

Johan Christensen (2017). *The Power of Economists Within the State*. Stanford: Stanford University Press

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What was the role of economists in free-market reforms in the late 20th century? By investigating the links between economic expertise and neoliberal transitions, Johan Christensen's book, based on a PhD dissertation defended at the European University Institute, contributes to a growing body of literature in economic sociology and comparative historical sociology (see the works of Marion Fourcade, Sarah Babb, Johanna Bockman, Monica Prasad or Elizabeth Popp-Berman), which examines the policy power of economists and their 'ideas'. The author, now Assistant Professor at the Institute of Public Administration at Leiden University, delivers on an ambitious agenda: understanding the dynamics of free-market reforms in four countries (two liberal market economies, New Zealand and Ireland; two social democracies, Norway and Denmark) as of the 1970s, and the role that economic experts played in advancing them.

To explore these questions, Christensen has opted to focus exclusively on tax policy. Taxation, he argues, represents an ideal case, as there seems to be a widely shared consensus in mainstream economics, as of the 1970s, about the goals of tax reform (ensuring the neutral allocation of resources), and its means (broadening tax bases, and lowering rates). He uses this conventional wisdom as a basis to define what he calls "market-conforming" tax policies, which are "not about reducing the level of revenue but...about collecting a given amount of revenue in a way that entails the fewest possible distortions to the allocation of resources" (7).

Christensen advances two hypotheses to explain the degree of market-conformity of post-1970s tax reforms: 1) he relates it to the national organisation of economic expertise and, more specifically, to the degree of entrenchment of economic knowledge within national bureaucratic structures: when solidly located within the State, economists (and, especially, neoclassical economists) could draw, Christensen argues, on their scientific authority and on an entrepreneurial administrative ethos to get policy leverage, thus shaping tax reform in market-conforming terms; 2) he aims to demonstrate that the power of neoclassical economists over tax reforms as of the 1970s built on positions secured within the State by Keynesian economists in the postwar period. One of the book's main strengths is to identify concrete *channels* for economists' policy influence; Christensen notably urges us to pay attention to economists' precise locations within the State (and, specifically, to recruitment patterns and generational change in ministries of Finances), to the sources of their professional authority, and to the modalities of their professional ethos.

After setting out his theoretical framework in the first chapter, Christensen organises his demonstration quite classically. The second chapter maps out the (diverging) tax policy trajectories of New Zealand, Ireland, Norway and Denmark. New Zealand and Denmark represent both ends of the policy spectrum. From 1984 to 1990, New Zealand embraced radical market-conforming tax policies, lowering rates, broadening bases, and increasing neutrality in all areas of taxation, while Denmark resisted the introduction of such policies, maintaining high tax rates on labour and capital until 2010. In Norway and Ireland, tax reforms were less clear-cut. Norway implemented many reforms of the market-conforming tax policy package, but kept a very favourable housing tax regime. Ireland's aggressive tax cuts on labour and on corporate income in the 1990s were not matched by a subsequent

broadening of the tax base. In each of the following 4 chapters, Christensen draws on his theoretical model to account for these divergent paths, documenting each case with data from interviews conducted with 80 policy-makers, and from a wide range of primary and secondary written sources.

Taken together, the four case studies demonstrate that the varying extent of market-conforming tax reforms reflects differences in the institutionalisation of economic expertise within state bureaucracies. In New Zealand, neoclassical economists, firmly embedded within the ministry of Finance, and facing little competition, were instrumental in advocating and shaping the country's swift turn towards pro-market tax policies in the 1980s. Similarly, in Norway, Finance ministry economists, in dialogue with scholars and politicians from both parties, successfully manoeuvred to change the parameters of the existing tax system in the 1980s and 1990s. Christensen explains Ireland's policy of stimulating the economy through tax breaks by the narrow presence of neoclassical economists within that state, whose structures were primarily staffed by generalist civil servants. Finally, he argues that, in Denmark, the fragmentation of economic expertise allowed politicians to dominate tax policy formulation, thus limiting the extent of market-oriented reforms.

By emphasising the varying roles economists play in policymaking, and stressing the professional mechanisms which give them policy leverage, Christensen makes a highly valuable contribution to the fields of economic sociology and public policy. His account, though, leaves certain key questions hanging.

First, some of the book's key concepts are not properly defined: who, for instance, counts as an "economist"? Christensen never makes it clear whether he defines economists on the basis of their graduate (or undergraduate?) degrees, or on the basis of their professional positions (e.g. economists as occupying positions labelled 'economist' or 'chief economist' within public bureaucracies, or as scholars in economics department). His assumption that generalist civil servants, lacking academic credentials in economics, would *not* be agents of market-oriented reforms is highly debatable – in France, for instance, the training of civil servants has accommodated economic styles of reasoning as of the mid-1960s, which have been shown to play a role in that country's neoliberal transition in the 1980s. Conversely, the ascendancy of financial economics in business education, offering support for market-friendly policies, has been solidly documented (Fourcade and Khurana 2013). Deconstructing collective entities like 'economists', 'civil servants' or 'neoclassical ideas' would certainly have given Christensen's demonstration more depth.

Second, channels for economists' policy influence could, in some instances, have been more detailed, or more *systematically* detailed across cases. Christensen's focus on ministries of Finance—which have attracted little scholarly attention—is most welcome, but the data he provides about their institutional designs and the profile of their staff is too sparse for the reader to precisely locate economists within their structures. Similarly, given the policy focus of the book, I would have liked to know more about the organisation of tax policymaking within the ministry (which offices? How are they staffed? How do they work, and with whom do they work?). Finally, Christensen provides very few examples of economists' techniques of influence: he mentions economists' administrative activism, but doesn't get into much detail about how *concretely* they managed to "persuade leaders" (161) or to conduct "ideological campaigns" (61). This would have helped him deliver more thoroughly on the "mechanisms of policy influence" aspect of his demonstration.

However, by bringing together insights from the sociology of professions and from public policy analysis to understand the sway of economists, Christensen opens, with this book, a very promising area for future research.