

Behind Austerity

Transnational Think Tank Networks

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ABOUT US

Austerity and its Alternatives is an international knowledge mobilization project committed to expanding discussions on alternatives to fiscal consolidation and complimentary policies among policy communities and the public. To learn more about our project, please visit www.altausterity.mcmaster.ca.

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Introduction

European economic and social policy has recently been characterized by a tragic paradox. Since the creation of the European Economic and Monetary Union of the Maastricht treaty in 1993 the prevailing doctrine of restrictive public finance has ruled Europe's overall budget policies. Originally designed to promote sound public finance and sustainable growth the efforts to permanently constrain public budgets and spending have achieved the opposite (Streeck 2014). Countries have gone deeper into debt and economic development has been lackluster or non-existent. Yet apart from the brief period of 2008-2010 when Europe relied on coordinated programs of fiscal stimulus to prevent another Great Depression, the fiscal austerity orthodoxy has prevailed. How can we explain the hegemony of the highly relevant idea of restrictive public finance in the face of Europe's growing social and legitimacy crisis? Where and how has the relevant knowledge been produced that decision makers are taking into account? How do the ruling parties and alliances in governments form preferences, and by which domestic or international forces are they shaped?

Most explanations in Europe concentrate on Germany, more precisely on Germany's Minister of Finance, Wolfgang Schäuble (of Germany's mainstream conservative Christian Democratic Party). Much like Pierre Bordieu (1988) focused attention on the central role of Hans Tietmeyer, former president of Germany's Central Bank, to attack the prevailing monetary orthodoxy of the 1980s leading up to monetary union, Europe now seems to be tied up in a "system Schäuble". But who informs the ruling German political class, which is presently comprised of both Christian and Social Democrats? Why do austerity oriented Germans enjoy support from a range of ruling political classes in other countries in Northern, Eastern and even, paradoxically, Southern Europe? And why does support continue despite the highly uneven distribution of the cost of austerity in Europe's northern member states and the abysmal record of austerity in Europe's southern periphery in particular?

In order to explain Europe's manifest destiny of austerity, the history of the "dangerous idea" (Blyth 2013) and the process of preference formation in society in general and in political leadership in particular has to be taken seriously. Academic debates on austerity, for example, are highly ambivalent, but academic expertise does not frequently inform policy making directly. Relevant political knowledge is usually derived from policy related research and consulting units, or think tanks. There are plenty of think tanks with lots of different orientations. Thus we also need to know which think tanks come to play a role, gain access to and reinforce power. Relevant political knowledge has furthermore been subject to social co-production, explicit or implicit co-operation of academic, economic, political and other interests. Boards of think tanks feature representatives from public institutions,



private business and universities. We thus can and indeed have to identify, describe, analyze and assess the think tank (network) based knowledge reservoir from which economic and social policy related expertise has been and continues to be selected by European (and other) decision makers. Rather than speaking of technocracy, we need to examine intricate webs of power and knowledge behind the authority of austerity.

A closer examination of European think tank networks related to European political parties and their foundations reveals the extent to which austerity can be considered the ruling economic and social policy idea of the center-right wing political spectrum across Europe, uniting diverse political forces despite a range of contradictory interests between members of these party families in the different countries. Looking this way, some of the mysteries of Europe's uneven, yet combined development and the prevailing spirit of restrictive and competitive public finance can be solved: Transnational think tank networks and discourse coalitions help identifying and explaining the transnational tentacles of the new "system Schäuble" in Europe.

Economic and Social Policy of the Center-Right: Austerity Politics across Parties

Since 2009, all European political parties that have sufficient representation in the European Parliament to constitute a political group (minimum of 25 MEPs from seven countries) have the right to found a European political party foundation.

The European party foundations feature quite different approaches in their work (Gagatek and van Hecke 2011). Despite considerable differences, the six European party foundations share one feature: They all operate in conjunction with a think tank network comprised of units in different EU member states and sometimes in other countries.¹ European political party foundations thus have activated an impressive array of new European think tank networks. So far, a total of six European political party foundations and think tank networks exist. They cover the whole spectrum from left to right (except for the most recent ultra-right European political party founded by Le Pen and others). Table one provides

¹ Information on activities and members can be obtained from the foundation websites, compare https://en.wikipedia.org/wiki/Political_foundation_at_European_level, and at www.thinktanknetworkresearch.net for the New Direction foundation, which does not offer a list of members on the website since 2015, unfortunately.



summary information on the Foundations, their European political party affiliation and the number of think tanks in each network.

Table 1: European Party Foundations, Parties, and related Think Tanks

Political-Foundation	Political-Party	Think Tank Pop.
New Direction Foundation (NDF)	<i>AECR (Conservatives and Reformists)</i>	27
Centre for European Studies (CES)	<i>European People's Party</i>	30
European Liberal Forum (ELF)	<i>ALDE (Liberals)</i>	38
FEPS	<i>Socialist & Democrats</i>	51
Green European Foundation (GEF)	<i>European Green Party</i>	17
Transform!	<i>European Left Party</i>	27
Total		190

Source: own compilation based on data from 2015, details online at: thinktanknetworkresearch.net

In order to establish the austerity perspectives featured in the ranks of European party foundation think tank networks, the output of all the 190 institutes has been examined. The work of think tanks that feature publications related to public finance, economic and social policy making was assessed with regard to the normative orientation they provide. If organizations clearly feature pro austerity perspectives (i.e. advocate the primacy of supply side oriented consolidation of public finance, a primary focus on spending cuts, demand the reduction of public debt, advocate privatizations to this end, defend austerity policies in principled terms), they were considered a part of the overall austerity think tank network. Additional selection criteria were employed to increase the level of certainty: required were a) the meta-theoretical defense of austerity, b) the consistency of austerity policies featured with the general orientation of think tank output, c) high level authorship of relevant material. The result: Of the total of 190 think tanks that belong to the six networks 21 think tanks qualify as austerity think tanks.

According to our data, austerity think tanks are exclusive to the liberal and conservative – centre-right wing – political spectrum in Europe. The largest number and highest share belongs to the European Conservative and Reformist related New Direction Foundation linked to the British Tories, followed by the mainstream Conservative group and the Liberal group. The list of think tanks includes powerful German political party foundations like the Konrad-Adenauer-Stiftung (CDU), Hanns-Seidel-Stiftung (CSU) and Friedrich-Naumann-Stiftung (FDP), the following table 2 provides an overview.



Table 2: European Party foundation Austerity think tanks

Think-Tank	Network	Country
Austrian Economics Center	NDF	Austria
Hayek Institute	NDF	Austria
CEDER Study Centre of CD&V	CES	Belgium
Institut Economique Molinari	NDF	Belgium
Wilfried Martens Center for European Studies	CES	Belgium
Adriatic Institute for Public Policy	NDF	Croatia
Estat.cz	NDF	Czech Republic
Liberalni Institute	NDF	Czech Republic
Hanns Seidel Stiftung	CES	Germany
Institute for Free Enterprise	NDF	Germany
Konrad Adenauer Stiftung	CES	Germany
Friedrich Naumann Foundation	ELF	Germany
Forum for Greece	ELF	Greece
Wetenschappelijk Instituut voor het CDA	CES	Netherlands
Fundacja Industrial	ELF	Poland
Fundacja Klub Obywatelski	ELF	Poland
Conservative Institute of M. R. Stefanik	NDF	Slovakia
Civismo	NDF	Spain
Fundacion para el analisis y los estudios sociales (FAES)	CES	Spain
Galician Society for Freedom and Democracy	ELF	Spain
Captus	NDF	Sweden

Source: own research based on think tank websites:

http://thinktanknetworkresearch.net/wiki_ttni_en/index.php?title=Main_Page

Only eleven countries in the EU in fact feature austerity think tanks connected to the party foundations. Notably missing are founding member countries like Italy and France, and even the UK. Strongly represented are Germany, Belgium and Spain. If we consider the centrist majority conservatives and the liberals only, then six countries with austerity think tanks remain (Belgium, Germany, Greece, Netherlands, Poland, and Spain). The new right wing party, foundation and think tank network added Austria, Croatia, Czech Republic, Slovakia, and Sweden and accounts for 10 think tanks of the 21 total alone. While ultra-right wing parties like Le Pen do not feature austerity, the new right wing of conservative-liberal parties (right wing liberalism indeed) appears to account for the strongest advocacy of austerity perspectives. But what about the countries not listed in this table? Do they not count austerity think tanks among the domestic policy related research and advisory scene?



Additional Neoliberal Think Tank Networks

The center-right wing party foundation networks examined so far are complemented by other European think tank networks that feature austerity perspectives. The Stockholm network has been founded in the 1990s to support a neoliberal transformation of Europe. Although the network has been fairly inactive since 2010, the founding year of the New Direction Foundation, it still lists the largest number of think tanks across Europe as members on its website. The European Ideas network in turn has been created by conservative MEPs of the mainstream conservatives in 2002. The members of this network overlap with the Stockholm Network.

Table 3: Stockholm Network and European Ideas Network think tank membership in Austerity Network (AN)

Think Tank Networks (n=155)	Pop.	In AN	In AN %
1. Stockholm-Network (SN)	119	40	34 %
2. European Ideas Network (EIN)	46	20	43 %
3. Total	155*	60	36 %

Difference due to overlap, Source: own research based on think tank websites: http://thinktanknetworkresearch.net/wiki_ttni_en/index.php?title=Main_Page

Stockholm and European Ideas feature a higher number of austerity think tanks than the party foundation networks, and the share of austerity think tanks of the total in each of the two network is higher as well. Dedicated efforts to promote a wide range of austerity perspectives (lean state, privatization, structural reform, welfare retrenchment etc.) clearly preceded the party foundation activities and cover a wider range of countries including four think tanks in France, and five think tanks each in Italy and the UK.²

Conclusions: Austerity beyond European Think Tank Networks

² Data available at

http://thinktanknetworkresearch.net/wiki_ttni_en/index.php?title=Category:Austerity_politics



Taken together, the centre-right wing party foundation networks and the two neoliberal partisan think tank networks account for 82 think tanks that feature austerity perspectives in 18 EU member countries. Germany's share of organizations in these networks is impressive, but other countries also feature strong think tanks that throw their weight behind the cause of austerity like the Fundacion para el analisis y los estudios sociales (FAES) in Spain or Timbro in Sweden. If the focus is on Germany only, many forces that help sustain the "system Schäuble" from the outside remain overlooked and underestimated. Attention needs to be directed to the whole range of pro-austerity lobbies across Europe, and to their transnational ties. This is even more urgent since the networks examined in this paper do not cover the whole range of policy related research and consulting in support of austerity in EU member states. Many powerful think tanks of the employer associations (like the Institut der deutschen Wirtschaft and the Familienunternehmer Foundation) are not included nor the higher quality academic research institutes that were or are home to some of the most vocal advocates of austerity (like Hans Werner Sinn, the former president of Germany's IFO Institute). A complete survey only would reveal the full extent of pro-austerity forces and the extent to which the different communities and constituencies in support of austerity capitalism are related to each other within and across borders.



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