

Foreword

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This volume is dedicated to a man of many talents, a renowned economist and civil servant, author and mentor, Per Magnus Wijkman, to honour him on the occasion of his 80th jubilee. The volume is intended to mirror his many accomplishments, both as an original economic thinker in academia and as a practical leader of men dealing with difficult policy tasks.

It is our hope that the book will appeal to a broad audience. Seventeen authors from five countries have been engaged to present their views of world affairs, at a time when old truths are being questioned and sound reasoning threatens to be side-lined by simple quasi-truths. Their message can be summarized in two short points.

- It is now as beneficial as ever to keep the trade routes between countries open. Among the oldest and most important findings of economic thinking is that gains from trade emanate from open borders as has been demonstrated time and again over the centuries, provided that the gains are widely shared.
- Even so, open trade routes are in themselves not enough to preserve and promote prosperity. The world is not a calm sea, to be sailed in constant bliss. Rather, the world is a rapid stream, to be braced by steadfast rowing. Resting your hands at the oars can mean floating backwards and forfeiting the peace and prosperity carelessly taken for granted.

This brings us to the guest of honour. What words can we use to describe a man of so many talents and of two worlds in terms of family background and intellectual pursuits? On his father's side his forebears were diligent civil servants in Sweden, while on his mother's side they were men who rose from tilling the soil to high positions in the US government. Ever since his formative years at Princeton, his Alma Mater, where he earned a degree in literature, he appeared as two minds in one. A poet to be, eloquent in his two native languages and able to quote by heart the epics of great writers, and also a keen intellect, always reaching out to cut through problems of the world with his theoretic pair of scissors.

In his early work at the Institute for International Economic Studies at Stockholm University, he took up a research topic that has occupied him ever since: how trade and foreign investments can promote the prosperity of countries. His first effort in this vein was to investigate the cases of Australia, Canada, and Sweden. To prosperity he added peace in his beautiful 2009 book *Free Trade for Peace: The Balkan Example..*

Per became interested also in a new field where he would make his main academic contributions. From a first analysis of the extension of Iceland's economic jurisdiction at sea, he went on to develop pioneering approaches to study the commons – that is, natural resources that have no owner and, for that reason, tend to be overexploited.

After several years at the Woods Hole Oceanographic Institute in Massachusetts, where he explored various applications of his findings, Sweden sought his help. The

National Board of Trade had established a Research Secretariat to assist the government with expert advice on trade issues in the run-up to the Uruguay Round of trade negotiations and engaged him as head of this venture with the title of “Kommerseråd.” Engaging a group of young economists to carry out the basic research work under his guidance, he laid down the theoretical underpinnings for Sweden’s negotiating stance in the Round.

This was followed by a new calling, this time from Geneva. The EFTA Secretariat hired him as Director of Economic Affairs. The EU had embarked on its road to “Europe 1992” and research was urgently needed on the economic consequences of this endeavour for the EFTA countries. Again, a group of young economists was put together to carry out this and other research under Per’s hands-on guidance. A number of distinguished economists were asked to contribute their analyses to the EFTA publication series. Soon thereafter, negotiations about the EEA began and the Director of Economic Affairs became Secretary in one of the four negotiating groups, Capital Movements and Financial Services. This was a new feather in Per’s cap, allowing him to apply his economic insights to the intricacies of complex political negotiations.

While the EFTA countries were busy unlatching the door to the internal market, world events took yet another turn: Communism collapsed. Per, among others, thought that EFTA could welcome the emerging market economies, but this would not be their course of action. Still, there remained a role for EFTA to play, upon Per’s initiative. Understanding of the functioning of a market economy was urgently needed among decision makers in these countries. Said and done! A textbook was translated into virtually all the main languages of East and Central Europe, including Russian and even Chinese, and EFTA professors were engaged to travel there to teach civil servants and students alike.

Yet another engagement soon beckoned. Sweden had gone on to negotiate, successfully, its membership in the EU and the referendum on membership was soon to take place. The Federation of Swedish Industries needed help with analysing the consequences for Swedish enterprise and asked Per to return home and become the Federation’s Chief Economist and Head of its Economic Policy Department. Once again, young economists were put to work and the results of their research were published in time for the referendum.

Once Sweden had entered the European Union, policy research under Per’s guidance focussed on the structural issues that the country’s industry and society at large would face in an integrated Europe and a globalized world. For instance, Swedish Industry’s position concerning membership in the eurozone was supported by detailed studies and position papers.

During the second half of Per’s almost decade-long sojourn with the Federation, his reach became again European. As Chairman of the Competitiveness Committee of the Union of European Industrial Federations (UNICE) he was instrumental in putting flesh on the bones of The Open Method of Coordination, when the Lisbon Strategy was being fine-tuned, by providing much needed input into the development of appropriate benchmarks for evaluating enterprise performance and regulation in the Member States.

Retirement without work was not an option for Per. Instead, he embarked on a challenging career of consulting, where his manifold experiences and insights were put at the disposal of the parties negotiating a free trade agreement among the Balkans. Almost five years of negotiations were thus supported by his expertise until, at long last, agreement was reached and he could move on to advise the Swedish Government in several areas, including development assistance to Moldova and East Timor and, with Sweden holding the EU Presidency, the complex issue of how Georgia's relationship with the EU should be configured.

At an age when many of us tend to our garden and let time glide through our fingers like sand, Per has found pleasure in discovering a new outlet for his active mind. Why not share, as an independent writer, his vast experience with readers on Internet? So, he persuaded two old friends, who incidentally happen to be the editors of this volume, to collaborate with him in this vein, in the form of a number of essays published at *VoxEU*, a prominent European website frequented by economists, as well as an illustrated travelog on Karelia posted on the Internet Hegemon's public blogging space. "What happens next?" – you may well ask.

Now back to the content of this volume. The authors comprise essentially two groups of economists who have worked with Per. The first group consists of his former colleagues from academia who, like him, can look back on a long and successful life of research. The second, a good bit younger group, earned their first spurs in economics in applied research teams led by Per. With his amiable and sociable personality he had an uncanny ability to discover and engage young talent, who after having spent some years under his guidance went on to greater things. They have now become diplomatic dignitaries, professors at distinguished universities, high officials in national and international organisations as well as chief economists at various institutions.

The authors' contributions are organised in three sections.

The *first section* deals with the vagaries of the international trade system, which seems to be in hiatus as of late. The last multilateral negotiation round has failed and trade barriers appear to be on the rise again, in the absence of a liberal hegemon to inspire them all. We can already see the consequences in a more subdued development of world trade since the global crisis of 2007-2008, even if it seems to be gathering pace again lately. Mercantilism rears its head again in trade policy circles, viewing (bilateral) trade deficits as "bad" and surpluses as "good." Solid economic reasoning is needed to arrive at a more balanced view. A host of bilateral and multilateral trade arrangements is emerging, which may mitigate this backlash against trade and growth. Many companies have continued on their path toward ever greater integration, the larger among them building up production chains across countries that belie the old way of trade in domestically produced goods and services among nations. Even smaller enterprises and start-ups are increasingly looking to the global market as their natural potential for growth.

The *second section* looks into issues of European integration. On the one hand, there is agreement that the internal market, free of borders, still has great potential for promoting growth, peace, and prosperity. Furthermore, in a world where global superpowers dominate rules of trade, product standards, and product regulation, the

European countries, acting as one, can level the playing field, whereas all but the largest among them would be left hanging, if on their own. To fully exploit this potential, and encourage a better balanced development of EU Member States, the frame conditions for enterprises to grow and achieve success have to be further improved and benchmarks for such conditions need to be introduced and implemented.

On the other hand, views differ about whether and, if so, how Europe should continue on its path to ever closer union. EMU is a case at hand. It is clear that its first two decades have been fraught with difficulties. Will the ongoing efforts to reform it through closer integration of financial supervision and support render it sustainable? The jury is still out. As some Member States remain outside the eurozone, without major drawbacks to show for it, this may inspire them to revisit the well-known concept of flexible integration as a model for future co-operation. The alternative would be the creation of a proper European Federation, which, however, does not at present enjoy much support among Member States and their populations. An outsider perspective from Iceland, a small country that applied for EU membership and then put its application on ice, underlines this ambivalence.

The *third section* goes into more detail as concerns various structural challenges in our economies. It addresses a variety of issues, ranging from the management of natural resources, with the special case of commons revisited, to the question of how to properly manage our large cities, given the considerable wealth embodied in their infrastructure. The chapters of this section then go on to the formulation of pragmatic and fair integration policies, in view of the present and future influx of fugitives into European countries and, last but not least, the important role played by entrepreneurs in keeping our economies flexible, prosperous, and growing.

Far-ranging as these contributions may appear, they are all well within the range of Per Wijkman's own life work and achievements. This is as it should be. Does not all advancement of knowledge depend on the accomplishments of those who stride ahead of us and alongside us?

At last, an acknowledgement is due. The Confederation of Swedish Enterprise (Svenskt Näringsliv), the successor organisation to the Federation of Swedish Industries, where Per Wijkman spent the last seven years of his formal career, has encouraged us from the outset, financed this venture, and made this publication possible. We thank you warmly for this gracious gesture!

Has our octogenarian finally come to rest? Far from it! As we are writing this, Per is preparing for publication yet another work, two consecutive articles dealing with the lives and contributions of three influential men, father, son, and grandson by the name of Wallace who, starting from simple origins, went on to greater things, two of them becoming Members of Government in Washington, D.C. – one even serving as Franklin Roosevelt's Vice President 1941-45 and shaping US policy during the time of the New Deal and the war years. May their remarkable story not be Per's last venture in the realm of words!

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