



ECONOMISTS IN THE AMERICAS



EDITED BY
Verónica Montecinos • John Markoff

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Verónica Montecinos

The Pennsylvania State University, USA

John Markoff

University of Pittsburgh, USA



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Economists in the Americas

Marion Fourcade is Associate Professor of Sociology at the University of California Berkeley. She is a comparative sociologist, specifically interested in variations in economic and political knowledge and practice across nations. Her book, *Economists and Societies. Discipline and Profession in the United States, Britain, and France, 1890s to 1990s* (Princeton University Press, 2009), is an exploration of American, French and British society and culture through the lens of their respective economic institutions and the distinctive character of their economic experts. Recent work includes a comparative analysis of economic valuation techniques applied to the environment, the role of morality in markets (with Kieran Healy), the varying nature of political contention across nations (with Evan Schofer and Brian Lande) and the globalization of economics.

Adolfo Garcé is *Profesor Adjunto* of political theory at the *Facultad de Ciencias Sociales* and of political science at the *Facultad de Ciencias Económicas y Administración, Universidad de la República* (Montevideo, Uruguay). He is author of *Técnicos y política* (with Gustavo De Armas, Ediciones Trilce, 2000), *Ideas y competencia política en Uruguay: revisando el 'fracaso' de la CIDE* (Ediciones Trilce, 2002), *La era progresista* (with Jaime Yaffé, Editorial Fin de Siglo, 2004), *Think tanks y políticas públicas en Latinoamérica*, Editorial Prometeo, 2006), *Donde hubo fuego: el proceso de adaptación del Movimiento de Liberación Nacional-Tupamaros a la legalidad y a la competencia electoral* (Editorial Fin de Siglo, 2006) and many scholarly articles on the relationship between research and policy and the evolution of political and economic ideas in Latin America.

Maria Rita Loureiro is a Brazilian sociologist who teaches political science and economic sociology at the University of São Paulo and at the Fundação Getulio Vargas, where she conducts research on bureaucracy, democratic accountability and the political dimensions of policy-making. She is the author of *Os economistas no governo* (Editora Fundação Getulio Vargas, 1997) and several articles and book chapters on the role of economists in the Brazilian governments and on the political dimension of economic policies. She has also published in France (*Actes de la Recherche en Sciences Sociales*), the US (*History of Political Economy*), Argentina and Venezuela.

John Markoff is Distinguished University Professor at the University of Pittsburgh. He studies the history of democracy. His books include *Waves of Democracy: Social Movements and Political Change* (Pine Forge Press, 1996); *The Abolition of Feudalism: Peasants, Lords and Legislators in the*

French Revolution (Penn State University Press, 1996); and (with Gilbert Shapiro) *Revolutionary Demands: A Content Analysis of the Cahiers de Doléances of 1789* (Stanford University Press, 1998).

Verónica Montecinos is Professor of Sociology at The Pennsylvania State University, Greater Allegheny. She is the author of *Economists, Politics and the State. Chile 1958–1994* (CEDLA, 1998) as well as book chapters and articles that have appeared in such journals as the *International Journal of Politics, Culture and Society*, the *Journal of Economic Perspectives*, *Latin American Research Review* and *Studies in Comparative International Development*. She has recently served as consultant on gender and pension reform in Chile's Ministry of Finance and is part of an interdisciplinary group working on development and indigenous knowledge in Tanzania.

Preface

This book grew out of discussions between the editors that began more than twenty years ago when Verónica Montecinos was working on her doctoral dissertation on the management of the Chilean economy from the presidency of Alessandri to the government of Pinochet. We were fascinated by the trend toward an increasing presence of professional economists in high political office, including the occupancy of roles that were not limited to what one might have imagined as a delimited set of economic affairs. When Montecinos launched her dissertation research, this was not a subject many people were writing about. The dissertation was completed in 1988.

We then realized that the Chilean story was an instance of a much broader trend that showed up with interesting variations in country after country and not only in Latin America. We did not find that much was being written about the striking entry of members of this particular academic discipline into positions of political power, not in the literature on Latin America or elsewhere. We did not find that the sociological literature on the professions, which was entering a very creative period in the 1980s, was paying much attention to professional economists. Some economists thought a lot about economic ideas and the history of economics in some countries, but those of a historical bent were not writing much about Latin America and not much about the changing relationship of that profession to political power. While there was growing attention to the web of transnational connections that everybody seemed to be calling 'globalization', there were not many people who were writing about the important role of economists in forging these connections. Our conversations about all these matters turned into an essay on 'The Ubiquitous Rise of Economists' that appeared in the *Journal of Public Policy* in 1993. In the Spanish version that appeared the next year in *Desarrollo Económico* we made it 'Irresistible' rather than ubiquitous. It was clear that, as the ultimate purveyors of policy initiatives for what was spoken of as the 'reform' of Latin American economies, economists had gained a political status they had not previously held.

By then others were increasingly addressing that professional history. There was an exciting efflorescence of what was being called 'economic sociology', some of whose many able practitioners were writing about not

only economies but economists, for example, Richard Swedberg or Robin Stryker. Some economists were studying themselves as a profession and turning an empirical and, it turned out, critical eye on professional education. (The research of David Colander and Arjo Klamer and others was very valuable.) And the comparative and transnational dimensions began to be opened up. The work of Bob Coats in particular was a resource, a model and an inspiration. He sponsored important research and edited collections that energized the comparative study of professional economists in a variety of institutional contexts, moving the study of the profession beyond the national framework because that is where the profession was moving. Still more recently, Marion Fourcade, author of one of the chapters in this volume, summed it up in the title of her recent essay, 'The Construction of a Global Profession: The Transnationalization of Economics'.

We returned to these themes in several papers and examined the interplay of the changing character of public policy and the increasing role of Latin America's economists in the forging of that policy. It seemed to us that one useful way to address the Latin American policy changes was to see those changes in relation to the emergence of this global profession and we conceived this book accordingly. We focus on the Americas in the geographically broad sense of all the countries of the Americas as one component of the globalization of economics. To explore the transborder connections we brought together experts on particular countries. Their task would be twofold. They were to write about the history of the economics profession in one national case and about the role of that changing profession in national politics. We imposed no overarching framework for each chapter to follow and left it to our experts' **judgment what to stress**. Our own mission would be to tease out the **similarities between and differences** among the national instances, the traditional tasks of comparative analysis, but it would also be to examine the connections among those cases, the processes that connected national professions across national borders.

Throughout the Americas, North and South, broadly similar challenges to previous economic policies emerged, which we, like many, would sum up as 'more market, less state'. When the new prescriptions included dismantling previously established social safety nets, ending previously established protections for certain economic activities (sheltering industry from transborder competitions through tariff barriers, for example), eliminating previous barriers to transnational flows of investment, privatizing previously state-owned or state-managed enterprises, and loosening previously established mechanisms and agencies of state regulation of economic life, critics spoke of 'neoliberalism', a term used by practically no one to

identify one's own position, and never used (as far as we have been able to discover) by professional economists as a self-description. A second commonality among all the cases in this book is that everywhere such shifts in policy occurred, the role of professional economists in political life was on the rise. And a third common feature of all the Latin American cases: the professional world of economics was changing, whether we look at training, or careers, or academic standards, or the forms of professional association. We could sum up these changes as a professional convergence on a common pattern, and if we are willing to call that model 'American', we can speak of the Americanization of Latin American economics. But in every Latin American country the process was uneven, and it advanced to different degrees and with a somewhat different timing in each.

But the chapters that follow also demonstrate that these are not simply parallel processes replicated, perhaps after some delay, in case after case, independently. For the cases are connected, not merely by some amorphous southward diffusion of ideas from the hegemonic north, but by connections forged as economists met at international conferences, as students from one country got educated in another, as Latin American economists learned to read journal articles in English, and to write them, too, as professors spent time in university appointments abroad and also in think tanks, consultancy firms, international banks and multilateral agencies. And, we think, and here our conclusions go against some common views of our global age, the picture of US-imposed patterns is too simple, partly because local actors had their own reasons for professionalization and for policy shifts (the main processes under study in this volume), and partly because not all important parts of the story invariably start in the US. Neoliberalism, if one accepts the term, may not have had a single birthplace at all. If one were to claim it did, it would make as much sense to call that place Chile as it would the US.

Early versions of some of these chapters were brought together in a panel at the 2001 meetings of the Latin American Studies Association a few days before the attack on the World Trade Center was a catastrophic reminder of the importance of transnational processes. Other papers were then invited to expand the range of cases. The rather long time between that date and the completion of the project altered the work. When we formed the project, our authors took it as their mission to explain where those neoliberal practices had come from and how they were connected across borders. We have a series of country studies, then, of the role of professional economists in forging new economic policies during a period in which their professions were changing and in which, in case after case, their political role in economic affairs, and beyond economic affairs, was expanding. We took as basic the shift from policies founded on the

wisdom of the state's beneficent role in correcting the undesired potential consequences of the capitalist market to the view of the state as stupid or malign, a view commending much caution before interfering with the market's cunning.

How this change in dominant ideas played out differs significantly from case to case, as our country chapters show. For Mexico, Sarah Babb shows us, it is important to distinguish the economics taught in one important locale, UNAM, from the economics taught in another, ITAM. She stresses the profound transformative effect of the debt crisis of the early 1980s on Mexican economics. The relative standing of the most internationalized segments of the profession was enhanced, to the detriment of those whose policy influence and intellectual legitimacy had hitherto rested on the postwar developmentalist consensus and on academic degrees from public universities. Advancing hand in hand, the Americanization of economics in Mexico and the country's embrace of neoliberalism contributed to an over-crowded professional labor market for US-educated economists. In a nutshell, Mexico managed to generate more professional economists with the newly desired credentials than desirable positions for them. Babb predicts further declines in state patronage and an unprecedented exodus of economists seeking employment outside Mexico.

In Argentina, by contrast, brain drain has been the historical norm and its economists were known for their vast and visible networks abroad. By the 1960s, at any international agency full of Spanish-speaking economists you would surely have run into many Argentines. As Glen Biglaiser reports, that country's profession suffered the consequences of lengthy, repeated government attacks on academic freedom and other forms of official malice toward and neglect of higher education. Despite their success in Chile, early US efforts to transform the profession failed in Argentina. The number of foreign-trained economists rose only with the more recent proliferation of private universities and research centers.

The relative delay in the political ascent of cohesive pro-market economic teams during and after Argentina's military regime is traced by Biglaiser to political survival strategies and appointment patterns within fragmented governing institutions and to entrenched anti-US sentiments at the *Universidad de Buenos Aires* and elsewhere. By contrast, in Brazil economics was built against a strong tradition of state centralism. Maria Rita Loureiro explains how class and regional differences shaped enduring divisions in the profession's formative phases. Not until the 1970s did Brazil look toward the US, not France, for academic models. From the late 1960s on, the newly reformed university system began to replace the previously dominant influence of government and private institutions over the education of economists. Heterodox economics, despite its overall

decline even under the presidency of Lula, longtime leader of the Workers' Party, has retained a remarkably vibrant presence within the Brazilian profession, as illustrated by the curriculum and faculty profile at the University of Campinas and other public institutions. It is sometimes said of this huge, varied country that one can find pretty much anything somewhere, and one might take Loureiro's detailed specification of the ways in which different Brazilian institutions harbor different kinds of economics and different kinds of economists' careers as a case in point.

Brazilian graduate-level economics programs, not surprisingly, vastly outnumber their counterparts in the rest of Latin America, but it was Chile where generations of economics students from all over Latin America flocked to study. Chile has played an outsized, even legendary, role in the diffusion of professional models in and beyond the region. Verónica Montecinos explores some of the reasons behind that country's unexpected centrality in the forging of successive waves of transnational convergence in economics education and policy-making as well as the unique paths leading so many Chilean economists to occupy positions of power. 'Unexpected', that is, if what you expect is that the US invents and those to the south mimic.

The evolution of the economics profession in Colombia and Uruguay has received less previous scrutiny than our other cases. Luis Bernardo Flórez, the only economist among our authors, depicts Colombia's pragmatic policy environment as the backdrop for the emergence of a largely depoliticized profession with a persistent propensity for gradualism. Only recently, as Colombia experienced great crises, have its economists' influence and internal divisions increased. For over a decade, as the country turned to pro-market policies, the public *Universidad Nacional* remained the only option for those seeking an economics doctorate. Exemplifying Colombian distinctiveness, the program was structured along European, not US lines. The more orthodox *Universidad de los Andes* did not initiate the country's second doctoral program in economics until 2008. Colombia has come to resemble the other cases in which multiple sites for the practice of economics sustain some multiplicity in the kinds of economics that are practiced.

As late as the 1980s, economists in Uruguay were trained in the country's single institution of higher education. The profession was slow to gain a clearly separate identity and credentials, Adolfo Garcé tells us. To the dearth of members, Uruguayan economics added an equivocal relationship with parties and politicians that constrained its influence. Education abroad was very circumscribed. Only in the past couple of decades has US-style economics made some inroads. After the military regime ended in 1985, a few private universities were created and Uruguay's preeminent

university opened a second economics department with more international connections and more foreign-trained faculty.

In case after case, readers will find that central banks pushed decisively in favor of the Americanization of Latin American economics. If by cosmopolitan we mean openness to ideas from afar, in the adoption of certain economic ideas central banks often turn out to be beacons of cosmopolitanism, far ahead of many academic departments. Supplemental resources aimed at greater professional resemblance also came from local and international business interests, as well as foundations and public agencies.

Sometimes the terms and timing of this north–south hemispheric confluence occurred more or less in tandem with the US profession's own successive metamorphoses, the subject of Marion Fourcade's research. As portrayed by Fourcade, economic ideas, including economists' ideas, are pervasive in US culture and debates about policy, from criminal law to public health questions, despite a very limited occupancy of positions of formal political power, far more limited than in any of our Latin American cases. Her chapter on US economics shows an early and successful association of economics and science, undergirding the enormous, perhaps unparalleled influence of economists' ideas in that country. It is through the strict enforcement of the claims of science that US economics preserves its privileged standing. This chapter shows us a number of things about the US profession that not only distinguish that case from Latin American ones, but, as elaborated in Fourcade's other work, from Britain and France as well. Despite economists' relatively modest capture of positions of formal political power within US borders, our opening chapter suggests that their powerful abstract and universal formulations help account for the seemingly unobstructed international transmission of their ideas, which has done much to catapult to power economists abroad, as evidenced in this book.

But beyond these very important national particulars is a sense of the costs of three decades of reconfiguring the relationship of state and market that peeks out at us within those chapters. The critiques were present when our authors began their assignments, but in the 1990s the 'Washington Consensus' as it is commonly known was enjoying its still-recent triumph over the prevailing interventionism of not very long before. Just a few years after we conceived this book, that consensus is looking very frayed and people in many quarters are wondering what's next. As we were completing our preface, the financial crash of 2008 made a major pendulum shift in economic ideology look unavoidable. The sophistry of extreme deregulation seemed finally exhausted as the US conferred with other panicked governments on how to quell a fast developing global recession. Facing the specter of 1929, following the lead of the British

government, US banks were partially nationalized. Market intervention was thus making a most spectacularly sudden comeback. This was all the more dramatic in that it was carried out by the most ostensibly pro-market administration of President George W. Bush. Coincidentally, the 2008 Nobel Prize in Economics was awarded to Paul Krugman, the academic economist turned public intellectual, a vocal advocate for a new direction in economic policy.

In Latin America, some sort of left party had been winning at the ballot box in quite a number of countries with promises to protect their societies from neoliberal globalization. Between the time we began this project and the writing of this preface, left parties of some sort won elections in four of the countries we take up, lost a bitterly contested election in a fifth, and are only without hope of electoral victory in the near future in the one remaining case. Our country cases have told the interesting tale of the rise of neoliberalism but in only one of our cases is that Washington Consensus not beginning to look like yesterday's news. Yesterday's news is well worth understanding and we hope our collection makes a contribution. But having found ourselves bringing this collection to a conclusion at this particular point, we thought we had to add a speculative epilogue that looks beyond that neoliberal moment because it is beginning to appear that it was but a moment.

In working so long on this project we have of course gone into debt for which 'thank you' is the conventional but inadequate form of academic repayment. We thank our country authors for their tolerance of how long we took as editors. We thank our universities for financial and our colleagues for intellectual support. We thank Florencia Tateossian for wonderful research assistance at an early stage until she took a job with the World Bank and María-José Álvarez for research assistance that mutated into welcome co-authorship of chapter one. In the final stages of manuscript preparation, we relied on Javier Vázquez-D'Elia's skills for word-processing. Despite the long-delayed completion of this book, and in fact because of it, it is quite clear that the work of understanding the political roles of economists in the hemisphere, not to mention the world, is hardly complete. The themes addressed here deserve and will no doubt receive further examination. As national and transnational political and economic circumstances change we expect a future flurry of historical and comparative research on the commanding stature of economists, their ideas and networks.

Verónica Montecinos and John Markoff

Abbreviations

BCU	Banco Central del Uruguay (Uruguayan Central Bank)
BID	Banco Interamericano de Desarrollo (Inter-American Development Bank)
BNDE	Banco Nacional do Desenvolvimento Econômico (National Bank of Economic Development, Brazil)
BROU	Banco de la República Oriental del Uruguay (Bank of the Republic, Uruguay)
CAEN	Centro de Aperfeiçoamento de Economistas do Nordeste (Center for the Professional Development of Economists in the North-East, Brazil)
CEA	Council of Economic Advisers (US)
CEIPOS	Centro de Estudios e Investigaciones de Posgrado (Center for Research and Postgraduate Education, Universidad de la República, Uruguay)
CEMA	Centro de Estudios Macroeconómicos de Argentina (Center for Economic Research, Argentina)
CEPAL	Comisión Económica para América Latina y el Caribe (United Nations Economic Commission for Latin America and the Caribbean)
CERES	Centro de Estudios de la Realidad Económica y Social (Center for the Study of Social and Economic Reality, Uruguay)
CESEC	Centro de Estudios Socio-Economicos (Center for Socio-economic Research, Chile)
CIAPEP	Curso Interamericano en Preparación y Evaluación de Proyectos (Inter-American Course on Project Formulation and Evaluation, IADB)
CID	Centro de Investigaciones para el Desarrollo (Center for Development Research, Universidad Nacional, Colombia)
CIDE	Centro de Investigación y Docencia Económica (Center for Research and Teaching in Economics, Mexico)
CIDE	Comisión de Inversiones y Desarrollo Económico

	(Investment and Economic Development Commission, Uruguay)
CIEDUR	Centro de Investigaciones y Estudios del Uruguay (Center for Research on Uruguay)
CIENES	Centro Interamericano (Inter-American Center for Statistical Training, Chile)
CIEPLAN	Corporación de Investigaciones Económicas para América Latina (Center for Economic Research on Latin America, Chile)
CINVE	Centro de Investigación Económica (Center for Economic Research, Uruguay)
CLAEH	Consejo Latinoamericano de Economía Humana (Latin American Council for Human Economics, Uruguay)
CNPIC	Conselho Nacional da Política Industrial e Comercial (National Council for Industrial and Trade Policy, Brazil)
COLMEX	El Colegio de México (Mexico)
CONACYT	Consejo Nacional de Ciencia y Tecnología (National Council for Science and Technology, Mexico)
CONADE	Consejo Nacional de Desarrollo (National Development Council, Argentina)
CONICET	Consejo Nacional de Investigaciones Científicas y Técnicas (National Council for Scientific and Technical Research, Argentina)
CORFO	Corporación de Fomento de la Producción (Economic Development Agency, Chile)
CPU	Corporación de Promoción Universitaria (Corporation for University Development, Chile)
DASP	Departamento Administrativo do Serviço Público (Agency for Public Administration, Brazil)
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
EPGE	Escola de Pós-graduação em Economia (Graduate School of Economics, Brazil)
ESCOLATINA	Escuela de Estudios Económicos Latinoamericanos (Latin American Economics School, Chile)
FCEA	Facultad de Ciencias Económicas y Administración (School of Economics and Administration, Universidad de la República, Uruguay)
FGV	Fundação Getúlio Vargas (Getulio Vargas Foundation, Brazil)

FIEL	Fundación de Investigaciones Económicas Latinoamericanas (Foundation for Latin American Economic Research, Argentina)
FNCE	Faculdade Nacional de Ciências Econômicas (National School of Economic Science, Brazil)
IAFFE	International Association for Feminist Economics
IBRE	Instituto Brasileiro de Economia (Brazilian Economics Institute, Brazil)
ICA	International Cooperation Administration (US)
IEERAL	Instituto de Estudios Económicos sobre la Realidad Argentina y Latinoamericana (Institute for Economic Research of Argentina and Latin America, Argentina)
ILDIS	Instituto Latinoamericano de Investigaciones Sociales (Latin American Institute for Economic Research, Chile)
IMF	International Monetary Fund
IPEA	Instituto de Pesquisa Econômica Aplicada (Institute for Applied Economic Research, Brazil)
IPES	Instituto de Pesquisa Econômica e Social (Institute for Economic and Social Research, Brazil)
ISEG	Instituto Superior de Economistas del Gobierno (Institute for Government Economists, Argentina)
ITAM	Instituto Tecnológico Autónomo de México (Autonomous Technological Institute of Mexico, Mexico)
IUPERJ	Instituto Universitário de Pesquisas do Rio de Janeiro (Research Institute of Rio de Janeiro, Brazil)
LACEA	Latin American and Caribbean Economics Association
MECESUP	Fondo Competitivo para el Mejoramiento de la Calidad y el Desempeño de la Educación Superior (Fund for the Improvement of the Quality and Performance of Higher Education, Chile)
MIDEPLAN	Ministerio de Planificación (Ministry of Planning, Chile)
NAFTA	North-American Free Trade Agreement
NBER	National Bureau of Economic Research (US)
ODEPLAN	Oficina de Planificación Nacional (National Planning Office, Chile)
OPP	Oficina de Planeamiento y Presupuesto (Office of Planning and Budget, Uruguay)

PAN	Partido de Acción Nacional (National Action Party, Mexico)
PJ	Partido Justicialista (Justicialista Party, Argentina)
PMDB	Partido do Movimento Democrático Brasileiro (Party of the Brazilian Democratic Movement, Brazil)
PPBS	Planning, Programming and Budgeting System
PREL	Programa en Economía para Estudiantes Latinoamericanos (Economics Program for Latin American Students, Catholic University, Chile)
PRI	Partido Revolucionario Institucional (Institutional Revolutionary Party, Mexico)
PT	Partido dos Trabalhadores (Workers' Party, Brazil)
PUC-RJ	Pontificia Universidade Católica do Rio de Janeiro (Catholic University, Rio de Janeiro, Brazil)
PUC	Pontificia Universidad Católica de Chile (Catholic University, Chile)
PUC-SP	Pontificia Universidade Católica de São Paulo (Catholic University of São Paulo, Brazil)
SEREX	Secretaría de Relaciones Económicas Exteriores (Agency for Foreign Economic Relations, Chile)
SNI	Sistema Nacional de Investigadores (Researchers National System, Mexico)
STN	Secretaría do Tesouro Nacional (National Treasury Secretary, Brazil)
SUDENE	Superintendência do Desenvolvimento Econômico do Nordeste (Northeast Economic Development Agency, Brazil)
SUMOC	Superintendência da Moeda e do Crédito (Money and Credit Agency, Brazil)
UBA	Universidad de Buenos Aires (University of Buenos Aires, Argentina)
UDELAR	Universidad de la República (University of the Republic, Uruguay)
UDLAP	Universidad de las Américas-Puebla (University of the Americas, Puebla, Mexico)
UEM	Universidade Estadual de Maringá (Maringá State University, Brazil)
UERJ	Universidade do Estado do Rio de Janeiro (Rio de Janeiro State University, Brazil)
UFBA	Universidade Federal da Bahia (Bahia Federal University, Brazil)