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ESSHC April 11-14, 2012, Glasgow



The OECD experts and the "crisis" of keynesianism: the McCracken report (1975-1977)



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One of the OECD's "neo-liberal turning points":

- episode which happened in the second half of the 1970s
- one moment in the ideational transformation of this organization, **retrospectively** labeled as a "neoliberal" or "monetarist" turning point
- the drafting and publication of an emblematic general report:

the McCracken report

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The McCracken report was released in 1977:

- After two years of intense debates, in the context of “stagflation” among Western economies
- A year ahead of the second oil crisis of the decade
- Official title: “*Towards full employment and price stability*”
- Unemployment, growth, fiscal and monetary policies, innovation.
- The key point is about stagflation and the critique on the **Phillip's curve** (Phillips, 1958 ; Friedman, 1968; Phelps, 1968; Lucas, 1972)

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1. Research material:

- **original archives**: verbatim of the meetings, drafts and preliminary studies, correspondence
- **retrospective interviews**: Marris, Gass, Chesnais, McCracken

2. Methodology:

- to reconstruct the making of the report, the **collective writing process** (Gayon, 2009)
 - to **suspend considerations about the final content** of the report and the different readings of the report (ex: Keohane, 1978)
- to reconstitute the **internal and external dynamics of this writing process**: intellectual debates, powerplays in the OECD

3. Sociology of report

- the report as a **field of investigations**, and not simply as an inert document to read and interpret
- the report as a “**social form**” (Elias, 1970), as a “**bureaucratic space of enunciation**” (Bourdieu, 2012).

4. Main lines of research:

- the **formation** of the expert's group
- the **composition** of the group
- its **relations** with the Secretariat general
- its **relations** with external persons or institutions : journalists, governments

5. The status of the McCracken report in the range of OECD's report

- **Regular publications:** “Economic outlooks”, “Employment outlooks”, « Country surveys », « Going for growth », etc. edited by directorates and committees
- **Working papers:** published on specific issues, for internal diffusion, by some agents
- **Extraordinary reports**, like the *Jobs study* in the 1990s, *Better Life's Index* last year, and the *McCracken report* in the 1970s.
 - **strategic issues**,
 - strong commitment of **high-profile civil servants**, delegates, ministers
 - the **horizontal way to produce** between directorates,
 - the **publicity** given to the final product.

6. The order of the report in a context of doubts and uncertainty

- The McCracken report was **commissioned by the Secretary of State Henry Kissinger** in late 74.
- The **unsolved "stagflation problem"**
- **Incapacity** to prescribe solutions
- First **rattle of the routinized lines** of macroeconomic and political prescripts in the OECD
- the report delegated **to a group of experts the responsibility for the diagnosis and the solutions** to be prescribed

7. Composition of the Group: properties of orthodoxy

Selection process poorly documented in the archives

Nine members:

- male, mature (born between 1911 and 1932)
- PhD in economics or professorship (7/9)
- OECD experience as consultants (5/9)
- all the main countries of OECD are represented
- highest executive position: minister, central bankers

OECD's press staff:

- Insistence of their **academics credentials**, **“technical” skills** and experiences
 - **No precisions on the member's political tendencies** and their partisan activities
- **a neutralization process** of the members' profile
- **“properties of orthodoxy”** (Lebaron, 1997) of the group: experts came from the financial sub-field of their national bureaucratic field

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Paul McCracken's profile



- Harvard alumnus
- PhD dissertation in front of Alvin Hansen, J.A. Schumpeter, G. Harberler
- Former chairman of Council of Economic Advisers (CEA) under Nixon administration
- Well-known for his cautious, pragmatic conception of supply-side economics
- Co-founder of the American Enterprise Institute

8. The definition of a middle-range position

- no **Cambridge Keynesian economics** (Matthews)
- no **German monetarist** view point (Giersh)
- no **radical neoliberalism** à la Lucas
- nothing against the “**neoclassical synthesis**” on unemployment and inflation problems
- nothing for a **more socio-political analysis of inflation or unemployment** (Kalecki, Robinson)
- nothing about the **construction of a new Bretton Woods** to manage the monetary disorder and the reemergence of global finance (Bancor)
- nothing about a **redefinition of growth and well-being** of Nations (Club de Rome)

9. A contradictory political platform

- to extend and save old Keynesian recipes : the defense of a "demand management" policies following a "narrow path" to avoid inflation
- to open new ways of economic thinking inside the OECD : the Friedman « adaptive expectation » on the inflation problem

10. Incoherence as a strength

- the McCracken report constituted a *wait and see position*
- this position is constructed *during the writing process*

11. The writing process and the « limits of acceptable »

Political, scientific, and bureaucratic constraints perceived by participants

- Constraints as **interactions and direct pressures**
- Constraints as “**adaptative expectations**” of the OECD's civil servants and experts at different key moments of the writing process
- they set the limits between the « thinkable » and the « expected acceptable”

12. Key moments of the writing process:

- the **order of the report** (US State Secretary)
 - the **head of the experts's committee** (former chairman CEA)
 - the **one and only informal presentation of the draft** (US Congress Joint Committee)
 - the **media of reference** (WJS, FT)
 - the **struggles in the US economics field** (Friedman vs. Samuelson)
 - the **context of Carter's investiture and the newly CEA**
- **external influences, inputs and internal expectations in the same direction: reveal the influence of USA in the OECD cenacle**



**Thank you for your
attention.**

