

The Role of Economists in Government and International Agencies: A Fresh Look at the Field

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I

Twenty years ago Ray Petridis published an impressive chapter on ‘Australia: economists in a federal system’ in a pioneering collection of essays on *Economists in Government: An International Comparative Study*.¹ Petridis’s long and varied career has included several periods of employment, advisory work, and/or research as a government economist, but he has not reexamined the subject of his 1981 investigation. This is a matter of regret. However, the invitation to contribute to this Festschrift provides both an opportunity and an incentive to revisit the 1981 study, and to offer some broad impressions of the substantial volume of more recent research on economists in government and international organizations, and their role in the policy-making process. This subject has been unduly neglected despite its intrinsic interest and its potential value as a component in the training of apprentices to the economics profession; especially those destined for non-academic employment. As a research field it encompasses general problems, such as economic methodology and the nature of economics as a discipline, science or profession, as well as detailed accounts of past policy episodes, autobiographical essays by former government economists, and assessments of the economists’ contributions to policy. It includes studies by scholarly commentators, journalists, and partisan critics. Work of this kind necessarily trespasses beyond the conventional disciplinary borders of economics into politics, sociology, economic and social history, public administration, education, and the study of organizational structure and behavior.² Given this range and variety of subject matter, and the immense volume of general literature concerning economic policy, the following overview of two decades of research and discussion must be highly selective. It draws upon thirty-seven studies of thirty-four different countries; thirteen essays on six international organizations; and more than a score of studies of the internationalization of economic policy reform.³ As a result, we now have much broader and richer knowledge of economists’ activities in and influence on public bodies than we had twenty years ago.

One of the more original features of the 1981 project was the careful attention paid to and the data provided on the numbers, functions, status and location of economists employed *within* the organizational structures of the countries studied. This is in direct contrast to the customary preoccupation with the activities and influence of high-level economic advisers, whose contributions have often been considered without adequate reference to the organizational context in which they operated. In fact, the rapid post-World War II growth of the number of economists in official and quasi-public organizations occurred mainly within the middle and upper, but not the top level ranks of civil servants, and detailed research into public records (of the kind many economists find uncongenial) was required in order to identify the knowledge and skills called for in the positions they occupied.⁴ Policy is not, as many economists seem to suppose, made exclusively by decision-makers ‘at the top of the office’. It often originates at lower levels in the system,

and proposals may go through many modifications before they are adopted and become part of official action (or are rejected). Likewise, once significant high-level decisions are made their implementation necessarily calls for interpretation and adaptation to specific (often unforeseen) circumstances, especially in times of rapid change. It is clear that an economist's effectiveness in any organization is likely to be influenced not only by his or her professional knowledge and skills, but also by his or her contacts, both within and outside official circles, the level of activity, the flow of information, and the sphere of responsibility. Moreover, close attention to the nature of bureaucratic life – which usually differs markedly from academic life – reveals that the policy-making process is often entirely unlike the rational and orderly affair depicted in some economics textbooks.⁵

One of the principal, albeit obvious, reasons for the differences in the tone and content of the pre- and post-1981 literature on economists in public organizations is the marked change in historical conditions, both within the economics profession and in the policy-making environment. Admittedly there had been earlier expressions of concern about the state of the discipline – for example, the rise of contending doctrinal schools after the end of the Keynesian hegemony in the early 1970s; the economists' loss of confidence in their capacity to influence policy practice; and the decline in their public reputation. But these concerns have been much more widespread and more openly and strongly expressed in the writings and discussions of the 1980s and 1990s than in earlier periods. Indeed, there has been a large and growing semi-popular and quasi-confessional literature on the 'state of economics' written by dissatisfied (but often professionally well-qualified) economists and their critics, which is almost entirely negative in tone and pessimistic as regards the future. (One wonders who actually purchases such publications. Perhaps economist-baiting has become a fashionable spectator sport!)

A telling example of informed criticism – given the author's distinguished status, long experience, and restrained language – is J.C.R. Dow's observation, in 1989, that:

On the theoretical plane there remain major disagreements among economists, and the disarray is bound to be reflected in disagreements about what policy can and should do. It also appears that our understanding as economists has not fully caught up with the rather major upheaval of economics in the last fifteen years. The great disputes among economists have not been directed very much to this aspect of reality; and I doubt if it can be said that we understand why most countries for most of the time up to about 1973 had high employment and rapid growth, and have since lost it.⁶

It is nowadays generally recognized that policy-making processes are far more complex than previously supposed; that the number of participating individuals and organizations has increased markedly; and that the economist's world has in many ways become much more difficult to understand, let alone manage.⁷ The disintegration of the earlier broad doctrinal, methodological and policy consensus since the end of the Keynesian hegemony (roughly speaking, 1950-1973) has undoubtedly been serious. Growing public awareness of the open and sometimes fundamental disagreements among prominent economists has undermined public confidence in their discipline, including the scientific value of their knowledge, the reliability of their policy prescriptions, and their ability to forecast the future. Yet while there has been increasing recognition of the economists' disciplinary limitations, and a more modest assessment of their potential contributions to society

in a world of increasing global interdependencies, there is still a sustained demand for their contribution to public understanding, to government and business performance, and even to the maintenance of stability and growth in the international economy.

II

It will be helpful to begin by briefly enumerating some of the most striking developments in the work on economists in government employment and international agencies during the past two decades:

1) As is clear from the Note on Sources (below, p. 30) there is now a much greater number and a far wider range of published country studies than was available in 1981, and also an increase (but more limited) in the number and variety of international organizations covered. Of course, these studies vary considerably in content, scale and quality. Broad sketches, based on sweeping generalizations, are more numerous than detailed empirical investigations; and some regions of the world – e.g. Eastern Europe and Africa – have attracted comparatively little attention⁸. Moreover, the public significance and academic value of this research field has been more widely recognized – for example by the inauguration of a prestigious American Economic Association annual lecture series on ‘Economists and Economics in Government’,⁹ and by scholarly studies of the International Monetary Fund and the World Bank, to cite two notable large-scale undertakings.

2) The pioneering 1981 comparative volume on economists in government still stands virtually alone in economic literature, for subsequent researchers have generally been disinclined to undertake detailed studies of economists’ activities and influence within official bureaucracies or within international organization structures. Such matters are probably of greater interest to political scientists, sociologists, economic historians, and students of public administration, than to practising economists. Yet the failure of historians of economics to undertake this type of work is disappointing. They are, generally, too preoccupied with theoretical and technical subjects, rather than complex public policy processes.

3) In the recent literature there has, however, been a substantial shift of attention away from economists’ functions within large-scale bureaucratic organizations – including their contributions to the formulation and implementation of policy – towards their role and influence as policy advisers and decision-makers. This has necessarily affected the kinds of questions asked by researchers and the kinds of evidence sought. Admittedly the distinction between economic administration and policy-making is by no means clear-cut: they overlap, and sometimes coincide. Advisory work is conceived to be more glamorous, and potentially more influential, than routine service within the organizational structure. Yet advising is a vague and catch-all concept. It encompasses the activities of ‘outsiders’ as well as ‘insiders’; both temporary and permanent advisers; specialists and generalists; and professionals (‘experts’) as well as amateurs. It will be considered more fully below.

4) Recent assessments of the value of economists’ contributions to the management of the economy and the effectiveness of economic policy have been directly affected by the breakdown of the predominantly Keynesian intellectual and policy consensus, and the ensuing loss of professional and public confidence in the discipline referred to earlier (above, p. 20).

5) Mainly since the 1960s, new ideas from the philosophy of science have discredited the earlier simplistic conception of economics as an ethically neutral, 'objective' science in which a clear demarcation can be drawn between scientific and non-scientific, positive and normative statements. In its place there has emerged a much more complex conception of the subject both as an academic discipline and as a policy science. While it has long been recognized that economic policy-making necessarily involves value judgments, the distinction between pure and applied research and policy recommendations has become blurred, and the politicization of economic policy-making has been increasingly recognized – especially by economists with direct experience of policy processes. The growth of specialization, both within academic and what may be termed public economics, has, in many cases, widened the gap between the academic and the public spheres, a development which has generally speaking been harmful to both.

6) In his very useful essay summarizing the findings of the essays in the Pechman (1989) volume, Robert H. Nelson emphasizes the 'consistency in the fortunes of economists that transcends the individual and organizational arrangements for government economists' (*ibid.*, p. 2), especially the rise in their numbers, status and influence world wide from the 1930s to the 1960s, and their subsequent decline. In addition to the changing political and economic environment after the 1973-4 OPEC price shock mentioned by Dow (above, p. 20) there were also

broader forces at work, such as a new pluralism of social values and new public attitudes turning against the role of experts, and sometimes even science itself, that acted to undercut the status and influence of economic experts. As the social authority of expert elites eroded, government decision making became increasingly subject to interest-group pressures. (Nelson 1989, p.3.)

Yet while this passage may accurately depict a general trend, much of the present research in Pechman and elsewhere reveals the differences between countries and between the various international organizations. It is obviously difficult to consider both trends and variations in this essay. Therefore two examples of the diversities must suffice:

a) Some governments have employed few, if any, university-trained economists, preferring instead to select certain, usually young, post-entry civil servants for in-service work as economists, often sending them abroad for a period of post graduate education at a foreign university (usually in the United States or Britain). This has been the practice in France, Austria and Japan, especially where there is a bias in favour of learning by experience rather than by academic specialization. In the early post-World War II decades a somewhat similar situation obtained in Britain, where there was a shortage of academically trained economists willing to work in Whitehall, and civil service traditions favoured generalist administrators over academic specialists. By the 1960s, however, the growth of the government's demand for officials either trained in, or with competence in, economics was such that special in-service courses were provided for non-economist administrators. The World Bank and the IMF also created special centres for the training of non-American economists and social scientists, both in Washington and in the developing world. This timing contributed directly to the internationalisation of professional economics.

b) Nelson acknowledges the diversity of organizational arrangements for ‘the delivery of economic advice’:

- (i) Economists may be located in special advisory bodies chartered and funded but still outside the governmental structure.
- (ii) Advisory groups and technical (e.g. econometricians or statisticians) may be within governments, but in staff positions separate from the agencies directly responsible for administering government activities.
- (iii) Economists may be placed within the administrative agencies, for example macroeconomists in the treasury or finance ministry.
- (iv) Economists may be dispersed in government ‘all the way down to isolated individual economists on staffs with diverse backgrounds. All these arrangements may exist within the same government, sometimes varying according to the economic function’ (*ibid.*)

N.B. Not all these economists are economic advisers *proprement dites*.

7) The traditional conception of the economist’s moral duty as an adviser to government, or indeed to any client, has usually been expressed as *Wertfreiheit* (i.e. value neutrality), to cite Max Weber’s oft-quoted term. Advice should, as far as possible be disinterested, non-partisan, and objective. Yet it has long been recognized that this ideal may be unattainable in practice, for, as that wise and immensely experienced British government economic adviser, Sir Alec Cairncross, once observed: an economic adviser who insists too strongly and too persistently on his neutrality may end up being neutered – i.e. ineffective, ignored or even dismissed. However, in recent literature on the role of the economist in government there has been a marked shift in tone and content, with the rejection of *Wertfreiheit* even as a principle, not merely an unattainable ideal. An economic adviser, it is said, should not be neutral but an advocate, a persuader, and even a partisan.

For example, in an international symposium in which Dutch economists predominated, Jules J.M. Theeuwes contributed a chapter on ‘Economists as Advocates: The Art of Making a Case’ wherein he explicitly compared the role of economists in public debate to that of lawyers in the court room. He assumed there would be honesty in the use of economic rhetoric, even though he did not object to the use of ‘all tricks [sic] in the book of rhetoric’ (Theeuwes 1997, p. 93). While conceding that this was a shakier foundation than truth, he relied on collective rather than individual honesty, which would be obtained by ‘competition and openness in the public discussion’ (*ibid.*, p. 95). Theeuwes explained how to make a case ‘by selective choice of rhetorical tools: by presenting supporting evidence (as a lawyer does); choosing the appropriate examples and arguments; and *by leaving out conflicting and damaging evidence*’ (*ibid.*, p.98. Italics supplied). How far this is compatible with honesty, and how far we can be assured that ‘collective’ honesty via ‘competition and openness in public discussion’ will inevitably outweigh individual dishonesty, he omits to explain.

An argument similar to that of Theeuwes is advanced by Gebhard Kirchgassner, in an essay ‘On the Political Economy of Economic Policy Advice’ published in another ‘international symposium (Kirchgassner 1999, pp. 13ff). Although economists like to consider themselves as ‘objective and standing above the daily political discussions and political ideologies,’ in practice, he admits, ‘it can hardly be denied that scientists [economists] are often paid for producing exactly the statements their clients want to hear, and that they know about this and

put up with it.¹⁰ Moreover, ‘strong monetary incentives cause economists to defend (nearly) any even arbitrary political position.’ Usually scientists collect all the evidence in favour of their theories, and *sometimes they even suppress contradictory evidence*. If there is no other way left, *they ‘extend’ their theories to make them compatible* with empirical evidence which previously seemed to be in contradiction.¹¹

Kirchgassner defends his position, somewhat weakly, against the possible charge of corruption, by citing Karl Popper’s view that science

is a social process, in which some scientists make conjectures and others criticize them. It is not decisive whether the individual scientist is objective or not, but that the scientific discourse takes place in a climate where criticisms are not only allowed but even desired (*ibid.*, p. 18).

After giving some striking examples of conflicts of scientific opinion on important public issues, and discussing some of the intellectual problems involved in analyzing the effects of certain policy measures, Kirchgassner makes the startling observation that even where there is ‘factual consensus between most economists, economic theory cannot provide a theoretical foundation for policy advice, at least not immediately’ (*ibid.*, p.27).

This negative, but perhaps realistic, conclusion reflects the economists’ collective loss of confidence in recent times.

A third example of economists as advocates comes from a brutally frank article by Michael Weinstein in an American Economic Association-sponsored symposium. A financial journalist and former academic economist, Weinstein was deeply troubled by the concentration of economists-for-hire in first-rate American graduate schools, and the number of economists employed in high profile legal cases who are

writing one-sided accounts purposely side-stepping counter claims and arguments . . . For lawyers to write tendentious briefs in an adversarial environment presents few problems; none expects truth from only one side. But for academics to twist facts, no matter how brilliantly, to fit the preconceived interest of their clients is disturbing . . . More is at stake than a mere loss of innocence if the profession’s leading lights can no longer be, well, trusted to tell all. Where once scholars served as reliable authorities, they now serve as advocates.¹²

8) Up to this point the role of economists in international agencies has been mentioned only *en passant*, although the concluding ‘Notes on Sources’ (below, pp. 30-1) includes a dozen essays on this topic covering: the International Monetary Fund; the World Bank; the General Agreement on Tariffs and Trade (GATT); the Organization for European Cooperation and Development (OECD); the United Nations Secretariat; and the European Economic Community.¹³ Of course these organizations differ greatly in size and functions. The World Bank is enormous by comparison with the OECD and the GATT (which was, strictly speaking, a Secretariat rather than a conventional organization). OECD and GATT have been termed ‘forum’ organizations because a major feature of their work is that of bringing together officials or other representatives of various countries to promote policy coordination, to plan and administer large-scale international trade agreements, or to negotiate codes of commercial behaviour. The IMF is the most economic of the five agencies and it is dominated by economists at all levels. By contrast, the World Bank has extremely broad responsibilities involving the

granting of large loans to initiate and/or support large-scale investment projects, mainly in poor countries. An economist employed in the IMF will probably be working with, or reporting to, other economists at various levels in the hierarchy, whereas a World Bank economist is likely, especially when on a foreign mission, to be working with a wide range of different specialists – e.g. agronomists, experts on water resources, engineers, financial analysts, educators, medical doctors.

Government departments and international agencies are usually, but not invariably, large-scale bureaucracies, and the differences between them - so far as the working conditions, objectives, and career opportunities for economists are concerned - are much smaller than those between either species and academia, which is the sociological reference group for most non-academic economists. Generally speaking, the remuneration of international organization economists is significantly higher (when tax benefits are included) than that for other non-academic economists apart from those in the upper echelons of the business or financial world. However, international organization work often involves living far from home, with obvious consequences for the employee's family. Work in a national government, especially in circumstances of political instability, is liable to periodic disruptions leading to political or policy regime changes, but on the other hand, the greater continuity of operations in the longer established international organizations may foster bureaucratic inertia.

Limitations of space obviously preclude a comprehensive account of economists' work in international agencies and I shall therefore concentrate on some of the revealing and perceptive observations in the extended Report of Discussion at a Washington conference on this subject in 1983 (Coats 1986). For example in an initial statement by George Baldwin, a senior and highly experienced World Bank official, he commented (among other things) on the differences between international agency work and academia. In the latter sphere, he said,

there is a premium on independent originality . . . One tries to 'make a name for oneself' to a degree totally alien to a bureaucratic environment . . . where there is a premium on being a good team member . . . one who works effectively with non-economists, one who does not awe others with brilliance but who is nevertheless persuasive and flexible in reaching policy positions or project judgements. . . . The publish or perish imperative of academic life is very real and a maker or breaker of academic careers. It counts for very little in the World Bank. . . .

In academic life there are opposing pulls in the direction of research and teaching. Each tends to be the opportunity costs of the other . . . [whereas] in the Bank, another pull replaces it . . . the need to decide whether to go for promotion into a managerial job or to remain 'an economist'. This is not a daily pressure on Bank economists as the research/teaching is for academic economists; but it confronts many of the good economists at some point in their bank careers. (*ibid.*, pp. 116-7; sentence order modified).

Another important desideratum for a Bank economist that does not apply in academia is

the premium on achieving 'closure', i.e. on making up one's mind and placing one's bets' about what ought to be done, is a proposed project a sound one? . . . [Unfortunately] situations are seldom crystal clear, the evidence is never enough, and the time for giving the Bank's advice

always has deadlines. Bank economists have to move in much closer to government decisions than academic economists normally do. (*ibid.*)

Communication skills are important for any economist, but they differ according to the type of institution: there is a premium on using jargon-free language that can be understood by senior policy makers in governments, language that is specific enough to leave government leaders room for manoeuvre in choosing policy options. The oral skills required are . . . those of the good bureaucrat who must participate in meetings to achieve consensus, and of the good diplomat who must win and hold the confidence of the host government officials during field missions. (*ibid.*, p. 117).

I have cited Baldwin's remarks at length because he opened the discussion and his views were endorsed by the other conferees. His observations on the data problems encountered in field missions abroad were also perceptive.

Another, and final example, of the skills required by a successful international economist was provided by Stephen Morris, a long-time senior economist in OECD, who emphasized the importance of the economist's 'selling job', or persuasion:

At a rough guess, from the middle grades up, an economist working in an international organization spends only half of the time using professional skills to decide upon the right answer to a problem, the other half will be devoted to trying to find the best way to persuade people that it is the right answer. And as the individual rises in the hierarchy, the art of persuasion becomes steadily more important.

Economists' training does not necessarily fit them well for this selling job. Good academic writing . . . is too long and pedantic for the busy policy maker. Econometrics is even worse. Historical or country examples are likely to be much more telling. Numbers should be used sparingly, tables should be kept small, charts should tell a story. Intellectual qualms and professional conscience must, at least on occasions, be overruled so as to permit oversimplification in order to advance what is hopefully a good cause. Anyone who is not prepared to spend a good deal of their working life drafting, redrafting, and re-drafting - and then trying to sell the product to national officials - should not make a career in an international organization. (in Coats 1986, p 103).

Morris warns of the dangers in an international organization of relying exclusively upon career economists (though he himself actually worked in OECD for twenty-seven years!):

Working for a long time at two or three removes from actual decision making, people working in international organizations can easily get out of touch with political reality and become over impressed by their own supposed omniscience. At the same time, because they do not have the power of a national government behind them, and can never be sure what real influence they have, they can become overly sensitive, defensive, or defensively aggressive. (*ibid.*, p. 110)

9) So far this selective review has been based on studies of the work of economists in non-communist government and international agencies because of the dearth of reliable sources on communist countries, and the language problems involved.¹⁴ Fortunately this situation has been significantly alleviated by the

appearance of Hans-Jurgen Wegener's volume, *Economic Thought in Communist and Post Communist Europe* (1998), which includes substantial chapters on Russia, Poland, Hungary, Czechoslovakia, East Germany and Yugoslavia, plus an excellent editorial introduction under the apt title: 'Between Conformity and Reform: Economics under State Socialism and its Transformation'.¹⁵

Wegener's concluding summary remarks effectively characterize the volume's main theme:

At its best economics under communism was a policy-oriented science, tinkering within the given limits, with the economic order and analysing alternative development strategies. Such an approach is highly contingent upon the historical situation. It does not lend itself to elegant abstract theorising . . . Hence, the protagonists are country specific, and their fame remains within the historical policy boundaries . . . These were not the boundaries of the socialist system as a whole, but rather national ones (p. 362).

The 'given limits' were, of course, set independently by the respective governments and their party officials, and both the extent and the enforcement of those limits depended on the historical conditions. Official censorship was widespread, although by no means invariably effective, and the (often harsh) sanctions imposed on those deemed to have violated the (sometimes implicit) rules were reinforced after periods of unrest and open challenges to the *status quo*, such as the Hungarian uprising in 1956 or the Prague Spring of 1968. Usually the restraints were gradually relaxed thereafter, albeit with a time lag. Nevertheless, 'the institutional (political) and ideological control was always present' (p. 332). In Poland in the 1960s for example:

The issue of decentralisation was difficult not only for politicians (wishing to keep their totalitarian power), but also for many economists who were conscious of various pathologies and failures of centralism but who, at the same time, were convinced that one must keep some version of central control with consciously planned allocation as inherent to socialism. Recalling that many other pathologies and failures were present also in the capitalist market economy and democracy, they rejected concepts that would lead reforms in that direction (p. 91).

Wegener's project raises many important questions, for example, given the absence of freedom of science teaching and research, whether 'any cognitive progress can proceed and bring about successful results in terms of general scientific progress' (p. 4). He cites the Polish economist, A. Lukaszewic, who defined intellectual sovereignty as equivalent to intellectual sincerity, to which Wegener adds:

As long as scholars have internalized the ideology, by definition they can be sincere: they are true believers. Where this is not the case, either exit, external or internal, or cynicism, a distorted form of loyalty – the voice often being included – is the alternative.¹⁶

In view of the earlier discussion of the role of non-communist economists as advocates, (above, pp. 23-4) one may wonder which of the two systems is the more likely to foster intellectual sincerity.

In Wegener's six countries the clear threefold distinction between academic, research, and government economists meant that the last two categories were likely to be directly or indirectly involved with government policies. In the absence of a clear and widely accepted general theory of socialist economic policy

there were endless discussions of the merits and defects of the system – mostly the latter, considering the countries' generally poor economic performance. The system was by no means monolithic, either within a given country or over the region as whole. This could lead to confusing and paradoxical situations, as for example in Soviet Russia during the 1960s, where

the fundamental ideas for change were developed by one group of economists. Normative documents were prepared by another group, generally of more moderate persuasion. The practical implementation was carried out by yet another group, a number of whom were out-and-out opponents of the reform (p. 61).

It would be quite wrong to assume that economists in communist countries had no room for intellectual manoeuvre or originality. There was scope for initiative and innovation for those appointed to the many commissions, committees and councils concerned with possible policy changes, bodies established either independently or by the various Academies of Science, or Economic Associations, or by the governments in the region. At one point it was said that 'most of the leading economists of Yugoslavia have had some role in economic policy or economic reform' (p. 349) but the experience was seldom a happy one, '...whether they were in those positions as ideologues or technocrats'.¹⁷ Both with the 'so-called Economic Council', or the smaller group that was 'formed in the 1980s to advise the Yugoslav Prime Minister', the results were disappointing. Similarly, with the various constitutional reforms, there was disillusionment and frustration (pp. 349-50). In Wegener's view, the basic problem was the unreformability of the socialist economic system:

The essence of unreformability lies in a certain power structure sticking to an ideology which it considers essential for survival. If there are no endogenous forces, like reform politics supported by reform thinking breaking up the locked-in situation, stagnation and decline will become endemic. There may also be exogenous forces causing or speeding up the collapse of the inefficient system (p. 14).

Although outspoken critics of the socialist planning system and official economic policies in Wegener's six countries were always liable to encounter a harsh response from the ruling party authorities, the generally poor performance of their economies meant that their governments could not afford to ignore entirely the economists' warnings, or to dispense completely with their services.¹⁸ Party officials often responded capriciously or erratically, and prominent economists summarily dismissed from their universities or research institutes could be rehabilitated and reinstated after a period of internal exile, and even advanced to high office.¹⁹ Relations between professional economists and communist governments were not invariably cosy, but they could be both intimate and collaborative.

10) It is interesting to speculate whether economists in the post-1945 Central and Eastern European countries acquired the status of a professional or technocratic cultural elite, as did their counterparts in Latin America and some other developing countries. Wegener does not directly address this issue in his introduction,²⁰ although much is said in the six country essays about the role and activities of the economics profession, and professional organizations of economists. There is certainly scope here for a significant addition to the number of recent illuminating comparative studies of the sociology of the economics and other related professions.²¹

11) Enough has surely been said to indicate that the role of economists in government and related organizations is still a rich and only partially charted field of research. 'The Role of Discussions', pp. 369-391 and the Conclusions, pp. 395-400 in Coats (ed.) 1997a, constitute a fruitful starting point.

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Notes

1 Coats (1981).

2 The editorial introduction to the 1981 volume (pp. 3-26) considered such matters as: The Historical Background; The Supply of 'Economists' – definitions, numbers, academic qualifications; Functions; The Market for Economists; General Social and Cultural Attitudes Towards Intellectuals, Professionals and Experts; Professionalism and Bureaucracy; Economics as a Profession; Some Relevant Features of Modern Bureaucracy; Professional Ethics and Standards; The Political System; The Structure of Government; and The Role of Economists in Policy-Making.

3 See the 'Note on Sources', below, pp. 30-1.

4 All the chapters in the 1981 volume contained data on the numbers, qualifications, rate of growth, and positions occupied by government economists; and several authors gave the results of surveys and interviews with then current and former government economists.

5 For example, according to William R. Allen, American economists in government reported that 'incredibly important decisions were being made with incredibly insufficient information by incredibly unanalytical people. In such situations, the economist's function is to keep them from doing something dumb, just completely dumb'. (This contribution has been termed 'damage limitation'.) The absence of rationality is revealed by Sir Alex Cairncross's observation that: 'The atmosphere of a large government department is frequently almost indistinguishable from that of the loony bin. I use this term in no pejorative sense. It is simply one of the facts of official life.' (Quotations from Coats 1981, pp. 26, 59.)

6 In Pechman 1989, p. 274. Dow had been in the British government during the early post-World War II years, and later served as Assistant Secretary General of OECD, in charge of its Department of Economics and Statistics.

7 For an incisive discussion of this point see Hutchison (1977, pp. 29-33). There is no reason to suppose that the problems of policy prediction were any less intractable during the next two decades. See also Hutchison (2000, pp. 14-15, 23 n.10).

8 However, this state of affairs has been partly rectified by Hans-Jurgen Wegener's project on *Economic Thought in Communist and Post Communist Europe* (1998). See above, pp. 27-8, and the 'Note on Sources', pp. 30-1 below.

9 These lectures have been published in the *Journal of Economic Perspectives* since 1992.

10 *Op.cit.*, p. 14. In accordance with continental European usage, Kirchgassner treats scientists and economists as interchangeable terms.

11 *Ibid.* p.18. (Italics supplied). He acknowledges that the Weberian ideal 'is hardly compatible with politically acting scientists', who, as citizens, 'should not enjoy special privileges from their status as scientists' (*ibid.*, p. 17). And they can, apparently, use evidence selectively and manipulate their theories with an easy conscience.

12 Weinstein (1992, pp. 75-6). Weinstein was not actually discussing the role of economists in government *per se*, but as noted in the Kirchgassner essay, the same kind of problem arises both in the private and the public sectors. The contributors to the AEA symposium included a legislator and a former presidential adviser.

13 The 49-page report of the discussion among the contributors to Coats (1986) is a rich source of insights into the economists' activities in five international agencies. Cf. Hans Singer's contribution to W.A. Johr's and H.W. Singer's *The Role of the Economist as Official Adviser* (1955).

14 One exception is the essay by Egon Kemenes on Hungary, in Coats (1981).

15 The book is the fruit of a major research project managed by the Frankfurt Institute for Transformation Studies at the University Vadrina Frankfurt (Oder), under Professor Wegener's direction. It covers the period from the end of World War II to the early or mid-1990s. Unless otherwise stated all page references in this section refer to the Wegener volume.

16 The terms 'exit', 'voice' and 'loyalty' appear in the title of the thought-provoking book by the erstwhile development economist, Albert O. Hirschman.

17 In Yugoslavia professional economists were increasingly found in local and federal governments, and for the most part they were pragmatists, i.e. fellow travellers, who accepted the existing framework of decision. But their theoretical contributions were inconsequential. Some of the weaker economists subsequently became party chiefs.

18 The GDR is of special interest in this respect, for, despite the prevailing rigidly doctrinaire and inward-looking intellectual climate, the political and economic authorities were fully aware of their failure to match West Germany's economic performance.

19 See, for example, the impressive list of Czechoslovak economists involved in high governmental positions cited in Wegener, p. 256 n.52.

20 Unfortunately he does not define the term 'profession', although he has much to say about the role of economists' national organizations or *ad hoc* bodies, some of which were consulted by their governments. He naturally follows the Continental European practice of treating economists as scientists.

21 See, for example, the papers by Montecinos, Loureiro and Choi, in Coats (1997a), Markoff and Montecinos (1993), Montecinos (1998), and the unpublished PhD thesis by Sarah L. Babb (1998).

A Note on Sources

Coats (1981) contains an Introduction, chapters on ten countries (in order of appearance): Britain, Australia, India, Norway, the United States, Israel, Hungary, Japan, Italy and Brazil, plus Conclusions. Pechman (1989) contains an Introduction and Summary by Robert H. Nelson, plus chapters on: the United Kingdom, West Germany, France, Australia, the United States, Canada, Mexico, Japan, Argentina and Colombia. It also includes chapters on economics and economists in the IMF, World Bank, OECD, GATT and the EEC. Chapters on the first four of these organizations, plus the UN, were included in Coats (1986), while the first two plus the EEC are also covered in Coats (1997a). This volume also includes a chapter by the editor citing economic policy reform efforts in more than a score of less developed and developing countries in Africa, Asia, Australasia, Latin America and the European periphery. The role of economic teams is of particular interest in some of these studies. An essay by Charles Wyplosz, in Mohr (1999), drawing on an intriguing, but highly selective and statistically unsystematic questionnaire,

presents comparative data from thirteen countries in Europe: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom, plus Japan and the USA, on the supply and demand for economic advisers, their educational backgrounds, and their attitudes towards the 'public side of economics.' Finally, Hans-Jurgen Wegener's 1998 volume includes substantial studies of post-1945 Russia, Poland, Hungary, Czechoslovakia, East Germany, and Yugoslavia. It contains many references to economists' role in governments and other public bodies.

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