On Ivo Maes' *Tale of Two Treatises: The Role of Ideas and of Economic Experts in European Policymaking*

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I was delighted to be asked to be the discussant for this wonderful essay by Ivo Maes. I very much enjoyed reading it. In this short commentary, I would like first to summarize the main argument put forward by Ivo's paper and then to distil and reflect upon some of its key points.

The Core Argument of Ivo's Paper

Ivo's paper compares the *Werner Report* (1970) and the *Delors Report* (1989) which presented two different visions of the Economic and Monetary Union (EMU) and of how to get there.

The *Werner Report* envisioned an EMU with a supranational monetary pillar (a European System of Central Banks, not necessarily a European Central Bank as such) and a supranational economic pillar (a center of decision-making for economic policy at EU level). The Report reflected the dominating Keynesian paradigm of the time, grounded in a belief in demand management, discretionary fiscal policy and coordination between monetary and fiscal policies. Unlike the *Werner Report*, the *Delors Report* focused on the monetary pillar only, namely an independent European System of Central Banks, centered on a European Central Bank, with price stability as the primary objective of monetary policy.

Whereas the Werner Report focused on the first stage, that is how to set up the EMU, the Delors Report spelt out all the three stages of the process, with specific deadlines for each one. These stages were: the preparation of a new Treaty (first stage), the creation of a new monetary institution (the European System of Central Banks and the ECB, second stage), and the transfer of responsibilities to this new institution (third stage).

Ivo asks why the second attempt to build EMU was successful, unlike the Werner plan in the 1970s. Three main sets of factors can be pointed out:

- The favorable economic conditions of the late 1980s and early 1990s, as compared to those of the 1970s. Moreover, economic and, to a more limited extent, financial integration in Europe had leapt forward in the two decades that passed between the two reports, facilitating some economic convergence across member states.
- The favorable political conditions, such as the fall of the Iron Curtain, the German unification and the political will to achieve EMU, propounded by the Franco – German tandem (Featherstone and Dyson, 1999). Moreover, pro-European national political leaders (such as Kohl and Mitterrand) and a visionary president of the European Commission (Jacques Delors) drove the project forward (Dyson and Maes, 2022).
- But also, crucially, the two reports put forward different institutional designs for EMU. These designs, in turn, were informed by different economic paradigms: the Keynesian paradigm in the case of the Werner report and the stability-oriented economic paradigm in the case of the Delors report. The Werner report proposed a fully-fledged EMU, whereas the Delors report envisaged an incomplete EMU (a full monetary union without a fiscal union). By leaving out the fiscal part of EMU (the part that was more politically controversial), it was possible to reach an agreement at Maastricht, but the result was an asymmetric, incomplete EMU (Dyson, 1994; Verdun, 1996).

The paper also discusses, although briefly, the evolution of the macroeconomic policy paradigm following the Great Financial Crisis of 2008, then the sovereign debt crisis in the euro area and finally the pandemic-related economic crisis. Thus, Ivo argues that in response to the 2008 Great Financial Crisis and the COVID-19 pandemic, there has been a return to Keynesian economics and discretionary macroeconomic policies, followed by a bout of inflation.

Ivo's essay raises some important points for reflection.

First, the essay highlights the importance of economic ideas in policy making and traces the shift of the macroeconomic policy paradigm that informed the construction of EMU over time.

John Maynard Keynes was all too aware of the power of economic ideas. In a famous quote, he stated that "The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than it is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist."

Ivo's essay points out a major shift in the prevailing macroeconomic paradigm over time, both in the academic community and among policymakers. In the 1960s and 1970s, Keynesian economics was the dominant macroeconomic paradigm; thus, the beliefs in the Phillips curve and the trade-off between inflation and unemployment, and the advocacy in favor of demand management and discretionary macroeconomic policies. In the second half of the 1980s, there was a broad consensus among economists on the stability-oriented macroeconomic paradigm – what Kenneth Dyson (1994) referred to as "sound money, sound public finance."

The shift of the prevailing economic paradigm not only informed the institutional design of EMU but also made it possible. The making of the single currency was possible when the economic consensus among experts converged on considering as an essential element for EMU a single monetary policy set at the EU level without a common fiscal policy. That was an institutional design of EMU that European politicians could deliver. The result was an EMU with a strong monetary pillar and a weak economic pillar. This institutional design of EMU had some in-built weaknesses, which made it crisis-prone or, at least, less able to withstand economic shocks (De Grauwe, 2013; Dyson, 2000; Jones, 2002; Hodson, 2011), as highlighted by the building up of and response to the Sovereign Debt Crisis (Brunnermeier, James, Landau, 2016; Howarth and Quaglia, 2015; Matthijs and McNamara, 2015).

Second, Ivo's essay raises the issue of how and why economic ideas change over time in policy-making institutions. The essay nicely teases out how certain ideas gained or lost momentum in the making of EMU. By doing so, it speaks to a broader literature on the evolution of economic ideas (e.g. Hall, 1993, 2020;) and the role of ideas in economic policy-making (e.g. Abdelal, Blyth and Parsons, 2011; Quaglia et al., 2024; Widmeier, 2016). Basically, five mechanisms of ideational change in policy-making institutions can be pointed out. Let me discuss them in turn.

The first mechanism, which is mentioned by Ivo, is the two-way link *between academic economists and practitioners* (Chwieroth, 2009; Thiemann et al., 2021). Thus, the essay discusses how ideas are conveyed from academia to the "real world" (a notable example mentioned in the essay are the Konstanz seminars attended by senior officials of the Bundesbank). The other way round is also a possibility, meaning that ideas are transmitted from policymakers to academia (a textbook example is the metaphor of the 'inconsistent quartet', which was elaborated by Tommaso Padoa-Schioppa and was then widely used in academic circles).

The second mechanism of ideational change in policy-making institutions has to do with "*socialization*," meaning social interactions and joint problem-solving at the EU level in Brussels and Frankfurt (Marcussen, 2000; Mourlon-Druol, 2012; Verdun, 1999), as well as the influence of international institutions, such as the Bank for International Settlements (BIS), the International Monetary Fund (IMF) in promoting certain economic ideas or facilitating their dissemination across countries (Ban, 2016; Broome and Seabrooke, 2016; Clift, 2022).

A third mechanism of ideational change in policy-making institutions is *ideational dissemination* across countries and ideational "import" and "export". For example, some researchers point out how Germany was able to propound its stability-oriented economic paradigm to other countries in the 1980s and 1990s and successfully presented it as the ideational template for the construction of EMU (MacNamara, 1998; Dyson, 1994). To put it another way, macroeconomic policymakers in other European countries were persuaded that the most suitable institutional design for EMU was one centered on an independent central bank mandated to pursue price stability without ex-ante coordination with (national) fiscal policies. It is a phenomenon that McNamara (1998) called "the currency of ideas."

The fourth mechanism of ideational change in policy-making institutions (even within the same institution) is *learning* over time from past experiences (Mugnai, 2024). For instance, Quaglia and Verdun (2023) argue that whereas during the sovereign debt crisis, it took a process of trial and error for ECB to come up with effective policies, ECB quickly responded to the pandemic-related economic crisis with the adoption of substantial measures. The ECB's actions can be explained by the process of policy learning gained from its direct experience with previous crises. The ECB's learning process concerned policy objectives, including its function as a lender of last resort to euro area banks and sovereigns, and the instruments to deploy in crisis management, such as asset purchase programs, liquidity provisions via long-term refinancing operations and international swap lines. The importance of timing (quick action) was also emphasized (Quaglia and Verdun, 2023). This raises the question of whether other EU institutions and the member states have learnt from experience. In the context of persistent inflation, it also raises the question of whether policymakers might have learnt lessons from recent crises but might have forgotten lessons from the past.

The final mechanism of ideational change in policy-making institutions has to do with the change of *top-level officials and senior personnel*: new people, with different economic ideas, because of their educational training or professional background, reach a position to make decisions, or advise those making decisions. For instance, Quaglia and Verdun (2025) argue that the internal organic evolution of ECB, specifically, the turnover of senior managerial staff at the Bank, has facilitated the evolution of economic thinking at the Bank. Whereas the "old" paradigm prioritized price stability, the revised paradigm could be characterized as a "multidimensional stability"paradigm. To substantiate this argument, Quaglia and Verdun (2025) collected data on the previous (national) central bank experience of these staff, in other words, whether they had worked in national central banks before taking up their position at ECB. Since the ECB's thinking was initially heavily informed by the prevailing "price stability" paradigm at the Bundesbank, of particular interest was whether the share of former Bundesbank officials at ECB had changed over time. If such a percentage had diminished between 2000 and 2020, that would contribute to explaining why ECB "thinks" less as the Bundesbank would do. The data collected suggests that the number of ECB senior managers previously coming from national central banks decreased over time. As ECB matured, many more new recruits, that is people who had joined ECB as their first significant professional position, climbed the professional ladder within ECB. Thus, a new generation of top and mid-senior level policy makers were well positioned to act as conveyor belts of new economic ideas. At the same time, once ECB had established its credibility, it became less disciplined in blocking dissenting opinions and allowed for a freer discussion (Quaglia and Verdun, 2025).

The third issue raised by Ivo's essay is the role of elites in the making of EMU and the fact that both technocrats and politicians were able to set up EMU by relying on the so-called permissive consensus that prevailed at that time in favor of European integration.

Let me elaborate on these points in turn. Both the Werner Committee and the Delors Committee were staffed by technocrats, meaning senior civil servants dealing with macroeconomic matters. The "ideational" literature suggests that it is often easier to reach an agreement among "*experts*," who tend to adopt evidence-based reasoning and engage in joint deliberation. Technocrats, who often have similar professional backgrounds, meet each other quite frequently at EU or at other international fora that are insulated from domestic politics (Mourlon-Druol, 2012; Radaelli, 1999). Being civil servants, they are disinclined to politicize issues they are dealing with (not least to avoid the interference of politicians) and are not driven by the desire to score political points. For example, Amy Verdun (1999) characterized the Delors committee as an "epistemic community" of central bankers. Yet, experts and technocracies are not in good currency nowadays: politicians and public opinion distrust experts, who are less able than in the past to work insulated from domestic politics. Thus, the technocrats who played such a key role in moving forward EMU would have a much harder time today.

Moreover, when EMU was agreed upon, there was a permissive consensus towards EU, meaning that the process of European integration was supported by mainstream political parties and most of the public opinion across the member states. Thus, policymakers were able to decide on important EU issues without much public interference. By contrast, over time there has been a shift from a "permissive consensus" to a "constraining dissensus" towards European integration (Hooghe and Marks, 2008). EU matters, including technical ones, are increasingly politicized, that is, they are given a political tone and tend to polarize political parties and public opinion (De Wilde and Zürn, 2012; Schmidt, 2019). The EU and its institutions (for instance, ECB, see Macchiarelli, Monti, Wiesner and Diessner, 2020; Tortola, 2020) have become targets for contestation. The combination of distrust of *technocracies* and *politicization* of EU provides a context that is very different from the one in place when EMU was agreed upon.

Finally, in the final part of his essay, Ivo traces the evolution of the macroeconomic policy paradigm in EMU from the first decade of the Euro to the unfolding of the pandemic-related economic crisis. Specifically, the essay argues that in response to the Great Financial Crisis of 2008, EU policymakers adopted "expansionary budgetary and monetary policies, which marked a return to Keynesian economics." In response to the sovereign debt crisis, EU policymakers adopted a range of measures such as fiscal austerity, financial assistance, non-conventional monetary policy and the establishment of Banking Union. In response to the pandemic, the Stability and Growth Pact was suspended, the ECB set up a Pandemic Emergency Programme and new funding initiatives were launched at the EU level, notably the Next Generation EU funding package. The aim was not only to boost aggregate demand, but also to support countries mostly hit by the pandemic and to strengthen the economic growth potential of EU.

Conclusions

Ivo's essay is a fascinating reading for all those interested in the process of European monetary integration. It provides important pointers to better understand the trajectory of EMU. Finally, it invites us to reflect on the role of economic ideas and economic experts in policymaking in the EU as well as elsewhere.

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