The financial sector is intimidating. When visiting a bank or brokerage firm to purchase some financial product, it often becomes an exercise in guessing the meaning behind complicated acronyms flying off your banker’s or broker’s tongue. With a plethora of confusing financial products, a thought impossible to ignore becomes: Who, aside from a financial expert, can be expected to understand any of this? The 2008 financial crisis was a product of several poor conditions involving similarly confusing financial topics that are often far beyond the reach of average individuals—even many politicians. This crisis emphasized the importance of an often-overlooked component in the United States’ political system: the role of experts. In general, experts present policy makers with diverse yet politically unopinionated views about the problem at hand using scientific knowledge, experience, and evidence and offer feasible solutions within a strict political mandate. In the financial crisis, advocates (as opposed to experts) were used outside of a strict political mandate and therefore attained sufficient control to sway policy decisions, especially implementation, toward their interests.

The existence of science experts in politics is irreplaceable. Today’s degree of specialization of tasks yields politicians who are exceptional at politicking, yet, often in requisite, at the expense of most everything else. In addition, the scientific field in specific is vastly complicated containing experts within subfields of science. Therefore, to generate effective policy involving any scientific topic, consultation with scientific experts is a necessity and provides great opportunity for well-informed and effective policy decisions and implementation.

The necessity of science experts is highly evident in the 2008 financial crisis. The financial sector had generated a significant number of new, complicated derivatives that were traded near-exclusively within the financial sector (Carpenter 2011). As a result, only experts within the field have even heard of these financial products, let alone understand them. When these products, left unmanaged, led to a multi-national financial collapse, policy intervention was a must (Carpenter 2011). However, the problem must be understood before a solution could be proposed and that solution must be vetted for feasibility. Enter experts.

Before experts can be maximally utilized within the political system, they must be carefully defined and separated from the related concept of advocates. One way in which experts and advocates are similar is through their basis of knowledge. This is the first component that provides an expert or an advocate with credibility. Without knowledge and evidence, whether gained through rigorous scientific discovery or personal experience, the potential expert or advocate’s opinion must be disregarded as baseless.

There are several important experts who played an important part in identifying the problems and potential solutions involving the financial crisis of 2008. Some of the generic experts include economics professors and think tanks. These experts both have considerable understanding of the financial market and immense basis in scientific reasoning and evidence. The more influential experts include individuals like Henry Paulson, Tim Geithner, Ben Bernanke, and Paul Volcker (Gaviria 2012). Their credibility in terms of knowledge is gained from firsthand experience from their positions as US Secretary of Treasury and President or Chair of the Federal Reserve (Gaviria 2012). Without these experts, the faults of mortgage-backed securities, CDOs, etc. would’ve gone unnoticed and misunderstood by typical politicians.

The main challenge of involving scientific experts is evident within the primary distinction between experts and advocates. Although experts and advocates are similar in terms of knowledge, they differ in terms of political agendas. When relying on experts in the problem stream, it is of paramount importance to choose individuals with knowledge who do not have a political agenda. By lacking political agendas, an expert’s credibility is greatly strengthened over their advocate counterparts as their testimony can be relied on without suspecting a shift from a positive, scientific analysis into a normative, political one. This keeps the problem stream based upon hard evidence and separated from the politics-based politics and policy streams.

In the financial crisis, this condition was not strictly followed. From the knowledgeable experts listed previously, the most politically impartial would be the economics professors or bipartisan think tanks as they do not immediately stand to gain from financial regulatory action and are most disconnected from the sector. However, these were not the experts most involved in the problem stream of the crisis. Instead, Paulson and Geithner were most instrumental in identifying the 2008 problem (Carpenter 2011). Both experts were historically connected with Wall Street and therefore politically motivated as they stood to gain from lax financial regulations. Their characterization of the problem stream focused on the lending policies with the housing market collapse and leaned away from the systemic greed of the big banks who developed the very products which caused the collapse (Carpenter 2011). This skewed the focus of the problem stream which filtered through to the policy stream leading to lax-regulatory solutions seen later.

This is not to say that experts are to be unbiased in all respects. To the contrary, experts are expected to present opposing views. Otherwise it would be impossible to represent all possible angles in the problem stream. The key difference here is that the bias is unrelated to passing a specific policy solution. Therefore, the problem stream is purely positive in terms of collected testimony and evidence.

The views of the financial problem expressed by these key experts, on the other hand, were more aligned than opposing. As a direct result from their shared background in central, private banking, Paulson, Geithner, and Bernanke each advocated for TARP which resulted in billions of dollars flooding to bail out big banks (Johnson 2009). This clearly demonstrates their victimization viewpoint of the big banks. By relying on these experts so heavily, other opposing viewpoints were overlooked, and the problem stream was shaped solely by these few individuals’ opinions. This led to policy choices of questionable effectiveness down the line.

In terms of the policy stream, the role of experts changes slightly. They are still to remain knowledgeable and without strong political agendas. However, it becomes more important that these individuals do not impede the progress of policy makers and operate within a strict political mandate. At this point, the policy makers have identified the political ideologies that they are willing to uphold based upon evidence collected in the problem stream and their own political views. They are the elected officials who are entrusted with making these choices, the experts are not. The experts’ role now is to assess whether the proposed policy solutions within the political mandate are feasible and suggest possible alternatives that align with the policy makers. This keeps the real power of policy within the democratic officials while providing the necessary advice and support for science-intensive decisions.

In the financial crisis, there was no clear political mandate provided before observing expert opinion. Experts including Paulson, Geithner, Bernanke, and Volcker, were constantly voicing their opinions in public and private, advocating for different policy solutions. These policy solutions ranged from stress testing, closing procedures for troubled banks, and segregating operations between local and investment banks (Cassidy 2010). However, each were operating within their own political agenda by victimizing big banks by not recommending bank break ups. In addition, influential big banks took up lobbying to voice their concerns to Congress directly (Protess 2012). As a result, loud big-bank advocates were heard by Congress and the proposed Dodd-Frank legislation strictly ignored dissolving big banks and villainized the quieter credit rating agencies (Gaviria 2012). The lack of a strict political mandate allowed these advocates to pose as experts and shift legislation to their best benefit.

Finally, when implementing the Dodd-Frank legislation, advocates posing as experts pushed their way into the rule-making process. This process is considerably lower profile in the public eye than the original passing of the legislation. As a result, it was easier for the big bank advocates to lobby for lack of enforcement of important sections of the legislation (Protess 2012). Furthermore, the Dodd-Frank legislation deferred many major decisions to the Federal Reserve. As we saw earlier, this institution is full of advocates posing as experts who push their political agenda protecting the big banks (Johnson 2009).

In conclusion, the financial crisis reform legislation was plagued from the beginning. Advocates snuck in early on to sway (and continue to do so today) the framing of the issue in the problem stream and even suggested solutions in the policy stream. By not properly vetting the experts in the initial problem identification and not choosing strict political mandates during policy making, the advocates for lax-banking regulation passed and implemented legislation in their best interest. In this way, they took control away from the elected officials looking out for their constituents’ interest as their function in a proper democracy.

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