

Ban, Cornel

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## The Professional Politics of the Austerity Debate: Comparing the European Central Bank and the International Monetary Fund

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CITYPERC Working Paper Series

The Professional Politics of the Austerity Debate: Comparing the  
European Central Bank and the International Monetary Fund

Cornel Ban

CITYPERC Working Paper No. 2018-01  
City Political Economy Research Centre  
[cityperc@city.ac.uk](mailto:cityperc@city.ac.uk) / [@cityperc](#)

City, University of London  
Northampton Square  
London EC1V 0HB  
United Kingdom

**CITY**  
UNIVERSITY OF LONDON  
— EST 1894 —

# The Professional Politics of the Austerity Debate: Comparing the European Central Bank and the International Monetary Fund

## Introduction

More than ever before, central banks have become a critical feature of international and domestic public administration. Scholarship on the public administration of central banks is one of the oldest research traditions, with most research focusing on policy outcomes, administrative culture or institutional autonomy (Hawtrey 1925; Day 1961; Young and Ho Park 2013; Zahariadis 2013; Lombardi and Moschella 2016). More recently, however, the focus their economic ideas and discourses has become a focal point in this research (Gabor 2010; Moschella 2011; Johnson 2016; Braun 2016; Matthijs and Blyth 2017). Of particular interest in this regard are the ways in which central bankers act as transnational “issue professionals” asserting scientific authority and building networks of sympathetic interlocutors in order to gain legitimacy, establish cognitive dominance over certain niches (“issue control”) and, consequently, smooth the acts of transnational administration (Seabrooke and Henriksen 2017). This makes them sensitive to what happens in other elite niches of the economics profession, where scientific authority originates. All this begs the question: What professional structures (qualifications, experiences, hierarchies) shape the specific economic ideas with which central bankers derive legitimacy and authority.

To find answers to this question, the literature on international financial institutions can be a useful proxy. Here, scholars have turned to the academic hierarchy in US economic departments from which elite and transnational public administrations tend to recruit (Woods 2006, Djelic and Quack 2007; Chwioroth 2009; Hooghe 2012). Jeffrey Chwioroth, for example, showed that the IMF’s advocacy of current account liberalization coincided with the New Classical turn in the US economics departments the IMF recruits from (Chwioroth 2009). More recently, Leonard Seabrooke and Andre Broome (2015) have shifted the debate towards organizational capacity, with some actors like the IMF deploying adequate resources to facilitate learning by doing (“situated learning”) for local technocrats steeped in local economic ideas and norms (Coletti and Radaelli 2013).

There are two main gaps in this literature. The first is that the contributors share an exclusive interest in how international financial institutions build domestic sympathetic interlocutors to skew the distribution of professional qualifications, experiences, hierarchies in their favor. Secondly, despite the wide spectrum of organizational fields making claims over economic expertise, almost all of the existing work focuses on one (at most two actors) at a time, with a focus on academia, think tanks and IOs being dominant (Barnett and Finnemore 1999; Stone 2015; Chwioroth 2009; Broome and Seabrooke 2012; Ban 2015; Plehwe 2015). For all the virtues of this literature, we are left with no rigorous comparative analyses of how certain professional ecologies are likely to position themselves on specific policy issues.

Through a focused comparison of how the largest international lenders of last resort (the European Central Bank and the International Monetary Fund) argued over the specifics of austerity, the paper tackles an underexplored facet of international public administration: How did the IMF and the ECB build networks of *transnational* sympathetic interlocutors to assert cognitive authority and gain scientific legitimacy for their policy positions. Rather than

focus on a specific profession, the paper systematically evaluates the impact of more than one metric of socialization via a new analytical framework: *comparative professional fields analysis (CPFA)*. Its departure point is that there is a dearth of scholarship on how technical ideas such as “fiscal consolidation” are argued over in professional fields as diverse as economics departments, central banks, think tanks, corporations, or public sector bodies where competition between professionals produces “nested jurisdictions” (Seabrooke and Henriksen 2017). In contrast, CPFA generates testable propositions about what professional field is most likely to lean towards doctrinal and policy change in complex public bodies such as the IMF and the ECB.

Specifically, the paper builds on the argument of Kentikelenis and Seabrooke’s (Kentikelenis and Seabrooke 2017) that the doctrinal positions of international financial institutions (IFIs) are shaped by normative struggles among the IFI staff, within an IFI’s board of directors, and between the staff and the board. The paper’s contribution is to analyze the building of networks of sympathetic interlocutors as an essential ingredient of the normative struggles among IFI staff (Broome and Seabrooke 2015) and to innovate a methodological toolkit for the precise identification of the professional profiles of the allies in question. To do this the paper uncovers the specific patterns of career sequences and current professional affiliations that make one more likely to support fiscal policy stability or change in the official views of these two financial institutions. To this end, CPFA provides a new theoretical and methodological framework for understanding the historical and sociological composition of the scientific alliances that these two institutions have forged to argue over the necessity, contents and pace of austerity between 2009 and 2014, a critical juncture in international debates on macroeconomic policy. Further research could take cues from some existing research in the sociology of public administration (Seabrooke and Broome 2015; Schpaizman 2014) to examining the sociology of network building beyond the text and across time.

The paper is organized as follows: the first section outlines the arguments for why fiscal policy matters to central bankers. The second and third sections introduce a new theoretical and methodological framework for studying the politics of economic expertise in international organizational settings. The fifth and sixth sections provide the results and implications of the empirical analysis. The final section concludes.

### **Central banking and fiscal policy in hard times**

Central banks’ role is not relegated to monetary policy and financial regulation. In reality, government spending and taxation decisions (or fiscal policy) are of critical importance to them. This is particularly true in moments of extreme stress such as the Great Recession (Blyth 2013), a crisis triggered by financial pathologies that central banks both contributed to and attempted to manage (Gabor 2009; 2016; Braun 2016; Quaglia and Spendzharova 2017). Scholars found that the financial crisis increased the intensity of central bank communication on fiscal policy (Allard et al 2012; Julien et al 2013), a matter of high salience in the context of implementing monetary policy when government bonds are bought or sold in open-market operations (Gabor 2016; Gabor and Ban 2015). In technical terms, the state and the central bank must coordinate, as “the state provides the supervisory services and the monetary (lender of last resort) and fiscal (deposit insurance, implicit bailout guarantees) backstops that together make bank liabilities sufficiently safe for them to trade at par with the liabilities of the central bank” (Braun 2016: 1074).

Yet despite interest in the rise of central bankers' communication on fiscal policy, no research has been published to date on the professional politics of producing the content of that communication or how it compares to that of other transnational technocracies with a clear mandate to deal with fiscal issues such as the IMF.

This paper focuses on the 2009-2014 period as a critical juncture for fiscal policy debates in transnational administrative fields, a period when macroeconomic pieties were extensively questioned (Seabrooke et al 2015; Moschella 2015; Gallagher 2015; Grabel 2018). Indeed, by 2009, it was no longer possible for policymakers to claim that most economists agree with the counterproductive nature of expansionary fiscal policies when interest rates are close to zero or there are significant financial frictions in the economy.

To better understand how the ECB's own staff and their allies in other professional fields engaged with this normative opening differently from the IMF's and what the career trajectories of the participants in the debate tells us about the probability of doctrinal change in the fiscal policy doctrines of these institutions, the paper turns to outlining the theory and methodology of comparative professional fields analysis.

### **The comparative professional fields analysis of issue control**

Interests structured by professional subfields shape debates taking place in economics (Fourcade 2009; Nilsson and Seabrooke 2015; Braun 2016). Research on central bankers suggests that they are more open to challenging economic orthodoxies than academics because incentives and returns to publication are different in central banks than in academic institutions, with policy utility (as opposed to theoretical value added) taking the driving seat.<sup>1</sup> For example, Grahame Thompson argued that the decline of faith in statistical techniques at the Bank of England entered a phase of decline, with different “rationalities of governance” entering the central bankers' toolbox (Thompson 2017: 143). Similarly, Zeev Rosenhek showed that after 2008 the diagnoses and causal accounts proposed by the Fed and the ECB evolved towards “a partial, but still significant, reassessment of established truths”, “carrying with them the potential for helping to open up the political space for a reevaluation of some of its ideational underpinnings” (Rosenhek 2013).

The literature strongly suggests that the professional sociology of central banking operates in contrast to that of academia. Even if evidence-based rulemaking is an important filter to doctrinal change in central banks as well (Thiemann 2017), interest in macroeconomic policy puzzles is not critical for one's academic success in the form of getting into a top journal bringing job security, grants, prestige and other professional goods. Other researchers have showed that orthodox economics has been resilient since the Great Recession because mainstream economists have had the necessary material resources (secure jobs, government or private sector research funding) to minimize the effects of contestation from within and without macroeconomics (Mirowski 2013; Ban 2016). For Mark Blyth, job security is key to the sociology of academic economics and this should be associated with reproducing the status quo no matter what happens in “reality”:

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<sup>1</sup> Author interview with former Fed economist and recruiter.

<sup>2</sup> Author interviews with ECB and IMF staff were strongly suggestive that Monthly Monitor and WEO citations reflect the institutions' twin objective to establish the scientific authority of their claims and the building of networks of sympathetic interlocutors in other professional fields. In this regard, citing one's own

“Tenure is tenure and error is error; let us not confuse the two. Hedge funds run by economists blow up: Tenured economists who run hedge funds do not. Promotion depends upon tenure and that depends upon acceptance of the reigning paradigm that all the people reading your tenure file created. As such, adding incrementally to the existing corpus of knowledge rather than nailing contrarian theses to the disciplinary door is the way to succeed” (Blyth 2012: 209).

In this regard, qualitative sociological research (Campbell 2001:171) narrowed the list of orthodox departments was narrowed to the seven leading American institutions: Harvard, MIT, Chicago, Yale, Berkeley, Stanford, and Princeton. Using frequency of publications in the *American Economics Review* as a proxy, Jeffrey Chwioroth’s research on capital account liberalization revealed a specific list of economics departments that most likely to produce economic research closer to the New Classical end of the spectrum: University of California at Berkeley, Brown, Carnegie Mellon, Chicago, Harvard, Hebrew University (Israel), Johns Hopkins, New York University, Northwestern, Pennsylvania, Princeton, Stanford, Wisconsin, and Yale. While Chwioroth offers a clear and systematically operationalized index of doctrinal orthodoxy, the metric he uses can be confusing. As evidenced by more recent research on fiscal policy and financial regulation (Seabrooke et al 2015; Ban 2015; 2016), some of the most potent challenges to orthodoxy came from articles published in *American Economics Review* and/or from faculty based at the Harvard and Northwestern. This paper suggests that patterns of stability and change on austerity can only be established inductively using the CPFA methodology.

While a rich literature has been published on think-tanks (see Stone 2015 for an overview), the wide ideological spectrum of their funders (from left parties to shadow banks), it is impossible to formulate a clear hypothesis on the position that think tank experts should on average adopt on austerity. Recent research shows that after the fracturing of the neoliberal consensus in 2008 think tank experts active in macroeconomic fields of power spanned the spectrum between neoliberal orthodoxy to Keynesianism, thus contributing at most to the prolongation of their intellectual fragmentation (Salas-Porrás 2017).

As for international financial institutions, one should distinguish between experts with long careers in the IMF whose historical proclivity for pro-austerity arguments has been widely documented (Vreeland 2003; Gabor 2010; Broome 2015; Kentikelenis 2016) and experts based in IOs without a mandate to deal with fiscal policy and whose views should therefore be less likely to be supportive of austerity in both its soft (“revisionist”) or hard (“orthodox”) forms. Moreover, since around 2007-2008 the IMF hired a wave of economists with Keynesian leanings (Ban 2015), being a new IMF hire should be associated with either revisionism or radical challenges to austerity.

There is a paucity of research on the economic ideas of other public sector careers or of private sector ones but some intuitive hypotheses are within reach. Experts steeped in the public sector (other than central banks) have few institutional incentives to support economic ideas whose application would squeeze the public sector via wage and benefit cuts. The opposite should be the case in the private sector experts, given the available evidence that their employers did not mobilize as an interest group against the demand destruction wrought by austerity.

### **The methodology of comparative field analysis**

Overall, the state of the art on the politics of economic ideas and professions in international financial institutions draws on case studies, process tracing and regressions. Jeffrey Chwieroth (2009) inaugurated a line of research seeking a mixed method evaluation of the links between academia and the IMF, with the work of Stephen Nelson (2017) consolidating this trend. Leonard Seabrooke and Emelie Nilsson (2015) broke fresh ground through a quantitative examination of the career sequences of IMF staff and consultants involved in the IMF's financial sector assessment teams. Two of the most recent studies (Ban 2016; Ban, Seabrooke and Freitas 2016) pushed the methodological frontier with the first merger of network and content analysis applied to the relationship between professions and doctrinal debates in international bodies. However, to date there has been no attempt to connect this fusion of content and network analysis with a quantitative analysis of the policy ideas and professional experiences of the economists involved in debates.

This paper aims to fill in this gap by processing an original dataset with relevant information about 569 economists whose work was cited in the official doctrinal statements of the IMF and the ECB by using a combination of content, network and regression analysis (CANARA). The economists utilized as observations in this study include all individuals whose work was cited to support the fiscal policy views of the IMF's *World Economic Outlook Reports* from 2008 to 2013 and in the ECB's *Monthly Bulletins* from January 2008 through December 2013.<sup>2</sup>

The dataset was built in three steps. First, we coded the statements on fiscal policy from these institutional reports that were grounded in specific economic research. For consistency, we used three categories of ideas for which these economists were cited in these reports. The first category is *orthodox*, which was given a value of 0 and refers to an economist having a majority of citations on fiscal policy that was attributed either to pure New Classical macroeconomics or to the right-leaning end of macroeconomic orthodoxy (the New Neoclassical Consensus) where economists are skeptical of the expansionary effects of fiscal stimulus programs. The second category is *mixed*, which was given a value of 1 and refers to a mixture of orthodox and revisionist citations on different aspects of fiscal policy. The third category is *revisionist*, which was given a value of 2 and refers to ideas culled from neo-Keynesian or the left-leaning New Neoclassical Consensus end of the debate where economists endorse fiscal expansions in times of recession and are skeptical of the positive effects of fiscal consolidation.

Second, we used biographic searches on LinkedIn and institutional websites to code the professional experiences of the 569 economists cited by the IMF and the ECB during the 2008-2012 period. Each economist's experience in a specific field of employment and the period of time spent there was used to generate the key independent variables listed in the

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<sup>2</sup> Author interviews with ECB and IMF staff were strongly suggestive that Monthly Monitor and WEO citations reflect the institutions' twin objective to establish the scientific authority of their claims and the building of networks of sympathetic interlocutors in other professional fields. In this regard, citing one's own in-house economists as part of a transnational network of experts also facilitates the ECB and the IMF's fine balance between looking strong on expertise and enrolling potential allies.

table above. The biographical data evinced the following relevant fields: government, private sector, central bank, international organization, think tank, and academia.

Third, we matched each name and the attending string of professional experiences in a single dataset that can be access at a dedicated blog: [www.fundprofessionaldataset2013.wordpress.com](http://www.fundprofessionaldataset2013.wordpress.com). The results of CANA were analyzed using Gephi, a network analysis software package.

Finally, to evaluate the theoretical stance toward fiscal policy of the economists cited in IMF and ECB publications we used a regression (RA) or, more specifically, a generalized ordered logistic model. The model uses is a generalized ordered logistic regression model. This model is used over the convention ordered logistic model due to a violation of both the parallel lines assumption and proportional odds assumption required for the standard ordered logistic model of the same form (Clogg & Shihadeh, 1994). Under the assumption of parallel-lines, the model looks as follows:

$$P(Y_i > j) = g(X\beta) = \frac{\exp(\alpha_j + X_i\beta)}{1 + \{\exp(\alpha_j + X_i\beta)\}}, j = 1, 2, \dots, M - 1$$

The generalized ordered logistic regression model has a different form<sup>3</sup>:

$$P(Y_i > j) = g(X\beta_j) = \frac{\exp(\alpha_j + X_i\beta_j)}{1 + \{\exp(\alpha_j + X_i\beta_j)\}}, j = 1, 2, \dots, M - 1$$

In this model,  $M$  is the number of categories of ordinal dependent variable,  $Y$  is the value of the ordinal dependent variable,  $X$  is the matrix of independent variables with coefficient vector  $\beta$ , and constant vector  $\alpha$ . In this particular study, the ordinal dependent variable used in the ECB and IMF data is a categorical variable for orthodoxy, mixed, or revisionism. The dependent variable takes the form:

$$Y = \begin{cases} 0, & \text{if orthodox} \\ 1, & \text{if mixed} \\ 2, & \text{if revisionist} \end{cases}$$

The independent variables comprising  $X$  in the regression model are those variables listed and described in Table 1.

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<sup>3</sup> Both models are explained in greater detail in Clogg & Shihadeh, 1994 and Fu, 1998



The generalized ordered logistic regression model is fit three separate times: first, using all 569 economists cited in both the IMF *World Economic Outlook Reports* and ECB *Monthly Bulletins* together, second, using only the 347 economists cited in the IMF *World Economic Outlook Reports*, and third, using only the 243 economists cited in the ECB *Monthly Bulletins*. These models allow us to examine different trends in cited economists within the ECB and IMF, while also examining the economists important to these institutions simultaneously to get a broader global perspective.

The choice to group affiliated institutions by sector was made due to the relatively small size of the dataset and infeasibility of using a substantially larger number of independent variables in the model. Despite this choice, using sector still provides important information on an economist's career path and is thus justified for use in the model.

Finally, we do not take into account seniority at an institution. Years spent in a given sector can be seen as a proxy for seniority. However, spending a long time at one organization at a high level or spending short amounts of time at many organizations in a lower capacity may appear the same. While this is a theoretical problem, the data does seem to reflect the fact that years spent in a given professional field is a good proxy for seniority.

In short, we propose a different way of building datasets. We also deploy three methodological instruments never combined before to provide a systematic visualization of the where sympathetic interlocutors come from for what economic ideas as well as to predict what ideas those interlocutors and the institutions' own staff would most likely have given certain sequences in their careers.

### **The Washington Consensus v. the Frankfurt Consensus**

Internal IMF research (Blanchard and Leigh 2014) and external studies (Ban 2015; Clift 2015; IEO 2015) showed that the IMF did change its tune on fiscal policy quite dramatically after 2008 while the ECB waited until 2014 when, at Jackson Hole, ECB President Mario Draghi signaled that the ECB's hard line on fiscal policy was over. These evaluations can be made more concrete and comparative through a careful look at the main themes of fiscal policy tackled in ECB's *Monthly Monitors* and the IMF's *Global Fiscal Monitors* and *World Economic Outlook* reports between 2008 and 2014 shows that these disagreements on the main goals of fiscal policy, the framework of fiscal expansions, the validity of the "expansionary austerity" thesis as well as on the content and pace of fiscal consolidation have been quite striking.

An overarching picture of the European Central Bank's fiscal policy between 2009 and 2014 can be pieced together by looking at the views expressed in the ECB *Monthly Bulletin* reports, a public communication document targeted at educated general and expert publics. As table 1 shows, the ECB's fiscal doctrine remained considerably more conservative than the IMF's counterpart document (World Economic Outlook), where doctrinal overtures towards fiscal Keynesianism have been quite significant.

**Figure 1:** The Washington Consensus versus the Brussels Consensus

IMF	ECB
<b>Goals of fiscal policy</b>	
The main goals of fiscal policy are growth and the reassurance of sovereign bond markets through credible fiscal sustainability policies.	The main goals of fiscal policy are growth and the reassurance of sovereign bond markets through credible fiscal sustainability policies.
<b>Expansionary fiscal consolidation?</b>	
Fiscal consolidation is unlikely to have expansionary effects on output.	Fiscal consolidation <i>is expansionary</i>
<b>Automatic stabilizers</b>	
All economies with fiscal space (low deficits and public debt) should let automatic stabilizers operate in full, even at the cost of deficits.	All economies should <i>cut automatic stabilizers</i> even if they have fiscal space because it is the only way for them to signal fiscal policy credibility, which is a necessary condition for growth.
<b>Discretionary spending</b>	
All economies with fiscal space should use discretionary spending to stimulate the economy even at the cost of deficits. This spending should be directed at public investment in infrastructure and should avoid tax cuts.	All countries, including those with fiscal space, should <i>refrain from the use of discretionary spending</i> because stimulus packages stand to harm growth prospects through via their negative effects on interest rates.
<b>Conditions for fiscal expansion</b>	
All expansionary measures should be accompanied by the backloading of medium-term frameworks meant to reassure bond markets that debt and deficits will be cut after the recession ends. The credibility of these measures is supported by commitment to public debt thresholds, fiscal rules and expenditure ceilings, independent fiscal councils, financial transaction taxes, carbon taxes, higher taxes on wealth, the curbing of off-shore tax opportunities and structural reforms applied to labor, product and financial markets.	There should be <i>no expansionary fiscal measures</i> , only fiscal consolidation and structural reforms applied to labor, product and financial markets.
<b>Content of fiscal consolidation</b>	

<p>Fiscal consolidation should proceed through a combination of spending cuts and revenue increases. Fiscal consolidations based solely on spending cuts are less likely to be sustainable.</p>	<p>Fiscal consolidation should proceed through <i>spending cuts</i>.</p>
<p>The spending cuts should be targeted at public job programs, social transfers, public sector wages, employment, housing and agricultural subsidies. Public investments should not make the object of spending cuts, as they do not crowd out private investments in the conditions of the Great Recession.</p> <p>The best tax policy is to reduce marginal income taxes, expand the tax base, enforce the neutrality of the tax system, increase taxes on dividends and the estates of the wealthy, adopt financial transaction and environmental taxes, aggressively pursue off-shore wealth.</p>	<p>There are <i>no a priori public spending items that should be spared</i> from cuts.</p> <p>There should be no tax increases.</p>
<p><b>The timing of fiscal consolidation</b></p>	
<p>If countries do not have fiscal space for expansions, they should introduce fiscal consolidation gradually (backloading), unless the country faces collapse in confidence on sovereign bond markets.</p>	<p>Fiscal consolidation should be introduced <i>immediately in all countries (frontloading)</i>.</p>

Do these sharply different doctrinal positions mean that the internal debate was homogenously revisionist within the IMF and orthodox within the ECB? And if not, what kind of institutions supplied the expertise for both sides of the argument? What does the comparison between the linked ecologies of IFIs, academic, central banks, domestic bureaucracies and private sector tell us about how the IMF and the ECB think? It is to the methodological implications of these sub-questions that the paper turns to next.

### **Mapping sympathetic interlocutors**

Descriptive network analysis is a useful first cut in CPFA. The network visualized in Figure 2 using Gephi suggests that the IMF's dominant position (revisionism) came largely from within its own ranks and so did the ECB's dominant position (orthodoxy). Interestingly, most of the ECB's revisionist citations also came from the research done by IMF economists from the Fiscal Affairs Department. In both institutions, the most important supplier of orthodox arguments was by far the transatlantic think-tank Center for Economic Policy Research, which since 1983 has been perhaps the most prestigious platform for policy-relevant academic work that brought together high-profile policy academics in shared research projects that would be cited by EU officials as authoritative sources for policy stability and change.<sup>4</sup>

Figure 3 shows that the spectrum of outside experts does not conform to the conventional wisdom about Ivy League professorial hegemony. In addition to CEPR, for the IMF, the network analysis suggests that the providers of orthodox economists come largely from central banks and universities. Chief amongst these were the central bank of Chile, the Bocconi University of Milan and, unsurprisingly, the University of Chicago. A couple of regional Feds, a number of European central banks (from Germany, Spain, France) and a mix of top academic departments (Yale, Rochester, LSE, UC Davis, Pompeu Fabra, University of Pennsylvania) provided exclusively orthodox economists.

Although the IMF's Research Department and the National Bureau for Economic Research supplied both reformist and orthodox citations to the IMF, they contributed most to the revisionist camp (in contrast, the IMF's Fiscal Affairs Department supported mostly the orthodox camp). The inner circle of exclusive supporters of revisionism came from three elite US academic departments (UC Berkeley, UC San Diego, Northwestern University), plus INET, Paris School of Economics and, contrary to conventional wisdom, from several central banks (the Board of Governors of the Fed and the central banks of Denmark, Iceland and England). A number of elite universities (NYU, Harvard, Stanford, Princeton) appear split between orthodox and revisionist positions. A mix of revisionist and orthodox research comes from Oxford, OECD, the Dutch central bank and academia and from University College of Dublin.

For the ECB's epistemic network, the results presented in figure 4 suggest that ECB economists were the main providers of orthodox research, followed by the IMF's Fiscal Affairs Department, the Bank of International Settlements, the OECD and the transatlantic think-tank Center for Economic Policy Research. In addition to an assortment of regional Fed economists, a number of top academic institutions (Harvard, Columbia, Princeton, the Bocconi University of Milan, Carnegie Mellon) threw into battle exclusively orthodox

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<sup>4</sup> Author interview with DG ECFIN economist, February 28, 2014.

economists.

The institutional providers of revisionist arguments were two IMF's European Department and the National Bureau for Economic Research. The exclusive providers of revisionist thinking included three central banks (the Fed Board plus the Austrian, the Portuguese and the Dutch central banks), along a medley of medium and low tier universities (Bates College, Carleton College, Lund University, Stockholm University, INSEAD, Norwegian School of Economics, University of Konstanz). Finally, the European Commission supplied the bulk of mixed opinion research. A number of institutions were equally split between the revisionists and the orthodox (IMF Research, MIT, Berkeley, World Bank), the orthodox and the mixed (European University Institute) or among all three (Stanford).





In short, the ECB and the IMF tapped into relatively distinct pools of expertise and enrolled different networks of experts, with the ECB pocketing some of the IMF's own disgruntled orthodox fiscal policy advocates. The picture does not fit conventional depictions of elite US academic programs as spreaders of neoliberal macro or of central banks as irreducible defenders of orthodoxy (Nelson 2017). Neither does it fit more granular accounts that see a given list of departments as predictive of neoliberal macroeconomic ideas (Campbell 2001; Chwioroth 2009). But, suggestive as they are, networks do not tell us more systematic things about how does one being a revisionist or an orthodox on fiscal policy relate to the professional experiences of the economists being cited and, therefore, of the where is most one most likely to find sympathetic allies for a central bank's orthodox or revisionist arguments. The next sections delve into this issue through the quantitative analysis of these economists' biographical data.

### **Quantitative field analysis**

The results of the first generalized ordered logistic regression model, utilizing all 569 cited economists, are displayed in Table 2, column 1. In this model, the results in the Orthodox vs. Mixed or Revisionist section reflect the results of an initial equation comparing those economists classified as orthodox to those classified as either mixed or revisionist. Values less than 1 indicate higher odds of being orthodox as opposed to either mixed or revisionist while values greater than 1 express a higher odds of being mixed or revisionist as opposed to orthodox. Over all cited economists, indicators for variables: *ever at a think tank*, *ever in the private sector*, *ever at an international organization*, *only working at the IMF*, and *years spent at an international organization*, possess statistically significant odds ratios at least at the 10% level of significance.

Overall, *ever working in the private sector*, *only working at the IMF*, and *years spent in an international organization* have coefficients less than 1, indicating that possessing the characteristic or increasing the time spent in a certain field by 1 year decreases odds of being either mixed or revisionist vs. orthodox by 0.491, 0.497, and .495, fold respectively. This means that having worked in the private sector, having only worked at the IMF, and spending a longer period of time at any non-IMF international organization, all roughly double an economist's odds of exhibiting orthodox views toward fiscal policy rather than mixed or revisionist views.

Conversely, indicators for *ever working at a think tank* and *ever working at an international organization* have coefficients larger than 1, indicating the characteristic is associated with greater odds of exhibiting mixed or revisionist views on fiscal policy as opposed to orthodox views by 1.6 and 3.339, respectively. This means that having ever worked in a think tank results in approximately 60% higher odds of exhibiting revision or mixed views vs. orthodoxy while having ever worked at a non-IMF international organization, as opposed to someone who has not done so, strongly increases an odds of holding either mixed or revisionist views on fiscal policy by over three-fold.

When breaking this down by institution some subtleties emerge that are masked by the aggregate data. Specifically for those economists cited by the IMF, *ever working in academia*, *ever working in the private sector*, *only working at the IMF*, and *years spent at an international organization* are all associated with significantly higher odds of orthodoxy vs. mixed or revisionist views while *ever working at think tank* is associated with over double



the odds of holding mixed or revisionist views as opposed to orthodox ones. For the ECB, however *years spent in academia* and *years spent at an international organization* are both associated with holding orthodox beliefs as opposed to mixed or revisionist while *years spent in public sector*, *years spent at central bank*, and most strongly, *ever working at an international organization* are associated with mixed or revisionist views as opposed to orthodox views. It's noteworthy that while ever working at an international organization increases odds of exhibiting mixed or revisionist views by 13 fold, the odds of orthodoxy increases relatively with additional time spent in the international organization.

Since evidence does not hold for the equivalences in effect sizes of covariates between moving from orthodoxy to mixed vs. mixed to revisionist, the so-called proportional odds assumption is violated. As such, Columns 2,4, and 6 of table 2 display results from comparing holding orthodox or mixed views to those of revisionist views. These results help us distinguish between what separates those with strongly revisionist viewpoints from others.

Across the board, regardless of institution additional years spent at an international organization between double and quadruple the odds of promoting revisionist as opposed to possessing mixed or orthodox beliefs while spending additional years at the IMF reduce odds of holding revisionist views by nearly 50% across all groups. Additionally this analysis allows us to more clearly see that working at an international organization is associated with mixed views than either orthodox or revisionist as magnitude of coefficients change when mixed views transition from the comparator to the base group.

**Table 2:** Factors Predicting the Likelihood of Orthodox vs. Revisionist Beliefs of IMF and ECB cited economists.

	<u>All Cited</u>		<u>IMF Cited</u>		<u>ECB Cited</u>	
	Orthodox vs. Mixed or Revisionist	Orthodox or Mixed vs. Revisionist	Orthodox vs. Mixed or Revisionist	Orthodox or Mixed vs. Revisionist	Orthodox vs. Mixed or Revisionist	Orthodox or Mixed vs. Revisionist
Ever in Academia	0.864 (0.234)	0.877 (0.263)	0.455** (0.173)	0.883 (0.353)	2.012 (0.946)	0.274** (0.170)
Ever at a Think Tank	1.600* (0.454)	1.262 (0.392)	2.566** (0.957)	1.344 (0.551)	1.339 (0.691)	0.696 (0.447)
Ever in Private Sector	0.491* (0.207)	0.730 (0.356)	0.423* (0.211)	0.860 (0.474)	0.508 (0.430)	0.375 (0.447)
Ever in Public Sector	0.744 (0.206)	0.835 (0.252)	0.804 (0.313)	1.528 (0.645)	0.682 (0.297)	0.393* (0.205)
Ever in Intl. Org.	3.339** (1.633)	0.375* (0.205)	2.850 (1.969)	0.195** (0.156)	13.67*** (11.75)	0.0401*** (0.0455)
Ever at Central Bank	0.682 (0.188)	0.570* (0.180)	0.714 (0.264)	1.011 (0.434)	1.090 (0.519)	0.0662*** (0.0469)
Ever at IMF	1.178 (0.429)	1.779 (0.759)	1.147 (0.534)	2.555* (1.413)	1.896 (1.240)	6.484* (6.560)
Only at IMF	0.497* (0.191)	1.195 (0.515)	0.253** (0.138)	1.587 (0.952)	1.659 (1.406)	1.136 (1.367)
IMF New Hire	1.268 (0.478)	1.954* (0.759)	1.410 (0.748)	1.646 (0.898)	1.132 (0.838)	4.167* (3.576)
Promoted at IMF	0.821 (0.292)	1.473 (0.611)	1.360 (0.627)	1.081 (0.563)	1.035 (0.739)	22.67** (31.76)
Years Spent at Central Bank	1.023 (0.0212)	1.014 (0.0243)	1.019 (0.0270)	0.973 (0.0297)	1.061** (0.0318)	1.061 (0.0393)
Years Spent in Academia	0.992 (0.0121)	0.988 (0.0140)	1.001 (0.0187)	0.970 (0.0220)	0.960** (0.0198)	1.130*** (0.0415)
Years Spent at Think Tank	0.998 (0.0187)	0.992 (0.0217)	0.989 (0.0233)	0.982 (0.0278)	1.032 (0.0307)	0.910** (0.0373)
Years Spent in Private Sector	1.041 (0.0487)	1.034 (0.0600)	1.059 (0.0600)	1.057 (0.0684)	1.046 (0.0914)	0.892 (0.125)
Years Spent in Public Sector	1.034 (0.0282)	1.011 (0.0292)	1.036 (0.0393)	0.999 (0.0383)	1.091** (0.0429)	0.932 (0.0440)
Years Spent in Intl. Org.	0.495***	1.922***	0.487***	2.287***	0.332***	3.751**

	(0.0924)	(0.393)	(0.128)	(0.710)	(0.130)	(2.026)
Years Spent at IMF	1.035	0.884***	1.042	0.896**	1.013	0.586***
	(0.0273)	(0.0350)	(0.0371)	(0.0437)	(0.0428)	(0.0932)
N	569	569	347	347	243	243

Note: Exponentiated coefficients presented (odds ratios). Standard errors in parentheses. \* p-value<0.1, \*\* p-value<0.05, \*\*\* p-value<0.01

Professional experience in international organizations-other than the IMF-tends to polarize views on fiscal policy. No matter what subset of economists one looks at, whether they are cited in IMF *World Economic Outlook Reports*, the ECB *Monthly Bulletins*, or both, the more time they spend working in an international organization the cited economists are always more likely to exhibit extreme points of view. Specifically an economist is more likely to become either more orthodox or more revisionist toward fiscal policy the longer he or she remains at a non-IMF international organization such as the European Commission, the World Bank, the OECD, or the Bank for International Settlements.

The IMF seems like an important exception here. The model shows clearly that in general the Fund produces hesitant economists over time, unless one becomes a career IMF economist.<sup>5</sup> New IMF hires gravitate towards the revisionist spectrum and in general having ever worked at the IMF contributes to more revisionist views on fiscal policy. However, the more time one spends at the IMF, the less likely it is to stay a revisionist. Thus, having spent a greater time at the IMF contributes to more mixed views and having only worked for the IMF and no other organization contributes toward extreme, rather than mixed views toward fiscal policy. Critically, the IMF seems to provide the ECB with revisionist views. Economists cited in ECB *Monthly Bulletins* as having worked at the IMF are also much more likely to exhibit revisionist views toward fiscal policy than orthodox or mixed.

The second finding is that central banks produce conservative experts while think tanks don't. When looking at both the IMF and ECB cited economists, it is clear that ever having worked at a think tank contributes to more revisionist views on fiscal policy as opposed to mixed or orthodox. In contrast, ever having worked in a central bank or in the private sector contribute to more orthodox views. Being newly hired by the IMF also contributes significantly toward having more revisionist, as opposed to orthodox or mixed views toward fiscal policy.

Third, economists whose professional profile includes stints in academia, government and the private sector are a positively conservative force in the fiscal policy debate. Having ever worked in academia or the public sector contributes toward more orthodox views, yet having remained there for a longer period of time generally contributes toward more mixed views toward fiscal policy. For economists cited only in ECB *Monthly Bulletins* and not in the IMF *World Economic Outlook Reports*, having spent any time at all in academia seems to lead toward having a more mixed perspective on fiscal policy as opposed to either orthodox or

<sup>5</sup> This result is gathered due to the positive coefficient on the variable for years spent at the IMF when comparing orthodox to mixed and revisionist economists, and the negative coefficient on the same variable when comparing mixed and orthodox economists to revisionist ones.

revisionist views. There are no such wrinkles in the argument when it comes to private sector experiences. Indeed, having ever worked in the private sector contributes toward more orthodox views on fiscal policy.

While all models pass standard tests for statistical significance and exhibit a reasonably high goodness of fit, there are several concerns with their reliability and completeness. One concern is that, due to data limitations, the academic backgrounds of the cited economists are excluded from the model, despite the fact that they may contribute significantly to how an economist views fiscal policy. This may lead to a higher importance being placed on various aspects of an economist's professional career, although this has not yet been rigorously examined. Additionally, organizations were grouped into sectors for this analysis however, think tanks, academic organizations, and international organizations vary greatly in their overall institutional outlook on fiscal policy, which may make results less significant than if institutions were examined on an individual basis.

## **Conclusion**

This paper asked what professional structures shape the economic ideas with which European central bankers derive legitimacy and authority in the debate over austerity. The comparative professional field analysis proposed herein provides students of public administration and policy with a new theoretical and methodological repertoire for answering this question. The proposed theoretical framework draws on the literature in public administration, the sociology of professions and the international political economy of international financial institutions to generate specific hypotheses about what professional structures generally generate what positions on a given policy spectrum across several professional fields of relevance to the public policy question at hand. As such, it overcomes the single professional field focus that plagues much of the state of the art on professions and policy administration.

The findings challenge conventional depictions of elite US academic programs as spreaders of neoliberal macroeconomics and of central banks as their fellow travellers. Instead, US academia is a much more variegated landscape whose internal ideological frontiers also escape categorization by the more granular accounts. As for central banks, they are also far from constituting a homogenous group, with calls for reformism coming from a number of European central banks and some branches of the US Federal Reserve Bank. The finding is an invitation for more nuanced research on the suspected links between certain economic ideas and the "usual suspects" in the literature on IFIs, central banks and professions.

Next, the model uncovers more temporally dynamic patterns than "snapshot" content and network analysis does. To our knowledge this is the first attempt to predict the policy positions of experts in complex public administration bodies and certain sequences in their careers. Again, conventional conjectures about neoliberal proclivities need considerable rethinking. Central banks expertise may be diverse, but on average and over time long careers in central banks produce conservative experts. Many scholars would be surprised that academic or public sector experiences predict more orthodox views, yet longer socialization in this profession generally contributes toward more mixed views toward fiscal policy. In contrast to other IFIs, where the professional environment seems to produce skepticism of neoliberal fiscal policy, the IMF produces hesitant, not stodgy neoliberals over time, unless one becomes a career IMF economist. Outside the realm of the usual suspects, the private

sector produces conservative experts while think tanks don't.

The findings open up new avenues for research on the administration of the expertise of central banks as international economic agents embedded in transnational governance. Future research could further unpack the politics that lead to the selection of the expertise of some actors while excluding others or delineates the reach of these expert battles into on the actual policy decisions of the ECB. Particularly fruitful in this regard would be to compare role of the usual suspects (principals, senior staff) or the weight of neglected actors such as internal secretariats (Jörn 2017).

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## Methodological Appendix

**Table 1:** *Description of Independent Variables used in the Generalized Ordered Logistic Regression Model*

<b>Variable</b>	<b>Description</b>
<i>everacademia</i>	A dummy variable for having worked in academia.
<i>everthinktank</i>	A dummy variable for having worked at a think tank.
<i>everprivate</i>	A dummy variable for having worked in the private sector.
<i>everpublic</i>	A dummy variable for having worked in the public sector.
<i>everio</i>	A dummy variable for having worked in an international organization (non-IMF).
<i>evercentralbank</i>	A dummy variable for having worked in a central bank.
<i>imf</i>	A dummy variable for having worked at the IMF.
<i>onlyimf</i>	A dummy variable for having only worked at the IMF and no other sectors.
<i>imfnewhire</i>	A dummy variable for being newly hired at the IMF (post-2008).
<i>imfpromoted</i>	A dummy variable for having been recently promoted at the IMF (post-2008).
<i>centbankyear</i>	An interaction term between <i>evercentralbank</i> and the number of years worked at a central bank.
<i>acadyear</i>	An interaction term between <i>everacademia</i> and the number of years worked in academia.
<i>thinkyear</i>	An interaction term between <i>everthinktank</i> and the number of years worked at a think tank.
<i>privyear</i>	An interaction term between <i>everprivate</i> and the number of years worked in the private sector.
<i>pubyear</i>	An interaction term between <i>everpublic</i> and the number of years worked in the public sector.
<i>ioyear</i>	An interaction term between <i>everio</i> and number of years worked at an international organization (non-IMF).
<i>imfyear</i>	An interaction term between <i>imf</i> and number of years worked at the IMF.