Reclaiming a Policy Role for Economists

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Acknowledging missteps, listening well, defending data, and avoiding jargon will help the profession engage

Economists have long helped shape policy by offering analysis to guide decisions on trade, taxation, regulation, and economic stability. At times, mainstream economic expertise has led major policy debates, influencing governments around the world.

Today, however, economists are increasingly sidelined. While they still dominate the staff of central banks and multilateral institutions, political leaders are more likely to prioritize ideology and expediency over economic analysis. Meanwhile, public trust in economists has been eroded by high-profile policy failures, growing political polarization, and mounting challenges to expert authority from new and often unreliable information sources.

Yet economic expertise remains critical to improving policy outcomes. The crises of the 21st century have shown how macroeconomic mismanagement can create widespread hardship and social dysfunction, with profound political consequences. At the same time, economists have amassed a rich body of evidence on what works in areas like poverty alleviation, education, and labor markets—insights that, if better integrated into policymaking, could lead to better outcomes.

To regain influence, economists must engage more effectively with policymakers and the public. Failure to adapt risks further marginalization in important policy debates at a time when economic expertise is needed more than ever.

Hard truths

Economists bring essential tools to policy conversations: familiarity with relevant research and tools to help anticipate how different policy options will play out. But there is a fundamental reason economists can sometimes be unpopular: Their thinking is grounded in trade-offs and constraints. Economists explain that a choice must be made between A and B, while politicians (and the public) often want both. Policymaking would be far easier if we could cut taxes and spend more without raising public debt, contain inflation without raising interest rates, expand global trade without losing jobs. But such trade-offs are unavoidable, even if acknowledging them is often politically inconvenient.

Economists must embrace this mindset. They need to be in the room where policy conversations happen because it leads to better decisions. And decision-makers should want to hear these realities—after all, no one makes a major personal purchase or investment without weighing costs. Even if noneconomic considerations drive the ultimate decision, leaders informed about the economic trade-offs will be better equipped to face critics.

Policymakers' reluctance to accept hard truths is not the only reason economic expertise has been sidelined. Some problems are of economists' own making. Addressing them can help preserve and increase the influence of economic expertise on policymaking. There are four ways to do so: acknowledging and learning from missteps, listening to people's concerns, upholding data integrity standards, and engaging more effectively with politicians and the public.

Learning from missteps

Public skepticism about mainstream economics is not baseless. The profession has at times been associated with avoidable hardship. Before the 2008 financial

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Illustration by Chantal Jahchan

"Simplicity is accessibility, not condescension."

crisis, most economists were slow to recognize the US housing bubble. Even after it became evident, many underestimated how much its collapse would destabilize the broader financial system.

The postpandemic inflation surge provides a more recent example. Many economists placed too much weight on transitory factors and underestimated how persistent inflation would be. To be sure, the causes were complex and varied, and shocks like Russia's war in Ukraine were unanticipated. However, in countries where excessive demand was a contributing factor, different economic policy choices might have mitigated the inflation surge.

How much blame economists deserve is debatable, but the loss of public trust is real. The right response is not to discard economic frameworks but to clarify how they were misapplied. For the financial crisis, that work has been done—through extensive research on market failures, poorly designed regulation, and behavior that fueled risk taking. Understanding postpandemic inflation is ongoing and must remain a priority.

More broadly, economists must not let fear of accountability—or political bias—get in the way. The inflation debate, for instance, has been clouded by ideology, making it harder to reach objective conclusions. Transparency, openness to revision, and honest engagement with evidence are the best ways to show that economics remains a vital discipline.

Listening to concerns

Economists also need to take what people say seriously. The backlash against China's rapid integration into global trade is a cautionary tale. Economic theory suggests that displaced workers would find new opportunities. But many could not or would not move because of the cost of housing, social ties, or other barriers. These frictions contributed to more persistent disruption—and greater backlash—than expected.

Similarly, public reaction to the inflation surge of the early 2020s suggests that the costs of this episode exceeded what standard economic thinking would predict. Research has demonstrated that inflation imposes large cognitive costs through the attention required to evaluate whether prices and wages are fair and the need to adjust financial plans. Statements like "wages tend to keep up with inflation" may be true on average, but they obscure important variations. In the United States, for example, wages rose faster for many lower-income workers in the early 2020s—but gains were far from universal.

Recognizing these concerns does not mean abandoning economic principles. It means incorporating a more nuanced understanding of how people experience economic change. Dismissing such concerns weakens economists' credibility and reduces the likelihood of good policy ideas gaining traction.

Data integrity

A hallmark of economic research is rigorous use of data, and economists should uphold those same standards of integrity when participating in public debate. The rise of social media, along with better access to data and visualization tools, has made it easier for everyone—including economists—to misuse statistics to bolster thin arguments. But giving in to the temptation to win arguments this way in the moment risks undermining trust in economic analysis over the long run.

Casual use of data can also weaken trust in official statistics. Pointing to a discrepancy between a government series and another source without acknowledging differences in methodology, coverage, or definitions can give the false impression that official indicators are flawed or manipulated. In an era when statistical agencies face growing political and budgetary pressures, this kind of careless comparison risks the ongoing availability of high-quality, unbiased government data.

Engaging effectively

Economists need to recognize that the policies they see as optimal may not be—in the context of the broader considerations involved in the political process. In those cases, economists should offer alternatives that respect those considerations. Flexibility is not a retreat from principle—it's recognition of the realities of governing.

Economists also need to communicate clearly. Technical jargon may project an aura of expertise or exclude nonexperts from debate, but it is not a sustainable strategy for influence. Economists should use plain language and avoid unnecessarily complex graphics. Simplicity is accessibility, not condescension.

Finally, economists must talk to the broader public, not just to policymakers. Politicians respond to their constituents. The profession must earn public trust if its advice is to shape policy, and that means using the channels and tools that reach everyone.

Economists will never be universally popular, nor should they strive to be. Their role is to provide rigorous analysis that improves decisions, not tell people what they want to hear. But to remain influential, they must admit mistakes, listen better, defend data, and communicate effectively. Policymakers need economic expertise, even when they resist hearing it. The challenge is not to make economics popular—but to make it relevant, accessible, and respected in the policy conversation. F&D

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