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Embedding GroupThink

Assessing the Spread of Neoliberal Ideas and Influence

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This memo outlines key concepts and the methodological approach involved in a recently funded Institute for New Economic Thinking project. Our aim is to pinpoint the relationship between the reception of academic ideas, traced by citation networks with qualitative coding, and positions of institutional and political power. This is our first cut at citation analysis for the project. This memo details a test assessment, taking discussions over fiscal policy from the American Economic Review during the years 1969-1974 and 2009-2014. Our broader project examines a longer period (1964-2014) on fiscal and monetary policy, as well as broader trends. As such, this memo simply tests our application of the citation network to real content and seeks to identify pitfalls that will assist us once the larger project is up and running.

JEL: A11; A13; A14; B22; B31; E6; E62; F62; H2; H3.

The Rise and Resilience of Neoliberalism in Macroeconomics: Why Revisit the Debate?

Since the 1980s a vast interdisciplinary literature has attempted to trace the mechanisms that explain the rise of neoliberal ideas and influence in academic and policy institutions dealing with macroeconomic policy. This has been an important enterprise because the spread of neoliberal theories have greatly influenced economic thinking and policy-making in both developed economies (Schmidt 1998; Campbell and Pedersen 2001; Blyth 2002; Fourcade-Gourinchas and Babb 2002; Lindvall 2009; Mandelkern and Shalev 2010; Matthijs 2012) and developing ones as well (Babb 2013; Schmidt and Thatcher 2013).

This literature has advanced our knowledge considerably yet for anyone interested in neoliberalism as a cluster of macroeconomic theories, the existing scholarship remains plagued by important conceptual, empirical and methodological weaknesses. First, with two notable exceptions (Blyth 2002; Fourcade 2009), the state of the art does not unpack neoliberalism into specific theoretical categories that economists actually use when they speak and write to other macroeconomists. Most references to neoliberalism made by social scientists conflate this cluster of macro theories with monetarism and neoclassical economics. Take the example of an article published in a top tier journal in political science (*International Organization*) that concerns itself with this topic. There, neoliberalism is defined in terms that are simultaneously too generic and too narrow as

> [a] revived version of classical liberal economics. Three assumptions are widely shared within the consensus, namely that: the market is the most efficient mechanism for allocating scarce resources; free exchange of goods across borders is welfare improving; and market actors have rational beliefs. Three policy recommendations flow from these assumptions: governments should, in general, pursue fiscal discipline; a country's economic orientation should be outward; and countries should rely on markets for the allocation of goods and resources and for the setting of prices (Nelson 2014: 308).

Many economists in the room will quickly point their finger at two inaccuracies. An initial objection may be that the rational expectations assumption is ultimately not that central to what it means to be a neoliberal today and is not even widely shared any more. Many may also highlight that the pursuance of fiscal discipline is not something everyone would endorse for all countries in times of recession, at least when interest rates are in the zero lower bound and the country in question has fiscal space for a fiscal stimulus (Ban 2013; 2015). Indeed, while influential at some critical junctures, the claim that balancing budgets in a recession has positive effects on output has become a very contested proposition in the mainstream (Helgadottir 2015). Most certainly quantitative easing does not neatly fit under the market-based setting of prices.

To make this more challenging, contemporary economists like Stefano Eusepi or Bruce Preston, who write in defense of Real Business Cycles (a neoliberal macroeconomic theory by all accounts), do so by attacking the assumption of rational expectations (which Nelson sees as central to neoliberalism) and by working to replace it with learning dynamics. Theirs is calibrated neoliberalism but neoliberalism nevertheless, and the existing approaches would most likely miss it. Indeed, real world macroeconomics appears too puzzling, too heterogenous and too confusing for the dominant approach to the study of neoliberal ideas. In our study we hope to address this weakness by focusing on *macroeconomic* neoliberalism and by unpacking it first into schools of thought recognized by economic theorists (monetarism, New Classical macroeconomics, Real Business Cycles, certain versions of New Keynesianism or the New Neoclassical Synthesis) and then by interrogating the boundaries between these schools through an inductive analysis of a census (rather than a sample) of relevant macroeconomic texts.

The second weakness is empirical. Although scholars have produced rich accounts of the rise of neoliberal ideas in academia, think-tanks or government apparatuses, none of the existing studies do a systematic empirical analysis of this historical process, from the rise of neoliberal ideas in the 1960s, to their expected crisis in the late 2000s. Moreover, the standard approach in the existing literature is to trace the ideas and policy influence of a dozen consequential names at best and stay away from engaging with the non-neoliberal voices in critical sites of the economic profession.

During the 1970s the Keynesians did not just give in to Friedman's destruction of the Phillips curve or to Sargent's claim that Keynesians were unscientific because they did not use neoclassical microeconomics in their fundamental assumptions. Neither did they buy the argument that the stagflation of the 1970s was a repudiation of Keynesian doctrine. Even during the early 1980s the British anti-neoliberal economists were in the hundreds and they put up a good fight against the onslaught of neoliberal ideas in academia and government.

Such episodes of resistance, contention and epistemic suppression are ignored at great costs to providing more accurate accounts of how neoliberalism rose, triumphed and survived crises. We also need to know much more about how those challenging what are identified as neoliberal ideas use the methods and assumption of what has become the economic orthodoxy, and to what extent different methods and assumptions are put forward. Only in this way can we capture the contradictions embedded in the rise and resilience of neoliberalism, as a project whose robustness comes from being layered on and often translated into the language of competing economic ideas (Ban 2013; forthcoming). To address these concerns adequately this project undertakes a systematic coding of the work and biographies of *all* macroeconomists publishing in top journals or signing authoritative policy reports.

Finally, the third weakness is methodological. Most studies do inspiring qualitative work that connects neoliberal ideas to specific influential actors and traces their actions and strategies over time across political, administrative and scientific fields (Babb 2001; Fourcade 2009). Famously, David Colander and colleagues have done extensive surveys of economists in several countries to trace their adherence to neoliberal ideas (Klamer and Colander 1990; Colander 2005, 2007). More recently, several scholars deployed corpus analysis to analyze the politics of economic texts more systematically (Moretti and Pestre 2014), as well as investigating the expansion of a particular of economics as a profession and discipline (Nik-Khah and Van Horn 2012).

A danger with purely qualitative inquiry is that it runs the risk of focusing on the success stories of neoliberalism and less on equally important stories, such as neoliberalism's calibrations and contingent withdrawals, or on the fate of resistance to neoliberalism and attempts to moderate in leading journals and policy documents over long periods of time. Our preliminary analysis of *American Economic Review* suggest that these stories are not readily apparent unless one goes through all the articles on macroeconomics in top journals, rather than focus on a few iconic pieces, as the existing literature does. With a much longer time span in mind (1964-2014), we speculate that the success and failure of economic paradigms may be less of a story of punctuated equilibrium, in which crises are followed by cataclysmic paradigm collapse and the rapid ascent of another paradigm. Perhaps the more accurate story is one in which the shift of paradigms takes longer, is subject to vigorous contention from the establishment and entails more ideational compromises along the way than the current literature has found.

As for the existing quantitative approaches, we think that while they make a useful contribution to the debate by inviting scholars to work with larger bodies of economic texts, their use of corpus analysis limits the resolution of their insights. For example, the excellent study of weh and colleagues (2014) charts the left-right political orientation of American economists by matching word pairs to left and right-leaning bigrams and trigrams. For example, labor_market and Keynesian_econom is associated with left-leaning views while base_money and aggreg_demand_shock are considered right-leaning phrases. The problem is that corpus analysis is unable to identify the meaning that these bigrams and trigrams have. Depending on the normative and causal arguments in which these word are embedded they can just as well account for both right and left positions. The fact that one used Keynesian_econom does not make one left-leaning; indeed, one can use the bigram to shred Keynesian arguments or even to make neoliberal policy suggestions using a New Keynesian model. In short, this approach has its merits but is too crude an approach to capture the nuances that our task entails.

Through a new methodological mix that blends qualitative and quantitative data collection and analysis, we hope to better capture the evolutionary nature of the emergence and eventual triumph of neoliberalism in macroeconomics over several decades. To this end, the Embedding GroupThink project provides a diverse mixed method approach to analyzing the spread of neoliberal ideas and influence in Anglo-American academia and policy-making. We combine analyses of citation networks, affiliation networks, and career sequences, followed by interviews with and surveys on the most influential players in order to establish the precise mechanisms that powered the rise and resilience of neoliberal macroeconomics. The overall aim for the Embedding GroupThink project is to establish:

- *The prominence of neoliberal ideas in top journal publications and notable policy reports.*
- *The identification of economists and key policymakers who identify with neoliberal ideas.*
- *The relationship between the publication and professing of neoliberal ideas and career trajectories.*
- *How these people have been networked within domestic and international academic and policy institutions.*

SANACA: Sequence Analysis + Network Analysis + Citation Analysis

Embedding GroupThink provides a mixed methods approach that draws on three forms of analysis: sequence analysis; network analysis; and citation analysis.

Sequence analysis – distinguishes trends from data on sequences of different states of being (e.g. job during a particular year). The states are then coded to create a sequence, like a DNA strand, that can be compared to others using algorithms to identify difference and similarity. We will study career sequences, with yearly coding for work roles obtained through CVs from archives and public resources, as well as, in the contemporary period, LinkedIn accounts. These sequences would then be studied alongside the social networks.

For example, Seabrooke and Nilsson (2015) use sequence analysis to study the careers of experts present on financial surveillance teams in the International Monetary Fund's Financial Sector Assessment Programme (FSAP) since it started in 2001. By tracing the career histories and skill sets of experts they establish, alongside interviews with junior and senior IMF staff, a clear shift between the earlier and later years of FSAP, with a clear recent preference for senior private sector specialists. The shift is explained by: i) a need to legitimize the program to internal and external stakeholders; ii) to minimize threats to permanent IMF staff through skill set replication; and iii) the rise of private sector transnational professionals as those most valued for 'relevant' skills. Studying career histories also permits hypothesis generation among skill sets, as well as the relationship between career trajectories and institutional power, as commonly suspected in work on 'revolving doors' (Seabrooke and Tsingou 2009).

Network analysis – identifies ties between nodes in a network to characterize its structure and locate who or what is important in the network according to a variety of centrality measures. Data to establish ties can be derived from organizational affiliations, work team compositions (named in reports), and common event attendance. We will focus on affiliation networks, linking individuals to institutions in academia, business, think tanks, and policy-making**.**

Network analysis permits the differentiation of actors within the network and how they are tied to institutions, institutional interests, and social groups. Network analysis can be used to identify cliques within groups and how likely they are to cohere. For studies of neoliberalism network analysis increases the potential to examine shifts in relationships at a more granular level than work that assumes that ideas change within paradigms or at moments when an institutional equilibrium has been disrupted. Importantly, this also means that actors don't have to be consistent on the ideas they espouse. Permitting room for different ideas, within a spectrum, may be a professional strategy to control how different expert groups treat issues (such as post-crisis financial reform, see Seabrooke and Tsingou 2014). When combined with content analysis and hierarchy analysis, this approach enables the reader to visualize the proximity of certain schools of thought to centers of power relative to other schools, as Ban's studies of the IMF and ECB knowledge networks show (Ban 2015a; 2015b).

Citation analysis – identifies patterns of citation between authors and their publications, showing who is cited and the direction of citations (reciprocal or not). Citation data can be obtained from sources such as the Web of Science as well as from prominent reports from the top economic think tanks and policy research institutes in these countries.

Citation analysis is especially useful in mapping trends within the economics profession, and how hierarchies of knowledge are established, maintained, and institutionalized (see, most recently, Fourcade, Ollion, and Algan 2015). For example, a recent article by Ali Sina Önder and Marko Terviö (2014) uses citation data from top economics journals between 1990 and 2010 to assess patterns of citations between authors' home institutions. Önder and Terviö's data includes 97,526 unique articles with 34,431 unique contact authors and 1,187 unique affiliations. Their analysis also distinguishes the career paths of authors from 1977 to 2010 based on the affiliation information provided from citing articles. This way they establish who is citing whom according to institutional affiliations and how this relates to publishing in top economics journals. Based on Robert E. Hall's long-established freshwater and saltwater distinction in economic thinking, Önder and Terviö assess deviations in expected citations between institutions. They find that that Harvard authors are most likely to cite MIT authors (the 'hottest' relationship in the study) while Rochester authors are unlikely to cite UC Berkeley authors (the 'coldest' relationship in the study). In general Önder and Terviö find that authors within the freshwater and saltwater groups are 16% more likely to cite within group but that Hall's 1970s distinction no longer holds other than in the field of macroeconomics, while econometrics is a field where the freshwater and saltwater distinction is rather muddled. We are learning from trends in citation analysis as well as using the above tools to locate how academic work is tied to policy contexts and particular professionals. Importantly, we are also combining citation analysis with a close reading and coding of the context for citation. This permits us to assess if citations are positive or negative, on methodological assumptions and models, and if they point to policy applications.

Combined, these methods allow us to model the complex ecology of the economics profession and the role of neoliberal ideas within it. The use of relational methods such as network analysis allows us to assess both patterns of hierarchy and prominence as well as particular community structures within the economics profession. It will also permit us to assess the flow of individuals and neoliberal ideas between academic and policy-making communities, including how those bearing neoliberal ideas are represented on prominent policy committees. By systematically assessing the content of intellectual output and the professional trajectories we aim to establish not only how neoliberal economists are able to accelerate into powerful academic and policy positions, but the ideational content they carry. Social network analysis will also tell us the most likely routes through which neoliberal ideas travel, as well as how connections are made to new institutions.

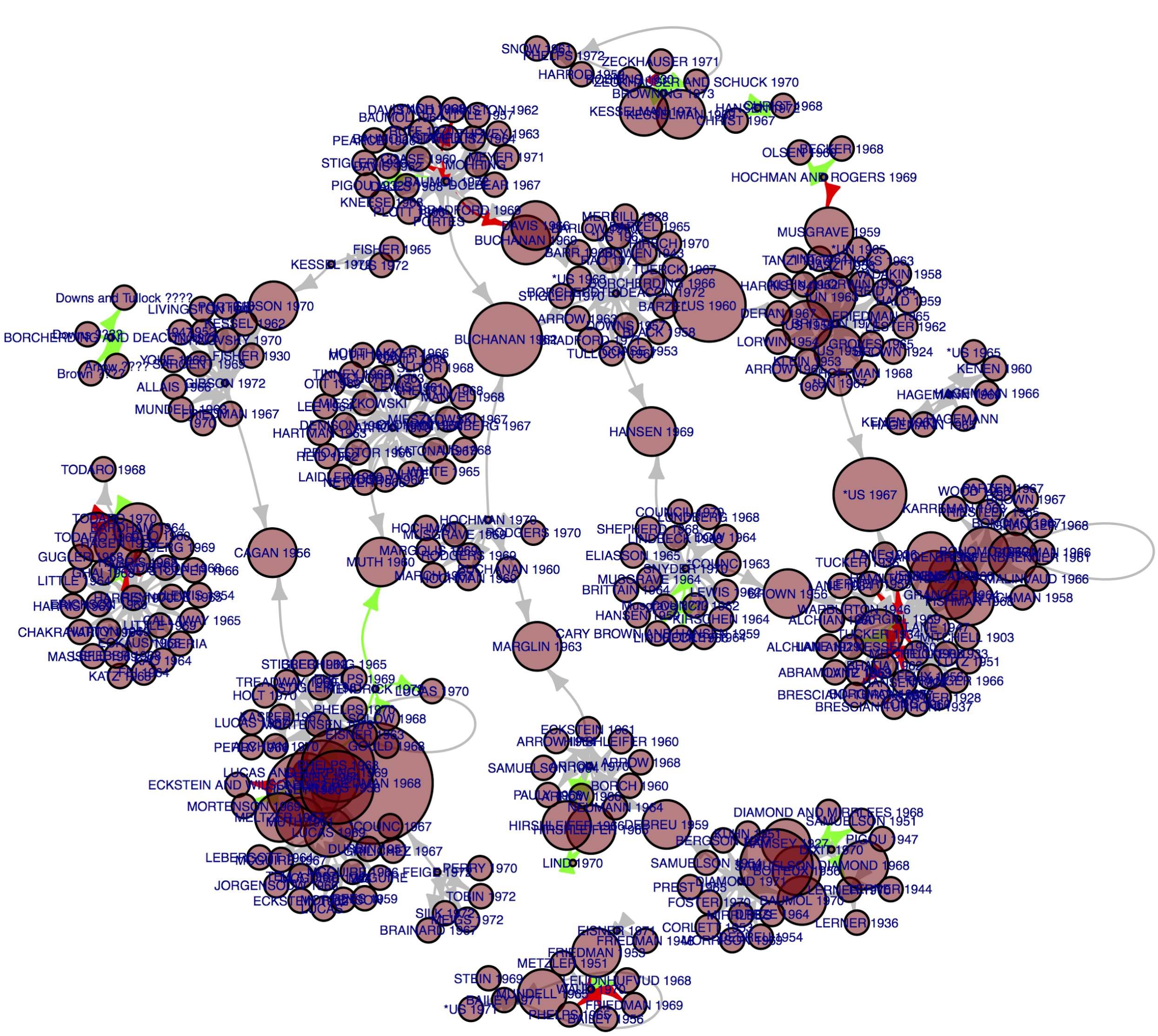
A Trial Run: Fiscal Policy, 1969-1974, 2009-2014

The first stage of our project is to do a test run with the citation analysis. To do so we take all pieces on fiscal policy from *American Economic Review* for 1969-1974 and for 2009-2014. The dates are based on the assumption that a neoliberal turn in economic ideas occurred in the first period, and that it should be firmly present in the second period. In the broader project we will study macroeconomic policies for the 1964-2014 period, tracing the career histories of important authors from the citation networks and their institutional and political networks. At this stage what we are doing is testing the coding strategy and what we can identify with the qualitative coding of positive and negative citations. While computational content analysis could be used to assign positive and negative citations through a customized "dictionary" we find that this is far too blunt a tool to discern arguments. As such we adopt the approach of simply reading everything – and checking with each other in the team and externals to ensure coding reliability - and assessing the key citations in who is given a thumbs-up and who is given a thumbs-down.

The Great Transition, 1969-1974

Figure 1 provides a citation network for *American Economic Review* for 1969-1974, locating the articles coded and the positive and negative flows of citations (directed green and red arrows). Different groups are clearly clustered in the diagram, with opinions and what would become well-known approaches and schools of thought identifiable. The figures are difficult to read here but feel free to go to our temporary website to download and zoom into them - http://www.pipesproject.eu/inet.html (the entire project will be on the INET website when complete).

Figure 1. AER Fiscal Policy Citation Network 1969-1974



To note but a few examples from the network: close to the center of the network there is a small cluster of Keynesian agreement, spanning the years from the late 1950s to the mid 1960s and centered on Alvin Hansen, nicknamed "the American Keynes", and Richard Musgrave. In other parts of the network, by contrast, we can see the emergence of other schools of thought that would over time undermine the Keynesian consensus. At ten o'clock we see evidence of the emergence of a network of public choice scholars, clustered around Anthony Downs, Gordon Tullock and Kenneth Arrow. Between 7 and 8 o'clock the microfoundations critique, held forth most notably by Robert Lucas and Edmund Phelps, is beginning to take form from the late 1960s to the early 1970s.

At 5 o'clock we have a group citing Pigou, Baumol, and stressing the importance of entrepreneurship in theorizing fiscal policy. In this group Peter Diamond and James Mirrlees had two (1971a, 1971b) articles in AER on 'Optimal Taxation and Public Production', the first on production efficiency and a second on tax regulations (see also Mirrlees 1971). Both pieces were influential and provide a consumer model of tax efficiency with no public expenditure and no administrative costs, suggesting that there should be no intermediate taxes on goods and imports and that taxes on consumption are preferred. The 'Diamond-Mirrlees Efficiency Theorem' separates producers and consumers, arguing for stress on the latter. Importantly, a key assumption here is that the after-tax wages of consumers would not be affected, which is clearly not the case once real wages stopped rising in the OECD due to the NAIRU (see Storm and Naastepad 2012).

To the extent that Keynes inaugurated a revolution in macroeconomics, neoliberal theories such as New Classical macroeconomics, monetarism, real business cycles or public choices were positively counter-revolutionary in their intent and effects (Johnson 1982). The general story here is that the academic ecologies from which the neoliberal counter-revolution was staged (at least between 1969 and 1974) were concentrated heavily in second tier economics departments spread across the US, with no saltwater-freshwater patterns apparent yet: Carnegie Mellon, Purdue, Penn State, University of Virginia, UC Santa Barbara. Our general speculation is that during the Great Transition of the late 60s and early 70s the monetarist, New Classical and RBC counterrevolutionaries stage their offensive, using camouflage (pretending to be "sophisticated Keynesians"), co-option (forging Keynesian- monetarist hybrids) and frontal attacks (Lucas and Rapping 1969; Friedman 1968).

Some of the challengers of the neo-Keynesian establishment are for the most part young assistant professors, most of whom tip-toe rather politely (albeit not innocently) around the pillars of the Neo-Keynesian temple, claiming to be little more than methodological scribes. They bow to the progressive politics of the day by endorsing the idea of progressive taxation, although they ground their pleas not in principles of equity but in microeconomics (Hochman and Rogers 1969). Others undermine the minimum wage not through an all-out assault against its role as a buffer against extreme deprivation on the labor market or as automatic fiscal stabilizers, but by arguing that a negative wage tax would be even more progressive. Other still tried to act as negotiators between the establishment and the neoliberal insurgents by attempting to craft unwieldy hybrid paradigms that could be camouflaged as either "sophisticated monetarist" or "sophisticated neoliberal", depending on the context. Some arguments look deceptively neo-Keynesian at the level of assumptions (unemployment is a tragic cost on society, not a natural development) but solidly monetarist in their implications.

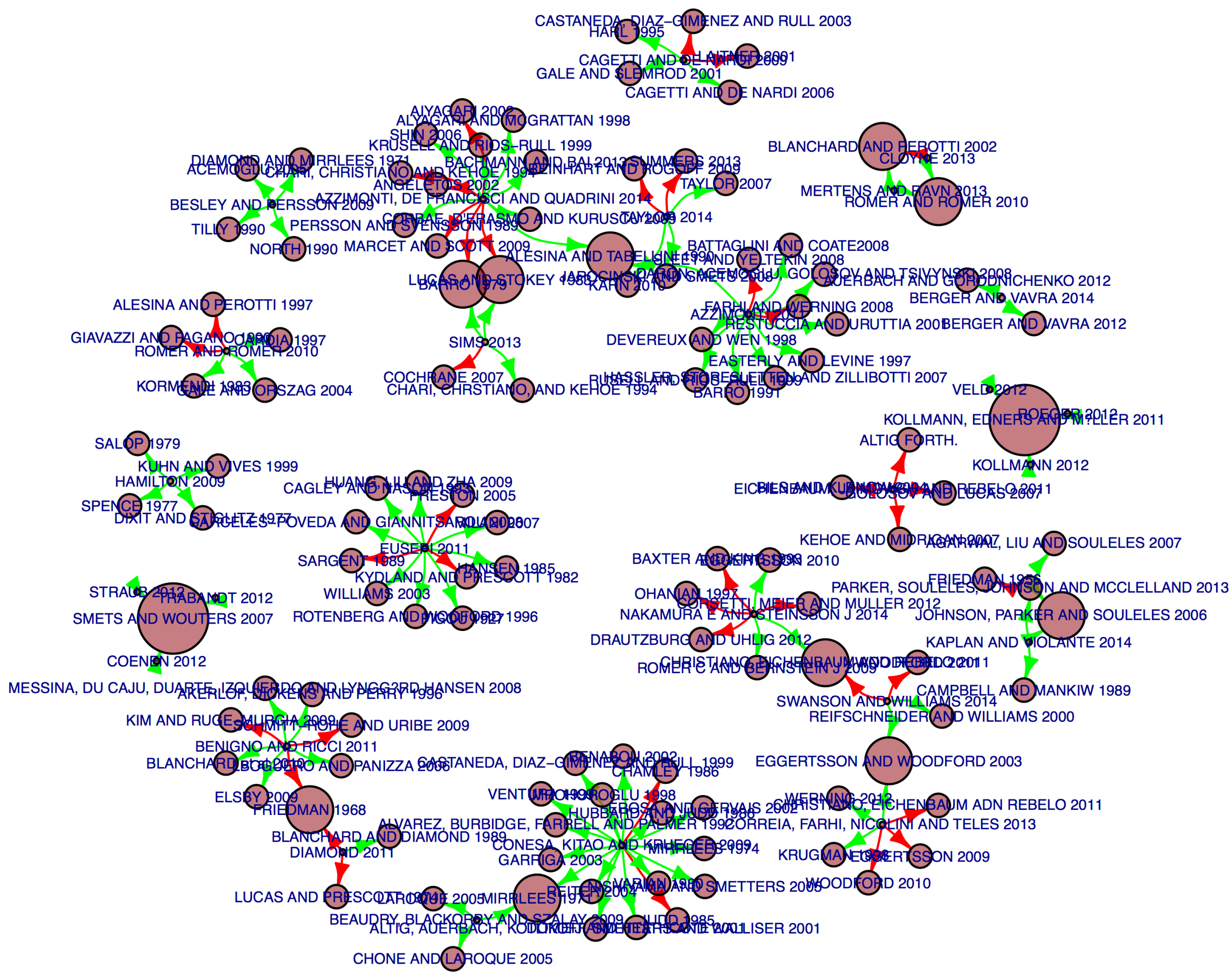
But not all neoliberal counter-revolutionaries were prudent and diplomatic. Instead, they began to pummel the fundamental assumptions of mainstream Keynesianism. The first to come under fire was Keynes' fallacy of composition thesis. This lynchpin of Keynesianism was challenged not only for the (self-serving) reason that it was inferior to the alternative assumption about the rational expectations governing the microeconomic reality of households and firms; it was also challenged by empirical studies showing that the rational expectations approach better fit the data if more sophisticated models were used. Similarly, it was methodological recalibration and empirical disconfirmation that were the main strategies of those who put the Keynesian assumption that wages are sticky under the steamroller. To make sure these challenges had policy teeth, in 1973 AER hosted a series of neoliberal critiques next to Keynesian defenses of the boldly expansionary report of Nixon's Council of Economic Advisors.

Faced with this insurgency, mainstream Keynesians put up a good fight, defending the achievements of postwar embedded liberalism (Baumol 1972). At the same time, it is our impression that the fight was unfocused in the sense that they generally refrained from direct combat against the main challenges made by the neoliberals. Strikingly, the sticky wages or the fallacy of composition theses are left undefended. Rather than take on the public choice theorists' strafing of social equity or automatic stabilization as fundamentals of tax policy, the Keynesian research on taxation focuses on the politically weaker Marxist challenge.

The Great Recalibration? 2009-2014

Figure 2 provides a citation network for *American Economic Review* for 2009-2014, locating the articles coded and the positive and negative flows of citations as before. This diagram is obviously much denser than in the early period, and considerably cleaned-up by us due to the overwhelming amount of information in it. This is, in part, from an increase in academic production. Önder and Marko Terviö (2014: 3) suggest that the actual production of economics articles increases from around 4000 a year in 1990 to nearly 7400 in 2010 (during the 2000s *AER* greatly increased the volume of articles in each issue). Figure 2 isolates the key elements of the citation network for fiscal policy for 2009-2014.

Figure 2. AER Fiscal Policy Citation Network, 2009-2014



A notable dimension of the figure is that some types of citation engagement stand out. For example at 9 and 10 o'clock we have 'lovers' with only positive citations, and at 3 o'clock (but more centered) we have a contrasting - yet structurally equivalent - 'hater' with only negative citations. Just to the right of the 'hater' and also at 8 o'clock we have a 'maestro' type, with senior scholars including minor authors. At 6 o'clock and the two dense central nodes we have 'gigolo' types where the positive citations strongly outnumber negative citations. At 5, 10 and 11 o'clock we have a 'battler' type where there are an equal number of positive and negative citations. We don't wish to make too much of this, but it strikes us that these citation tactics provide a clue into the separation of ideological and methodological standpoints. The nodes with a lot of green are those seeking to forge consensus, while the brawls, with many red arrows, are active points of contention.

Peeping into the diagram some notable clusters of debate can be seen. At 11 o'clock is a lover network between Timothy Besley and Torsten Persson's (2009) piece on the 'The Origins of State Capacity' and positive citations to Diamond and Mirrlees (1971), noted above, while also giving large acknowledgement to institutional economics (North) and historical sociology (Tilly).

At 6 o'clock is an interesting 'gigolo' case from Juan Carlos Conesa, Sagiri Kitao and Dirk Krueger (2009) and their piece 'Taxing Capital? Not a Bad Idea after All!' The article argues for work towards a 'Rawlsian social welfare function', which can come into play if the tax labor earnings of the young are not taxed too heavily and governments instead rely on capital income taxation. To get to this radical point they argue that agents' preference are primarily and heterogeneous, but that households are a better starting points for micro-oriented arguments rather than agents who are "white males of prime age already employed". The article is an example of providing a radical agenda through what are, by 2009, very conventional methods.

More broadly, several trends surface in the *AER's* macroeconomic debates on fiscal policy from 2009 to 2014. First, by no means did the research on fiscal policy reflect an ivory-clad detachment from political realities on the ground. Rather, for the most part attention was squarely focused on matters of immediate political and policy relevance, like how significant the fiscal multiplier is at the zero lower bound (e.g. Romer and Romer 2010; Cloyne 2013; Nakamura and Steinsson 2014) and, more generally, how fiscal policy can be expected to operate in an exceptional monetary environment (e.g. Sims 2013; Taylor 2014).

It is also noteworthy that these debates do not reflect the often-assumed power struggle between freshwater and saltwater schools of economic thought. Rather, New Keynesians, usually associated with the saltwater school, easily dominated the discussion, but weren't all from the usual suspects coastal universities. For the most part the New Keynesians' attention was focused on establishing a better analysis of the importance and function of fiscal multipliers. As a rule, New Keynesians tend to agree that the fiscal multiplier is significant in a recession and that it therefore makes sense for governments to stimulate their economies, either through tax cuts or spending. By contrast, the neoclassical consensus holds that the fiscal multiplier is very low, or even negative, and that governments should therefore tighten their budgets in a crisis. Of the numerous New Keynesian articles focused on fiscal multipliers, only two center on this divergence of opinion between the two schools. The first was written by the very prominent Christina Romer and David Romer of Berkeley and published in 2010.

This argument is located just before 10 o'clock in Figure 2 and presents a 'battle'. The Romers' argument deployed a novel combination of a vector autoregression (VAR) alongside a "narrative analysis" to measure fiscal multipliers, noting that traditional measures—which neoclassical have used to argue that multipliers are small or negative—are likely to be inaccurate since they include confounding variables. Using this narrower definition of tax policy they found that the fiscal multiplier from tax cuts is significant. Also taking on the neoclassical analysis of multipliers, Nakamura and Steinsson (2014), both Columbia professors, compared the comparative predictive power of New Keynesian models and neoclassical models, concluding that the New Keynesian models fare better. They are located in Figure 2 at 4 o'clock and more central, engaging in what is clearly a 'battle'.

Importantly, both of the articles make their argument mostly in methodological terms. Their key intellectual maneuver is to establish more precise ways to measure certain key elements of analysis. This illustrates one more noteworthy trend in debates on fiscal policy: arguments between different schools are made almost exclusively on methodological grounds. Thus, outmaneuvering between schools now seems to take place on methodological terrain rather than based on ideological preferences.

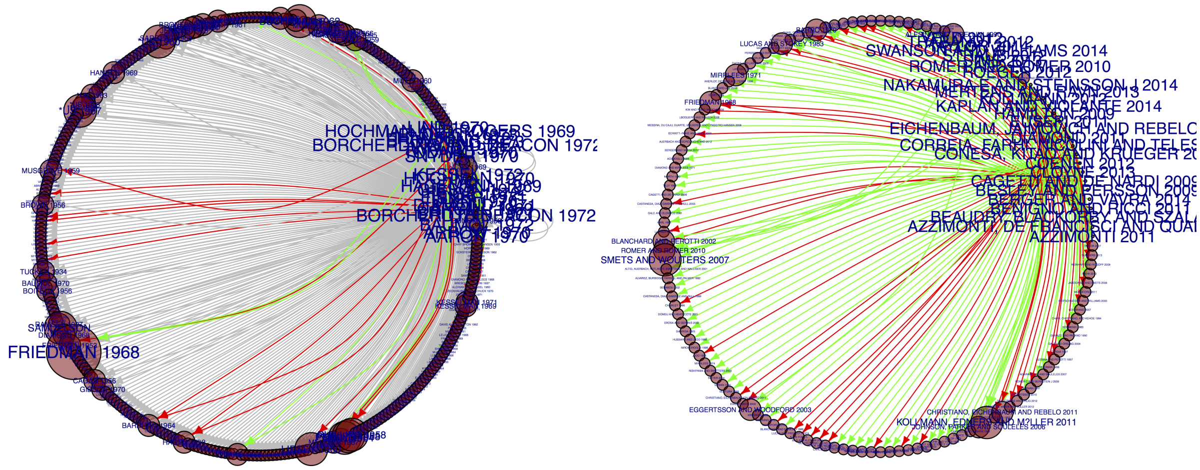
The rest of the New Keynesian articles on fiscal multipliers were more inward looking, seeking mostly to refine the understanding of multipliers within the New Keynesian school. Many of these articles reflected yet another striking tendency: an ongoing effort to establish the microfoundations of macroeconomic findings, as this is, in the current environment, what ultimately grants intellectual weight and staying power (Correia, Farhi, Nicolini and Teles 2013; Parker, Souleles, Johnson, McClelland 2013; Berger and Vavra 2014; Kaplan and Violante 2014).

While some New Keynesians made many of their arguments based on relatively unorthodox tools and methods such as narrative analysis (Romer and Romer 2010; Cloyne 2013) and survey analysis (Parker, Souleles, Johnson and McClelland 2013), articles that took a more explicitly critical view of neoliberal theories or tenets tended to wield a number of defensive mechanisms in order to do so. For example, in some cases such articles rely explicitly on very mainstream macroeconomic model such as SVAR and DSGE (Eichenbaum, Jaimovich and Rebelo 2011). In other cases, they used very mainstream assumptions and highly refined mathematics to make heterodox claims, such as that rising levels of government debt correlated with the extensive liberalization of international capital markets and a sustained increase in income inequality (Azzimonti, de Francisco and Quadrini 2014).

Work to Be Done

Some general trends are worth noting from our test. Figure 4 illustrates the fiscal policy citations from AER in the two periods as circles, allowing us to identify directly negative and positive citations with greater ease. The diagrams are two small here to identify particular authors, other than a lot of praise for Friedman 1968 in the first period. However, the immediate contrast between the two periods is that the 1969-1974 is especially combative, with negative citations more prominent as economists uses *AER* to stake out their territory. In the contemporary period we still have negative citations, but they are overwhelmed by positive citations. Positive affirmation of existing economic thinking is much more apparent. This may be a consequence of the increased production of economic knowledge, but nevertheless points to a change in what can be contested within the economics profession.

Figure 3. AER Fiscal Policy Citation Circle, 1969-1974, 2009-2014



As stated above, this memo presents but a test stage in our project. Nevertheless, we think that this initial test raises three propositions to be tested further:

a) by 2009 macroeconomics reflects the freshwater and saltwater distinction and has settled into tribes that don't talk to each other, in contrast to the 1969-1974 debates.

b) that in general we see the rise of microeconomics in the journals and that macroeconomic questions attract more policy than academic prestige, with more authors working on traffic light and restaurant choice behaviour than fiscal issues in 2009.

c) could be that we need to test for the presence of Trojan Horses. That from our analysis so far the use of methods does not conform with ideological orientation. The lack of a 'clear alternative' is because the recognised battlefields are methodology > ideology, not ideology > methodology.

Much work is to be done and we appreciate that here we are simply dipping our toes into the water, be it salty or sweet.

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APPENDIX

Coding sheet

Year is defined as: YEAR THAT ARTICLE WAS PUBLISHED

Code is defined as: CODE IDENTIFYING ARTICLES

Affiliation is defined as: AFFILIATION OF AUTHOR AS NOTED IN ARTICLE

Position is defined as: POSITION OF AUTHOR AS NOTED IN ARTICLE

Author is defined as: NAME OF AUTHOR IN THE FORMAT John Maynard Keynes

Reference is defined as: REFERENCE TO ARTICLE IN THE FORMAT "Portfolio Choice, Investment, and Growth" AER 1970, 60 (1): 44-63

ProCite is defined as: KEY CITATION(S) WITH WHICH AUTHOR(S) EXPRESSES SUBSTANTIVE AGREEMENT IN THE FORMAT Keynes 1937

ConCite is defined as: KEY CITATION(S) WITH WHICH AUTHOR(S) EXPRESS SUBSTANTIVE DISAGREEMENT IN THE FORMAT Keynes 1937

Argument is defined as: A BRIEF RESTATEMENT OF CORE ARGUMENT OF ARTICLE

ProAssumpt is defined as: KEY ASSUMPTION(S) WITH WHICH AUTHOR(S) EXPRESS AGREEMENT IN THE FORMAT

1 if: left to their own devices, capitalist market economies are inherently unstable
2 if: left to its own devices the private sector is inherently stable

3 if: markets can get stuck in a suboptimal equilibrium (characterized by recession and unemployment)
4 if: markets tend towards equilibrium

5 if: discretionary monetary policy is the key cause of fluctuations in the money supply which, in turn, causes short term fluctuations in real output
6 if: changes in the marginal efficiency of investment cause short term fluctuations in real output
7 if: technological shocks are a key cause of short term fluctuations in real output
8 if: saving is unequal to investment and liquidity shortages can cause recessions
9 if: saving is equal to investment and markets clear

10 if: unemployment is a key threat to economic stability
11 if: unemployment is involuntary and reflects lack of aggregate demand
12 if: unemployment is voluntary

13 if: inflation is a key threat to economic stability

14 if: macroeconomic logic is different from microeconomic logic
15 if: macroeconomic logic should be anchored in microfoundations

16 if: individually rational behavior can have collectively detrimental outcomes
17 if: individually rational behavior implies collectively rational outcomes

18 if: nominal wages and prices are sticky (do not change instantaneously to clear markets)
19 if: competition is perfect
20 if: competition is imperfect
21 if: information is perfect
22 if: information is asymmetric
23 if: other (note what)

ConAssumpt is defined as: KEY ASSUMPTION(S) WITH WHICH AUTHOR(S) EXPRESS DISAGREEMENT IN THE FORMAT

1 if: left to their own devices, capitalist market economies are inherently unstable
2 if: left to its own devices the private sector is inherently stable

3 if: markets can get stuck in a suboptimal equilibrium (characterized by recession and unemployment)
4 if: markets tend towards equilibrium

5 if: discretionary monetary policy is the key cause of fluctuations in the money supply which, in turn, causes short term fluctuations in real output
6 if: changes in the marginal efficiency of investment cause short term fluctuations in real output
7 if: technological shocks are a key cause of short term fluctuations in real output

8 if: saving is unequal to investment and liquidity shortages can cause recessions
9 if: saving is equal to investment and markets clear
10 if: unemployment is a key threat to economic stability

11 if: unemployment is involuntary and reflects lack of aggregate demand
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13 if: inflation is a key threat to economic stability

14 if: macroeconomic logic is different from microeconomic logic
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16 if: individually rational behavior can have collectively detrimental outcomes
17 if: individually rational behavior implies collectively rational outcomes

18 if: nominal wages and prices are sticky (do not change instantaneously to clear markets)
19 if: nominal prices and wages are flexible
20 if: competition is perfect
21 if: competition is imperfect
22 if: information is perfect
23 if: information is asymmetric

24 if: other (note what)

ProPolicy is defined as: KEY POLICY MEASURE(S) FAVORED BY THE ARTICLE

ConPolicy is defined as: KEY POLICY MEASURE(S) DISFAVORED BY THE ARTICLE

Model is defined as: ECONOMIC MODEL(S) USED AND IDENTIFIED BY NAME IN THE ARTICLE

School is identified as: ECONOMIC SCHOOL(S) USED OR IDENTIFIED BY NAME IN THE ARTICLE IN THE FORMAT (SEE DEFINITIONS IN SEPARATE DOCUMENT)

1 if: Post-Keynesian
2 if: Neo-Keynesian
3 if: Monetarist
4 if: New Classical
5 if: Real Business Cycle
6 if: New Keynesian
7 if: New Neoclassical Synthesis
8 if: Austrian