org/file_download/753/MyersonIPEL.pdf)

## Roger B. Myerson

by Daniel B. Klein, Ryan Daza, and Hannah Mead

Roger Myerson (1951–) was born and raised in the Boston area. He earned his bachelor's, master's, and Ph.D. in applied mathematics from Harvard University. Myerson won the 2007 Nobel Prize in Economics with Eric Maskin and Leonid Hurwicz “for having laid the foundations of mechanism design theory.”

Professor Myerson (2013) has kindly responded to our questionnaire. He indicated that, politically, he is a market-oriented Democrat. His views have not changed significantly, he says: “The questions of the world have changed, but my basic approach to political questions has not greatly changed during my adult life.” Myerson (2013) makes it clear that foreign policy has been a strong factor in his favoring the Democratic Party over the Republican Party.

The work for which Myerson won the Nobel is, he says, at its root “about communication and incentives to share information that other people need for decisions” (Myerson 2007). Tyler Cowen summarizes Myerson's work:

His most cited paper is on auction design. He laid out basic results for how to use auctions to extract revenue and elicit information about the value of the good. These results have informed numerous privatizations and auction schemes in the last twenty-five years. [He has] a very important paper, with David Baron, on how to regulate a monopolist with unknown costs. ... Myerson also has important papers on how social choice theory is linked to bargaining theory, and which social choice procedures are most likely to elicit truth-telling. (Cowen 2007)

Myerson's work also has implications for political theory. “Democratic competition is intended to reduce such corrupt profit-taking by political leaders, but my analysis suggested that the effectiveness of democracy against such corruption can depend on the specific structure of the electoral system” (Myerson 2008a).

Myerson has applied game-theoretic ideas to the American invasion of Iraq. He wrote: “I applied Schelling's ideas about credible deterrence to show that how [sic] America's rejection of multinational military restraint could exacerbate threats against America” (Myerson 2008a). He was critical of the United States' method of attempting to establish democracy in Iraq (ibid.). Specifically, Myerson was concerned with the lack of federalism: “Similarly, the chances of a successful democracy in Iraq can be improved if these first transitional elections are used only to elect autonomous provincial governments” (Myerson 2003a, 2).

While leaning towards free markets and smaller government (Myerson 2013), Myerson writes about the tradeoffs of economic systems:

In comparison with free-market capitalism, socialism allows individuals to have less private property rights. Giving an individual ownership rights over property can help solve the moral-hazard problem of getting him to exert hidden efforts to manage the property well, but such individual ownership rights also give people different interests which may make it harder for them to communicate honestly with each other, thus exacerbating the informational problems of adverse selection. Conversely, collectivism can often ameliorate adverse-selection problems while exacerbating moral-hazard problems. (Myerson 2008b, 336-337)

As a young adult, Myerson supported Jimmy Carter. He later opposed Reagan's nuclear policy, which Myerson saw as uncompromising and destabilizing. He "was sympathetic with many of Reagan's economic initiatives to strengthen free-market competition, but Democrats were also supporting deregulation" (Myerson 2013). Although open to voting Republican for "their positions on free-market and size of government issues," Myerson supported Bill Clinton because of his views on such domestic issues as abortion (ibid.).

In 2009, Myerson commented on the political implications of the global economic recession:

Thankfully, this global economics recession is also not comparable to the years of the Great Depression in its geopolitical ramifications. There is certainly lots of suffering, but there are no signs, as some are concerned, it will result in the rise of militant political movements to power, like we saw with the Nazis in the wake of the German depression. In my view, the linkage between economic depression and the rise of militant power doesn't really exist. (Myerson 2009, 54)

Myerson wrote in 2010 on the Obama administration's response to the recession:

When President Obama was inaugurated in January 2009, the American economy was sliding into recession because of a catastrophic loss of confidence in our financial system. In the previous decade, global investors' confidence in American financial institutions had brought vast capital inflows into the American economy. This confidence had been based on a perception that America's legal and political system

provided safeguards for investors that were second to none in the world. This confidence was shattered in 2008 with the collapse of Lehman Brothers.

A meaningful and effective financial regulatory reform in 2009 could have restored investors' confidence, reviving investment flows and stemming the loss of jobs. Imagine how different the economic environment might have been on election day in 2010 if President Obama could have announced by September 2009 that, after an intensive review of the financial regulatory system by both Congress and the White House, he was signing into law some carefully designed and well-focused reforms that could restore investors' and taxpayers' confidence in American financial institutions.

The focus on health care reform made it impossible to achieve meaningful financial regulatory reform for more than a year after President Obama took office. Health care reform and financial regulatory reform are both extremely complex issues and both have been fiercely resisted by powerful vested interests. Neither reform could be accomplished without strong political leadership at the highest level. The Obama administration could only address one at a time, and only one could be the central focus in the crucial first year when the new President's political capital was greatest. The Obama administration chose in 2009 to focus on health care reform.

It may be surprising that, when a catastrophic macroeconomic decline is clearly being caused by a loss of confidence in the basic regulatory controls of our financial system, that many leading economists would not see financial regulatory reform as an urgently needed remedy. (Myerson 2010)

In a 2011 interview, Myerson said, "Government spending has a critical role to play in building a great society and a great economy." He advocates letting Bush-era tax cuts lapse and returning to Clinton-era tax levels. He sees the U.S. as needing "relaxed monetary policy to stimulate the economy," with up to 9 percent short-term inflation and a longer-term inflation target of 3 to 4 percent. As such, he supports quantitative easing policies (Myerson 2011b).

Professor Myerson's full response to our questionnaire follows:

*1. When you were growing up, what sort of political or ideological views were present in your family and household? Did you have views as a youngster, say at age 18? If so, kindly describe them for us.*

My parents were liberal Democrats, strongly supporting the civil rights movement and opposing the Viet Nam war. I worked for Gene McCarthy and for George McGovern, who at least carried my home state of Massachusetts. But in college, I also opposed radical moves to close the universities down in protest against the war. I felt that we should not undermine our institutions of higher education just because we were upset about the war. A desire to join with other students in calling for our universities to remain open led me to join the Young Republican club in my college for a time.

*2. How about at age 25 or so? Had they changed at all by then?*

I supported Jimmy Carter for president, and I still admire him greatly.

*3. And how about age 35 or 40? Please describe any changes undergone since your early twenties.*

My opposition to Ronald Reagan was based mainly on his policies on nuclear weapons. Even as the Soviets moderated ideologically, Reagan seemed unwilling to sign treaties to limit our vast and profoundly dangerous stockpiles of nuclear weapons, and his enthusiasm for anti-ballistic missile systems struck me as dangerously destabilizing. I was sympathetic with many of Reagan's economic initiatives to strengthen free-market competition, but Democrats were also supporting deregulation.

At the end of the Cold War in 1989, I thought that the end of the nuclear arms race with the Soviet Union might create a political environment in which I could consider voting for Republicans as well as Democrats in national elections. After all, my training as an economist made me sympathetic to their positions on free-market and size of government issues. But then, after 1989, the Republicans tended to move en masse ideologically away from me on domestic issues such as abortion. So I supported Bill Clinton in both his presidential elections.

*4. And now please bring it down to the present. Have your views changed since your late thirties? How so? How would you describe your present political sensibilities or outlook?*

In no election during my life has the difference between the two parties' positions seemed smaller and less important than in the 2000 election. I supported Gore, but saw little significance in the election of George W. Bush. But the invasion of Iraq in 2003 radicalized me. I actually joined a local community group that organized regular public protests against the Iraq war for months before and after the actual invasion.

After the invasion, however, when America took responsibility for Iraq, I felt that we greatly magnified the mistake of invading by taking the wrong strategy in the political reconstruction of Iraq. The question of how to politically reconstruct an occupied country to best serve its people is a fundamental question to which social scientists can offer important insights. Thus, in spite of my active opposition to the invasion of Iraq, the questions of counter-insurgency strategy that followed it have actually gotten me involved with military policy analysts, and I serve proudly on the board of a military journal that is devoted to studying the problems of political stabilization and state-building. I have recently written a paper on Standards For State-Building, a proposed set of standards for policies that could be recommended to an occupier who want to demonstrate that their temporary political control is aimed, not to impose some neo-colonial domination, but to create a stable democratic political system for the benefit of the local population.

*5. Overall, would you say your views have changed, and, if so, have they changed in a way that can be summarized as changes of a particular nature or character? Did your thinking “move” in a particular “direction” (using the notion of ideological space)?*

I have always been mostly concerned about avoiding the horrors of war among great powers. Although my views as an economist made me slightly more sympathetic to some economic policy positions of the rightist party in America, my views on international relations have always made me a strong supporter of the leftist party in America. As I review the history of my political thinking for this survey, I am struck at how constant that has been.

*6. If your views did undergo changes, what caused the changes? Was it reading, thinking, experience of some kind, or the influence of particular people, including intellectual figures? All of the above? Something else? We will be very grateful if you try to explain why your views changed, to whatever extent they did.*

The questions of the world have changed, but my basic approach to political questions has not greatly changed during my adult life.

*7. We welcome citations to your writings that express your political views. We also welcome whatever tips you would give to someone researching your political views and their course over time.*

Please let me mention several short pieces that I wrote.

In February 2003, a few months before the invasion of Iraq, I wrote an op-ed piece that an old friend helped me to get published

in the *Minneapolis Star-Tribune*. Four years later, when I won a Nobel Prize for economics in the same week that Al Gore won a Nobel Peace Prize, one commentator (David Henderson, [link](#)) described my words in this article as “more important for world peace than anything Al Gore has ever done.” This 2003 article is available on my web page ([link](#)).

In May 2008, I was invited as a Nobel laureate to speak at a major conference in Jerusalem at the 60th anniversary of the founding of the state of Israel. There I spoke about peace-making from a similar critical perspective, focusing on the need for manifest restraint in deterrence strategies. My Jerusalem talk is available on my web page ([link](#)).

Finally, let me mention two papers on state-building. One article on “Rethinking the Fundamentals of State-building” was published in the military journal *PRISM* and is available online ([link](#)).

The other article on “Standards for State-building” is on my web page ([link](#)). (Myerson 2013)

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## Gunnar Myrdal

by Benny Carlson<sup>48</sup>

From the late 19th and up to the mid-20th century Sweden produced at least five world-famous economists: Knut Wicksell, Gustav Cassel, Eli Heckscher, Bertil Ohlin, and Gunnar Myrdal. Ohlin and Myrdal were leaders of the Stockholm School in the 1930s, leading figures within the Liberal and Social Democratic parties respectively and both were in the 1970s awarded the Sveriges Riksbank prize in economic sciences in memory of Alfred Nobel. Myrdal became one of the world’s most famous economists, building his reputation on, above all, *An American Dilemma* (1944a) and *Asian Drama* (1968), and he was awarded the Nobel prize in 1974 to a large extent for his “penetrating analysis of the interdependence of economic, social and institutional phenomena.”<sup>49</sup> Lloyd Reynolds wrote: “It is hard to think of any other economist of our generation who would have had the courage, competence, and energy to carry through studies of such sweeping scope” (Reynolds 1974, 488).

In this profile I focus on Myrdal’s ideological development up to his establishment as a leading Swedish democratic-socialist intellectual and world-famous institutional economist. I will initially tap heavily from two sources: Bo

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48. Lund University, Lund, Sweden. I am grateful for comments and suggestions from Lars and Christina Jonung, and for assistance from Hannah Mead.

49. His co-laureate was Friedrich von Hayek, for many years his ideological foe.