Ideological Competition in Economics: Economists and Economic Discourses in (West-)Germany and France 1950-2007

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The recent economic and financial crisis has amplified public and scholarly interest in the role of economics, both as a science and body of knowledge for governmental advice. As the normal run of things had been traumatically interrupted, the field opened up for interpretations and, as this seminar documented, also significant changes in economic policy. Economists, journalists, and economic historians offered countless accounts of how 'the crisis' may be perceived and what the role of economics might have been in the run-up to the financial meltdown.

This seminar took these timely concerns as a starting point to analyse the role of economic knowledge from a historical perspective. For this purpose, the organisers attempted to bring together young and more advanced scholars in economic history, sociology, and economics to scrutinise 'ideological competitions' among economic expertise, the public spheres, market(s), and the political arena in France and (West-)Germany during the late twentieth century. Most of the contributors were interested in the foundations of this particular scientific and political authority and how it might be best described and analysed. Different economic-scientific and institutional-administrative traditions between France and Germany were not so much researched in terms of their 'origin' than rather with regard to how (if so) they incorporated elements of 'neoclassical' economic discourse predominantly produced in and disseminated from the US or from institutions linked to the US. The dynamic between a transnationalisation of the economic profession since 1945 and national institutional settings was a key concern of most of the papers.

JOCHEN MAYER (Edinburgh) highlighted the rationale behind the organisation of this seminar by offering some conceptual remarks on two key notions in the study of economics and of science more broadly: discourse and ideology. In a review of work in economic sociology and history, he pointed out that those who use these concepts usually argue against economics as simply the study of economies. Economic discourses, rather, are conceived as shaped at the interface between different disciplines, technologies (such as modelling, applied mathematics, or statistics), institutional settings, and forms of education and professionalisation in schools and universities. Better than the notion of discourse, however, 'ideology' serves to analyse misrepresentations between a reality and its description by the economic knowledges and practices. Where 'discourse' is effective in analysing how economic knowledges and practices were *(un-)successful* in describing and thus constructing the economy, 'ideology' allows to incorporating issues of whether an economic theory has been *true or false* in the attempt to ratify and legitimate unjust economies or oppressive political systems.[1]

PETER SCHAEFER (Trento/Paris) stressed the importance of historical shifts for economics. As to post-war West Germany, the surviving German economists harboured mixed feelings about a state-guided German market economy, which may explain why German post-war economics was characterized by a certain degree of ideological dogmatism and the need to reinvent itself. This, together with a loss of political independence favoured approaches which minimized the role of the state such as Freiburg neoliberalism and supply-side macrotheory. French economists, by contrast, had not lost their faith and contact to state action and were thus more open to Keynesian approaches. During the disintegration of the French empire, the political dimensions of economics were much more visible than in West Germany. According to Schaefer, after 1980, these national differences were gradually decreasing

[1] Terry Eagleton, Ideology. An Introduction, London 1991, especially p. 193-224.

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as a new generation of transnationally trained economists in both countries was eager to apply rational expectations theory to Keynesian and Neoclassical approaches.

The keynote by FRÉDÉRIC LEBARON (Amiens) outlined a Bourdieusian analysis of the French economic 'field' during the period 1995 (the announcement of the 'plan Juppé') and 2007 (presidential elections). With reference to a purposeful selection of 220 economists, their professional trajectory and points of connections, Lebaron was able to show how the economic profession came to embrace the neo-liberal project. This project was and is defined – partly in parallel to 'French' neoliberalism[2] – by the wider context of a 'financiarisation' of economics, its quasi-monopoly as an expert knowledge vis-à-vis public politics and the media, and by an internationalisation of economic education and teaching. Lebaron further illustrated this conversion by analysing the positions of individual economists towards issues such as the economic and monetary unification of the European Union, employment policies and the French social model, financial market regulations, and the role of economics as a science in universities and public institutions during recent reforms in higher education. He also analysed a 'radicalisation' of neoliberal rhetoric from 2002 to 2007 in connection with the rise to power of Nicolas Sarkozy. Sarkozy advocated a 'rupture'; the influential Cercle des Economistes supported his discourse based on neoliberal ideas thus, adding scientific credibility to it.

MICKAËL MELKI (Paris) highlighted a particular feature of twentieth-century economic discourse: the concept of 'ideology'. Doing away with the widely held view that economists have not been interested in ideology, he offered astounding evidence of an increasing involvement with the concept in the 1930s, and, especially, from the 1980s. Employing a bibliometric analysis of a sample of top-ranked international economic journals, Melki showed that the concept adopted different meanings in relation to different research programs and scholarly debates. For example, notions of 'ideology' served to explain 'irrational' (altruistic or collective) behaviour within the rational choice paradigm. 'Ideology' was central to the 'shirking literature' during the 1980s that studied to what extent elected representatives deviated from the implicit contracts with voters by voting in accordance with their ideology. For more recent economic literature, Melki identified a shift towards a positive and normative understanding of ideology, especially in the context of North's research on institutional and economic change.[3]

THIERRY GUILBERT (Amiens) was concerned with public understanding of contemporary economic discourse. For this purpose, he presented extracts of his recent publication on the 'evidence' of the neoliberal discourse in French print media coverage on the 1995 pension reform and the 2008 financial crisis.[4] He offered a compelling methodological framework to analyse such evidence as powerful ideological discourse present in journalistic language and 'public opinion'. The power of (neoliberal) ideological discourse, according to Guilbert, is writ large in semantic processes of 'double dissimulations' in the course of which the actual nature of political and economic domination is semantically deflected by more visible moral values (common goods or key notions such as security and protection) and seemingly rationale, objective principles (scientificity such as mathematical formalism). This was illustrated with reference to 'growth' as a highly visible (seemingly self-explanatory) metaphor within French media discourse. Formerly associated with physical and vegetal growth, economic growth came to be installed as the 'grail' of national economies.

JENS MAESSE's (Mainz) contribution also adopted a discourse analytical framework to analyse the dynamics of scientific communication across the international field of financial expertise comprising, with regard to

[2] François Denord, French Neo-liberalism and its Divisions. From the Colloque Walter Lippmann to the 5th Republic, in: Philip Mirowski, Dieter Plehwe (Hrsg.), The Road from Mont-Pèlerin. The Making of the Neoliberal Thought Collective, Cambridge, MA 2009, p. 45-67.

[3] See, for example, Douglass North, Institutions, Ideology, and Economic Performance, in: Cato Journal 11 (3) (1992), p. 477-489.

[4] Thierry Guilbert, L'évidence du Discours Néolibéral. Analyses dans la Presse Écrite, Bellecombe-en-Bauges 2011.

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the contemporary German example, banks, economic research institutes, universities and market regulation institutions such as the Deutsche Bank. Financial markets are, so Maesse following Callon[5], embedded in various expert systems and their ability to communicate and perform knowledge. More pronounced than recent economic sociologists, however, Maesse was interested in the power of multifaceted communication processes that create agency and social relations through written texts such as academic journal articles and official reports. Looking beyond the institutionalist and the praxeological framework, Maesse scrutinised financial expert knowledge as a 'trans-epistemic multilevelled field' whose power was found in the ability to inscribe in various communicative processes. With regard to financial economics, this power was visible in 'academic polyphony', that is the construction of authorship in accordance with and opposition to other discursive positions. The example of the financial regulation discourse (e.g. financial transaction tax) showed this power to be effective on the level of sentiments of justice and equality. In order to be comprehensible, the regulation discourse, more clearly than the expert discourse, had to integrate various elements of neighbouring discursive fields (politics, business).

CLÉMENT FONTAN (Grenoble) further scrutinised current financial policies by analysing the European Central Bank's (ECB) 'political game' within the European Monetary Union during the 2007 recession. Two major institutional and legislative changes were at the centre of his elaborations: the Securities Market Program (SMP) and the European Systemic Risk Board (ESRB). Both instruments, as Fontan argued, signified an unprecedented extension of the ECB's power as they went beyond its usual responsibilities (price stability via interest rate setting) in the attempt to stabilise the financial system. Given the ECB's ordoliberal legacy and its comparably weak knowledge of insurance and securities markets, the new supervisory role was anything but self-evident. Locating the ECB at the interface between financial markets and political arenas, Fontan showed how the ECB's new role needed to be legitimised towards both. The situation of systemic crisis created an atmosphere of urgency in the political field, side-lining, according to Fontan, the European Commission and the European Parliament to the benefit of decision-making power in the hands of very few. At the same time, the ECB had to make sure that the new monetary policy instruments would not undermine its reputation towards financial markets and national economies that adhered to an independent central bank. The 'ordo-liberal paradigm' as a set of symbolic ideas was shown to be (de-) activated by key players in order to guarantee the bank's image as an independent and trustworthy institution.

The second keynote by JAN-OTMAR HESSE (Bielefeld) discussed the rebuilding of West German economics (*Volkswirtschaftslehre*) 1950-1975 along the lines of institutional and generational change, as well as of epistemological and discursive shifts within the discipline's theories, concepts and methods. Whereas by the end of the Second World War economics was mainly taught within law faculties, newly formed 'faculties of economics and social sciences' took over during the following decade. Inclusion of business administration into curricula contributed to the establishment of more autonomous faculties of economics during the 1970s. The replacement due to retirement of a large proportion of German university professors during the 1960s in the wider context of educational expansion further altered the discipline's structure at the expense of the 'historical school'. Younger economists rapidly caught up with Anglo-American economics so that by the end of the 1950s already, Keynesianism and the 'neoclassical synthesis' – in opposition to Allen's argument of a dominant Freiburg School in post-war West German economics[6] – were established

[5] Michel Callon, Introduction: The Embeddedness of Economic Markets in Economics, in: Michel Callon (Hrsg.), The Laws of the Market, Oxford 1998, p. 1-57. Michel Callon / Yuval Millo / Fabian Muniesa (Hrsg.), Marked Devices, Oxford 2007.

[6] Christopher S. Allen, The Underdevelopment of Keynesianism in the Federal Republic of Germany, in: Peter A. Hall (Hrsg.), The Political Power of Economic Ideas: Keynesianism across Nations, Princeton 1989, p. 263-289.

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as the state of the art of economic reasoning. Discursive patterns around notions such as 'Americanisation' or 'new economics' further indicated intellectual and structural transformations. The semantics of 'new economics' served to distinguish Keynesianism from the Freiburg School and to make sense of methodological and theoretical innovations such as formal modelling, empirical research, statistical analysis, and hypothesis testing. Hesse thus made a compelling case to amend the historical study of economics along 'national cultures' by 'discursive patterns' and their changing nature across scientific paradigms and national schools of thought.[7]

WENCKE METELING (Marburg) took German economic discourse into the public sphere again by outlining her early-stage *Habilitation* project on the *Standortdebatte* in post-reunification Germany. For Meteling, this discourse displayed a public and scientific debate on principles of economic and social policy and, indeed, national identity. She traced the semantics of 'Standort' from economics where it denoted a site of goods and services to its public usage which identified the nation-state as a location for science and finance, and, more broadly, as a competitor among other states in the context of globalisation and post-reunification disillusionment. 'The price for German reunification' (G. Ritter) was identified as crucial for the debate to arise. Severe international competition, liberalisation of trade within the EU in 1992, and the *topos* of a 'crisis of the welfare state' dating back to the late 1970s constituted further elements that together by the early 1990s fuelled a narrative of 'Germany in danger'. Importantly, for Meteling, the *Standortdebatte* was vested with supply-side economics and neoliberal ideas, even although less pronouncedly so than in Great Britain under Thatcher or the US under Reagan. In the name of 'Standort Deutschland' businesses demanded wage restraint from labour unions, lower taxes for business and industry, repression of the welfare state, and a more flexible job market.

JENS KÖHRSEN (Bielefeld/Paris) took up the issue of whether or not the 2008 economic and financial crisis actually led to a crisis of concepts or, even 'paradigm change' in contemporary economic expertise. In pursuit of this question, he compared economic reports by the German Council of Economic Experts (*Sachverständigenrat*) and the Committee for Economic Research Institutes (*Arbeitsgemeinschaft wirtschaftswissenschaftlicher Forschungsinstitute*) for their policy recommendations and underlying macroeconomic concepts over a period of three economic slumps 1993-2008. For Köhrsen, the major economic policy recommendations were rather consistently informed by the neoclassical paradigm of supply-side economics. Budget consolidation, the reduction of the public sector and wage restraints and labour market flexibility were primarily advocated. With regard to short-term policy measures, policy advisors focused on counter-cyclical monetary policy rather than on an active countercyclical fiscal policy. Only during the most recent crisis, government bailout plans and a more active role of the European Central Bank indicated a short-term policy shift. Köhrsen explained such consistency with reference to a relative proximity between the academic field of mainstream economics and that of governmental economic policy debates. Members of the expert committees were more likely to be appointed if they adhered to one of the dominating macroeconomic schools. Both mechanisms, according to Köhrsen, shape economic policy along the lines of mainstream macroeconomics.

The role of governmental economic policy was further scrutinised by JULIA HILDERMEIER (Berlin). Her paper used the example of the 'clean car' (emission-free electric car) to illustrate how French and German governments shaped and legitimised their respective role as economic policy actors before and after the financial crisis. By analysing the 'political work' (problematisations and alliance-building) that was invested in the specific fields of economic, industrial and innovation policy, Hildermeier showed that in France, in the wake of the crisis, state-enhanced industrial policy returned to the political agenda. Here, clean car politics were shaped by specific 'environmental-ecological'

[7] Marion Fourcade, Economists and Societies: Disciplines and Professions in the United States, Britain, and France 1890s to 1990s, Princeton 2009.

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discourse (e.g. 'Grenelle de l'Environment') and were further emphasised by national agreements between car makers, trade unions and the government in 2009 ('pacte automobile'). By contrast, German government has maintained a liberal market-based economic policy favouring the restoration of public demand in cars over sustainability criteria. Dominating conservative industrial and innovation policies prevented the creation of public support for national clean car policies even although also in Germany, the government's more coordinating role after the crisis signified considerable problematisation of how to govern particular industries.

Given the scarcity of comparative research on French and German economic history, this seminar offered some welcome steps towards a comparative economic history of late twentieth-century France and West Germany.[8] National differences notwithstanding, this seminar confirmed previous research with regard to a conversion of mainstream economic discourse along the lines of internationalisation and financiarisation in the latter half of the twentieth century. Both issues were shown to be particularly visible in the fields of economic education and teaching, and the academic discourse of financial expertise. The seminar further attempted to re-establish a concept of 'ideology' as useful for the study of economies and economic discourse. This was particularly evident in contributions which grappled with the power of economic language in contemporary media discourse as it was here where economic language potentially helped to define French and German national communities as (imagined) national economies. The seminar also highlighted the effect of historical *longue durées* in both national settings. West German economics during the 1980s and 1990s was partly shaped by transformations in the immediate post-war period. The discipline, other than in the French case, was characterised by a strong focus on macroeconomics even during the neoliberal takeover in the 1970s; an emphasis on supply-side economics at the expense of consumption; a remarkable neglect of monetary theory within economics; and comparably few unorthodox schools of thought next to the dominating mainstream economics. A selection of the papers delivered at this conference will be published.

Conference Overview:

Introduction : Jochen F. Mayer (University of Edinburgh) and Peter Schaefer (University of Trento/Paris IV-Sorbonne)

Keynote 1: Frédéric Lebaron (University of Picardie-Jules-Verne): La conversion problématique des économistes français au néolibéralisme: retour sur la dynamique d'un champ scientifique (des années 1960 à 2007).

Mickaël Melki (Université de Paris I Panthéon-Sorbonne): Ideology in Economics: Taking stock, looking ahead.

Thierry Guilbert (Université de Picardie-Jules-Verne): L'évidence du discours économique dans la presse écrite française.

Discussant: Paola Tubaro (University of Greenwich).

Jens Maeße (University of Mainz): Financial expert discourse (Fed). On discourse as a heterogeneous communicative power machine.

Clément Fontan (IEP Grenoble/PACTE Laboratory): „Managing change with ideas: the ECB's political game within the EMU during the crisis".

Discussant: Paola Tubaro (University of Greenwich).

Keynote 2: Jan-Otmar Hesse (University of Bielefeld): 'New Economics' – The Rebuilding of West German Volkswirtschaftslehre after World War II and its Lasting Impact.

Wencke Meteling (University of Marburg): Saving the Country's Future by Keeping it Competitive: the 1990s Debate on Germany as a ‚Standort'.

Jens Köhrsen (Bielefeld Graduate School in History and Social Science/EHESS): A Crisis of Concepts? The Stability of Economic Thinking in Post-Reunified Germany.

[8] The paucity of scholarly work on Franco-German economic history has recently been remarked upon by Sylvain Schirmann, see: Schirmann, Introduction, in: L'économie, l'argent et les Hommes: Les Relations Franco-Allemandes de 1871 á nos Jours, Paris 2009, p. 3.

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Discussant: Alexander Ebner (University of Frankfurt).

Julia Hildermeier (Wissenschaftszentrum Berlin für Sozialforschung): Bringing the state back into economic policy discourse? Sustainable transport, industrial and innovation policies on the electric car before and after the financial crisis in Germany and France (2006 – 2010).

Discussant: Alexander Ebner (University of Frankfurt).

Wrap-up (Alexander Ebner) and Final discussion.

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