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# European Economics and the Early Years of the International Seminar on Macroeconomics

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## Abstract

The International Seminar on Macroeconomics (ISoM) is an annual conference, which was co-sponsored during 15 years (1978-1993) by the French EHESS and the NBER. This article uncovers the scientific and institutional dynamics unrolling from this cooperation. We argue that macroeconomists gathered by the ISoM contributed greatly to the making of a European network of economists sharing similar professional and intellectual standards.

We illustrate how the ISoM stood at the crossroad of two types of ‘internationalisation’ of economics: the integration of European national communities and the process of ‘Americanisation’ of economics. While existing literature on ‘internationalisation’ focuses on the national level, our contribution investigates the European level. Moreover, we unveil how two research programmes in macroeconomics (namely the disequilibrium theory and large-scale macroeconometric modelling) played a significant role in this process.

**Keywords:** International Seminar on Macroeconomics; National Bureau of Economic Research (NBER); Ecole des hautes études en sciences sociales (EHESS); Disequilibrium Theory; Large-Scale Macroeconometric Modelling

**JEL codes:** A11, A14, B22, B30

L'économie européenne et les premières années de l'International Seminar on Macroeconomics

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## Résumé

L'International Seminar on Macroeconomics (ISoM) est une conférence annuelle co-financée, pendant 15 ans (1978-1993), par l'EHESS et le NBER. Cet article expose les dynamiques institutionnelles et scientifiques sous-jacentes à cette coopération. Nous suggérons que les macroéconomistes rassemblés par l'ISoM contribuèrent grandement à la constitution d'un réseau européen d'économistes, partageant certains standards intellectuels et professionnels.

Nous montrons que l'ISoM se situait au croisement de deux types d' 'internationalisation' de l'économie : l'intégration au niveau européen des communautés de recherche nationales, ainsi qu'un processus d' 'américanisation' de la discipline. Alors que la littérature existante sur l' 'internationalisation' se concentre plutôt sur le niveau national, notre article étudie ce processus à l'échelle européenne. 'A cet égard, nous mettons en évidence le rôle clé joué par deux programmes de recherches en macroéconomie : la modélisation macroéconométrique à grande échelle et la théorie du déséquilibre.

**Mots-clé** : International Seminar on Macroeconomics ; National Bureau of Economic Research (NBER) ; Ecole des hautes études en sciences sociales (EHESS) ; théorie du déséquilibre ; modélisation macroéconométrique à grande échelle

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# Introduction

The International Seminar on Macroeconomics (ISoM) is nowadays a renowned conference, sponsored by the National Bureau for Economic Research (NBER), and held each year in a different European city. The ISoM is a ‘hotspot’ for research: some of the most-cited contributions to macroeconomics have been presented during the ISoM. Jeffrey Frankel (the current co-chair of the ISoM) advertises proudly the “10 classic ISoM papers” and the “ISoM Greatest Hits”.<sup>1</sup>

The ISoM started in 1978. Since, it has changed significantly. The ISoM has not always been solely the ‘NBER seminar in Europe’. From 1978 to 1993, the ISoM was annually co-organised by the NBER and the French École des Hautes Études en Sciences Sociales (EHESS). George de Ménil (EHESS) and Robert Gordon (Northwestern) served as co-chair of the Seminar during this period. This article uncovers the scientific and institutional dynamics unrolling from this co-operation. The ISoM, we argue, contributed establishing a European network of economists, sharing distinctive intellectual and professional standards. Notably, the Seminar gathered macroeconomists who were leading the development of this broader European network of economists.

The ISoM stood at the crossroad of two types of ‘internationalisation’ of economics. On the one hand, the integration of national communities into transnational networks—in our case, at the European level; on the other hand, the process of ‘Americanisation’ of economics, i.e. the adoption of professional and intellectual standards that were already widespread in the US. During the postwar era, several initiatives supported cooperation across Europe, as well as between Europe and the US—both in academia and in policy institutions. Historians have already commented upon these exchanges, which contributed to the ‘internationalisation’ of economics (Fourcade, 2006), and, in most cases, coincided with its ‘Americanisation’ (Coats, 1996). The literature discusses how ‘internationalisation’ conveyed specific intellectual and professional standards: a greater importance was granted to quantitative techniques (especially to econometrics) and to mathematical economics, while English became the language of academic conversations (Sandelin and Ranki, 1997). Henceforth, there is a thin boundary between ‘internationalisation’ and ‘Americanisation’, since these standards were distinctive of US economics.<sup>2</sup> This change in standards was supported by national institutions

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1. <https://scholar.harvard.edu/frankel/international-seminar-macroeconomics-isom> [retrieved 15/11/2019]. These lists include, among others, Giavazzi and Pagano (1988), Clarida et al. (1998), and Smets and Wouters (2003).

2. These intellectual standards became widespread in US economics only in the postwar era (Morgan and Rutherford, 1998), also thanks to European émigrés working in the US (Hagemann, 2011). Ironically, such standards became a matter of conflict in Europe, especially in the 1970s and 1980s (Fourcade, 2006).

across the world, in particular new academic departments and research centres. For instance, departments started favouring the recruitment of economists with international experience (see Ikeo, 1996 for Japan or Helgadóttir, 2016 for Italy); research centres supported specific initiatives fostering the international circulation of personnel and ideas (Düppe, 2017). Finally, US-inspired training programmes (notably for PhDs) were established (see Backhouse, 1996 for the UK).

The aforementioned literature focused on the internationalisation of economics mainly at the national level—noticing though some cross-country patterns.<sup>3</sup> Conversely, our article addresses this process at the European level (intended, narrowly, as the members of the then European Economic Community; ‘Europe’ hereafter). The case of the ISoM illustrates the dynamics of European integration of economics in the 1970s and 1980s: (1) The ISoM fostered the dialogue and cooperation between participants: until the mid-1980s, this strengthened a European research network and encouraged to establish new research institutions; (2) this research network and these institutions were built on a common ground of intellectual and professional standards, which broadly corresponded to the US standards; however, (3) though the research presented at the ISoM constituted a vehicle of Americanisation, the research agenda of European macroeconomics differed in content from the US one—at least until the mid-1980s. Many European macroeconomists (i.e. macroeconomists based in Europe) rallied behind the development of large-scale macroeconometric models—whereas these models constituted a dividing issue for US macroeconomists in the late 1970s. Other European macroeconomists were developing the disequilibrium theory—whereas this approach was far less fashionable in US universities.

The internationalisation of European economics is better understood considering the ISoM *and* the content of the discussions within the ISoM. Macroeconomics, we argue, played a key role in conveying the integration of European national communities of economists. The collapse of Bretton Woods and the European integration fostered macroeconomists’ feeling that discussion platforms at European level were necessary. Floating exchange rates, the increase in international capital flows, and the subsequent spillover effects of national economic policies at the European level generated new pressing issues for macroeconomists.<sup>4</sup> The core scientific content of the ISoM resulted from this economic context and from the related research priorities for macroeconomics: establishing cross-country econometric studies, performing comparisons of national macroeconometric models, explaining exchange rate dynamics, and discussing European economic policy cooperation. Our work thus suggests that macroeconomics played a key role in conveying the integration

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3. Polak (1996) on the IMF and Maes (1996, 1998) on the European Commission are notable exceptions of studies investigating trans-national cooperation.

4. We are not saying here that these open-economy issues were not important for US macroeconomists; they were just less pressing than for Europeans.

of European economics. Notably, scholars involved in creating and animating the ISoM network in macroeconomics seem to have played a crucial role in establishing broader European networks for economics (such as the European Economic Association and the Center for Economic Policy Research).

Our investigation of the ISoM early history (1978-1993) combines five methods: the study of the analytical content of the ISoM proceedings (about 110 articles and 220 discussions); our interviews and correspondence with 7 key ISoM participants; the analysis of the archives of the Maison des Sciences de l'Homme (MSH), providing some insights into the ISoM organisation; the prosopography (the study of collective biographies; Svorenčík, 2018) of the participants to the first 16 ISoM meetings (1978-1993); finally, we rely on our prosopographic database to conduct a network analysis of the ISoM participants. The network analysis identifies the different communities converging to the ISoM meetings and their evolution.

Section 1 and 2 explain why the ISoM stood at the crossroads for the development of a European network of economists. Section 1 puts the origins of the ISoM in perspective with different individual and collective trajectories, starting in the 1960s and then converging in the 1970s towards the common goal of establishing a European network for economics. Section 2 shows how the ISoM helped to strengthen this network. The Seminar encouraged cross-country collaborations, notably on macroeconometric modelling and on the disequilibrium theory. These research programmes reveal the ambivalence of the Americanisation process: if US standards emerged as the proper way 'to do' economics within the ISoM, what brought together European macroeconomics were research programmes differing from the US ones. Furthermore, during the mid-1980s, a set of European initiatives were developed by the ISoM core group (i.e. the organisers and a few participants attending the Seminar very regularly). Finally, Section 3 outlines the progressive disappearance of any European peculiarity within the ISoM after the mid-1980s—as illustrated by two phenomena: the rising centrality of US macroeconomists in the ISoM network and the marginalisation, within the ISoM debates, of both large-scale macroeconometric modelling and the disequilibrium theory.

## 1 The origins of the ISoM

On September 10<sup>th</sup> 1978, in Paris, the participants to the first ISoM gathered for a pre-conference cocktail. 21 researchers have arrived from the US, France, the Federal Republic of Germany (FRG), the UK, Italy, Canada, and Belgium. For the following two days, the Seminar was hosted by de Ménénil (co-chair of the ISoM) at the MSH (the main facility of the EHESS). During the second day lunch break, the Advisory Committee discussed the main lines of the organisation for

the following year.<sup>5</sup> The success of the first edition encouraged them to keep the structure of the Seminar unchanged: a small conference (around 25 participants), by invitation only (all participants were selected by the advisory committee), with only seven papers presented, and two discussants assigned to each paper—one US-based discussant and one Europe-based (CHMA, 5A2/215, de Ménil, “A project for a series of European conferences on Macroeconomic policy”, n.d., 1978).

Two organisational issues were still unresolved for the second ISoM (scheduled for September 1979, same venue). The first issue was the publishing of the articles (and related discussions) as an annual ISoM Special Issue of the *European Economic Review* (EER). During the subsequent months, de Ménil arranged the details in cooperation with Jean Waelbroeck, who was both a member of the ISoM advisory committee and the co-chief editor of the EER.<sup>6</sup>

The second unsolved issue was the institutional sponsorship of the ISoM. The idea and impulsion for establishing the ISoM came from Martin Feldstein, the president of the NBER since 1976. Feldstein had asked de Ménil and Gordon to serve as organisers (Gordon, 17/12/2017, Personal Communication; de Ménil, 26/10/2019, PC).<sup>7</sup> From the beginning, Feldstein was rather incline to organise the ISoM as a US-driven initiative—in short, a NBER conference held in Europe, with several European participants. De Ménil (with the support of William Branson and Richard Portes, NBER associates and Feldstein’s close friends) finally managed to convince Feldstein to promote the ISoM as a joint initiative (Benest, 2019, 245). This arrangement entailed a commitment of the EHESS to support the organisation of the ISoM—via the EHESS foundation, the Fondation Maison des sciences de l’Homme, chaired by Clemens Heller. This commitment will anchor the ISoM to the range of activities of the new EHESS economics research center.

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5. For the full list of the ISoM advisory committee and participants, see Online Appendix.

6. The EER would publish “a symposium based on the seminar papers”. The refereeing process would involve at least one participant to the Seminar. Each ISoM discussant had the opportunity to read the final version of the paper before submitting his comments. Waelbroeck would informally pre-select the papers during the conference—“if a paper is not good (or represents research which obviously has not matured), I will say so at the seminar.” (CHMA, 5A2/215, Waelbroeck to Gordon and de Ménil, 27/10/1978; 16/03/1979)

7. Feldstein’s presidency (1976-1982, 1984-2008) transformed deeply this institution, for instance by establishing the NBER Programs, which will coordinate Research associates’ activities on specific topics. Robert Hall and William Branson, who will be part of the ISoM advisory committee, chaired two of these NBER Programs.

## 1.1 De Ménil and economics at the EHESS

De Ménil completed his PhD dissertation on wage bargaining in 1968 at MIT.<sup>8</sup> De Ménil met Gordon during his years at MIT. Robert Hall and William Branson (who later became both part of the ISoM advisory committee) were also MIT PhD students during the same years and close both to Gordon and de Ménil (de Ménil, 26/10/2019, PC). After his PhD, de Ménil contributed to crafting the wage-price sector of the Federal Reserve Board-MIT-Penn (FMP) model (Backhouse and Cherrier, 2019, 437), then focusing on the distinction between short run and long run Phillips curve (de Ménil and Enzler, 1972) and the measurement of expectations (de Ménil and Bhalla, 1975).

After their PhD, Branson and de Ménil were both hired as Assistant professor at Princeton. They met there Portes, a US born economist educated in Oxford.<sup>9</sup> The three of them established a “close friendship” among “Europhile American” macroeconomists in Princeton (De Ménil, 26/10/2019, PC). Portes later joined de Ménil at the EHESS (*cf. infra*).

Despite his well-established network in the US, de Ménil decided to return to France in 1975. He joined the French national institute for statistics and economic research (INSEE) and took the lead of the development of METRIC, a new quarterly macroeconomic model (de Ménil, 26/10/2019, PC). During his three-year mission at the INSEE, de Ménil led a team of 14 people, developing METRIC: the model should cover both the French economy and its international linkages. In 1977, METRIC became operational, and served since then as a benchmark for establishing the INSEE quarterly forecast of economic activity (de Ménil and Nasse, 1977).

In 1978, de Ménil left the INSEE and was appointed to a permanent position at the EHESS. De Ménil’s scientific initiatives would become a driving force dragging the transformation of economics at the EHESS.

The EHESS was established in 1975 as an autonomous ‘grande école’ (an higher education institution, distinct from public universities). Nevertheless, the EHESS was not created *ex nihilo*: it stemmed from the social sciences department (called the Sixth Section) of the École Pratique des Hautes Études (EPHE). The sixth section constituted a cutting-edge research centre in social sciences.<sup>10</sup> In 1975, the sixth section took its administrative independence from the EPHE, then becoming the EHESS.

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8. De Ménil emigrated with his family to the US during WWII; he acquired the US citizenship in the 1960s.

9. Portes had completed a PhD about the microeconomic and macroeconomic analysis of planned economies (Portes, 29/10/2019, PC). In Oxford, Portes was a fellow student and a friend of Feldstein and John Flemming: all later became part of the ISoM core group.

10. See Benest (2019) for a thorough account of the origins of the sixth section and of the evolution of economics within the EHESS.



At the creation of the EHESS, economics had become a somehow marginal research area, as the recruitment of economists at the sixth section had declined for a decade (Godechot, 2011; Benest, 2019). The historians Jacques Le Goff and François Furet (respectively, the first director of the EHESS and his nominated successor) decided to reverse this trend. A new recruitment round was launched in 1977. An EHESS economist, Serge-Christophe Kolm, started an intense lobbying to persuade Le Goff and Furet that the best strategy would be to hire an economist with an international stature, who would develop a research agenda abiding by the US standards for economics (Benest, 2019, Chap. 4).<sup>11</sup> Furet and Le Goff acknowledged the potential benefits of this recruitment policy; they likely sought the advice of Malinvaud about suitable candidates (Mairesse, 02/10/2019, PC).

Kolm had met de Ménil a few months earlier and had suggested him to apply (de Ménil, 26/10/2019, PC). The campaign to support de Ménil's application was successful and his hiring was the first in a line of similar appointments between 1978 and 1985 (Godechot, 2011; Benest, 2019). The economists joining the EHESS during this period held a strong mathematical/engineering background and international credentials (studies abroad, visiting positions in the US, international collaborations). The first two economists to join de Ménil played a particularly important role in internationalising economics at the EHESS.

Jacques Mairesse was appointed to a permanent position in 1978. Mairesse graduated from the École polytechnique; he worked at the INSEE since 1965. He had been visiting research fellow at MIT (1971-1972) and at Harvard (1979), where he started working with Zvi Griliches. Following this cooperation, Mairesse became a NBER research associate and a member of the NBER Program on Productivity chaired by Griliches (Mairesse, 02/10/2019, PC). Mairesse will collaborate with de Ménil in the first years, including as an ISoM advisory committee member.

In 1978, thanks to de Ménil's invitation, Portes became a *Directeur de recherche associé* (Associated Research Fellow) at the EHESS. He then shared his time between Paris and his main appointment in London, at Birkbeck College (Portes, 29/10/2019, PC). Although Portes was not a member of the ISoM advisory committee, he became instrumental to broaden the set of international initiatives in economics (*cf. infra*).

Newly hired economists joined the new EHESS research centre, the Centre of Quantitative and Comparative Economics (CEQC). Le Goff and Furet had explicitly asked de Ménil to launch and develop the CEQC, with the support of Mairesse (de Ménil, 26/10/2019, PC; Mairesse, 02/10/2019, PC). De Ménil's scientific project for the CEQC reflected his own perspective for the development of

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11. Kolm belonged to the tradition of French 'ingénieurs économistes' (Fourcade, 2009), like his EHESS colleague, Edmond Malinvaud. Their work in econometrics and mathematical economics was closer to US standards. Kolm had himself an international profile as he had worked at Harvard (1963-1967) and Stanford (1967-1972).

economics. De M  nil presents his view at the time as open to any kind of theoretical approach—“the CEQC was not a school of thought” (de M  nil, 26/10/2019, PC). Nonetheless, de M  nil wanted to promote a clear methodological standpoint, “a discipline” about the proper way of conducting economic research, that all CEQC members would share (*ibid.*). De M  nil believed that economics should be based on consistent theoretical assumptions (marshalled by mathematical reasoning, especially through models). However, any theoretical assumption must be tested statistically; the crux of any development in economics lied then in empirical assessment throughout econometrics (*ibid.*). Henceforth, empirical methods should represent the true common ground to economists, regardless of their theoretical (and policy/political) views (*ibid.*). The research programme of the CEQC was defined along these guidelines: its core was “comparative econometrics,” an approach “methodologically and conceptually rather original in France” at the time (CHMA, 5A2/204, CEQC Programmatic document, 26/08/1980).

To de M  nil, the debate with scholars from other countries was an essential aspect of this methodology. The strategic vision for the development of the CEQC was oriented, accordingly, towards fostering international exchange between the CEQC researchers and other European and US economists. The ISoM was fundamental for launching the CEQC internationalisation strategy: it was the best testimony of the CEQC wish “to build a network of relations with scientific institutions in Europe” (*ibid.*, 17/10/1978).

## 1.2 The ISoM and European economics

The ISoM represented a somehow unique initiative in the context of the late 1970s. In Europe, there was almost no other seminar gathering on an annual basis macroeconomists from different European countries and the US.<sup>12</sup> This lack of direct dialogue was pointed out as one of the main motivation of the ISoM. The Seminar, the organisers claimed, was precisely designed to reinforce inter-European and trans-Atlantic dialogue. In their introduction to the first ISoM special issue in the EER, eloquently titled “Beyond Misconceptions”, Gordon and de M  nil (1980, 1) argued that in Europe, economists “in universities are relatively isolated both from decision making in government and from their counterparts in other European countries.” A “more ample dialogue on policy matters” was needed “between the United States and Europe, and across national and institutional boundaries within Europe” (*ibid.*). The purpose of the ISoM was to overcome these three boundaries by “bring[ing] together American and European scholars and policy-makers ... for a high-level examination of selected macroeconomic issues.” (*ibid.*)

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12. To the best of our knowledge, the European meetings of the Econometric Association (starting in 1947) was the only other similar initiative to the ISoM (i.e. an annual conference held in Europe and attended both by prominent US and European economists).

However, if somehow unique, the creation of the ISoM belongs to a broader process of internationalisation of economics that was accelerating in the 1970s. A closer look to the transformations of European economics at that time, and more specifically to the economists involved, unveils how individual and national patterns converged towards the ISoM. The Seminar gathered several macroeconomists that were leading this process of internationalisation.

We already mentioned how the newly established CEQC fitted with the internationalisation process.<sup>13</sup> Moreover, besides the ISoM, the CEQC has been supporting several other initiatives in the same spirit. Shortly before the ISoM, the CEQC organised (with the support of the British Social Science Research Council) an “Anglo-French Colloquium” (*MSH Information*, 05/1977). This eventually became an annual series, co-organised by Portes (from 1979 to 1986; *MSH Information*, 01/1979; 08/1981; Summer/1986).<sup>14</sup>

In this process of establishing a European research network for economics, a Belgian research centre—the Center for Operations Research and Econometrics (CORE)—had held a leading role well before the creation of the CEQC (Maes and Buyst, 2005; Döppe, 2017). The CORE was established by Jacques Drèze in 1966 at Université Catholique de Louvain, on the model of the Cowles Commission and the Carnegie Institute of Technology, which Drèze visited in the 1950s (Döppe, 2017). The CORE promoted economic research based on mathematics, statistics, and econometrics. However, the econometric expertise of the CORE was much indebted with the development of a research programme in econometrics and macroeconometric modelling at the nearby Université Libre de Bruxelles (ULB), under the lead of Waelbroeck (Maes and Buyst, 2005, 79). A distinctive feature of the CORE was the large visiting programme, which attracted both European and US scholars.

After the creation of the CORE, other similar economics departments in Europe emerged. Three future members of the ISoM core group were key players in this movement, namely Portes, Giorgio Basevi, and Heinz König. Coming back from Princeton in 1972, Portes joined Birkbeck College (University of London) as the head of the newly established Department of Economics. The new department hired international-oriented economists, engaging with mathematical economics and econometrics—and, even more specifically, with the disequilibrium theory, which became a distinctive feature at Birkbeck (Portes, 29/10/2019, PC). A similar transformation was on the way at the University of Bologna. At the time, most Italian economists were relatively hostile to US economics, though it was rather open to international exchanges (in particular with Cambridge, UK; Porta, 1996;

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13. The establishment of the CEQC echoed a broader trend in France, which started in early 1970s (Fourcade, 2009).

14. Each year, the Colloquium had a different topic like, for instance, “income distribution and social mobility issues” (1977) or “Macroeconometric modelling” (1982).

Basevi, 09/11/2019, PC). Beniamino Andreatta (the Chair at Bologna Istituto di Scienze Economiche at the time and one of the most recognised macroeconometricians in Italy) endeavoured to change this situation by opening the Department to both “the Cambridge (US) school” and the “Chicago school” (Basevi, 09/11/2019, PC). Andreatta pushed for Basevi to come to Bologna in 1972.<sup>15</sup> Later (1978-1979), Basevi served himself as chair of the Department of Economics in Bologna. Another member of the ISoM advisory committee, Heinz König became chair of the Department of Economics of University of Mannheim in 1968.<sup>16</sup> He impulsed new research practices of the department—a process culminating with the foundation of the Leibniz Centre for European Economic Research (in 1991).

A few initiatives were conceived on a European scale. In 1961, the European Scientific Association of Applied Economics (ASEPELT) was created by Waelbroeck and Etienne Kirschen.<sup>17</sup> The Association published regularly a bulletin and symposia (in English) gathering research in econometrics and mathematical economics (Waelbroeck and Glejser, 1969, 4). Starting from 1969, this Association published a journal, the *European Economic Review*. Waelbroeck served as first editor of the EER along with Herbert Glejser (also from ULB). The purpose of the journal was to advertise mathematical and applied (econometric) research (Waelbroeck and Glejser, 1969). Articles in the EER were published exclusively in English: the editors pointed that English was to be the “*lingua franca* of economics” supporting the process of “internationalisation of our science” (Waelbroeck and Glejser, 1969, 4).

Waelbroeck and Glejser’s polemical piece unveils a conflictual aspect underlying the internationalisation of economics, emphasised by Fourcade (2006). Within this process “local conflicts” had emerged between “nationally-oriented” economists (locally trained) and “internationally-oriented” economists (who were fully or partially trained in the US). Local conflicts had obviously an institutional dimension, in particular about the value and relevance attributed to different types of credentials (training, publications, etc.) for determining hiring and promotion (like in the case of the EHESS). Nevertheless, these conflicts also reflected a debate between two different views of the standards for economics: nationally-

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15. Basevi held a PhD from Chicago (1965); he worked for the European commission (1965-1966), then became an Assistant professor at the Université Catholique de Louvain. Even if Basevi was not affiliated to CORE, he attended many CORE seminars (Basevi, 29/10/2019, PC). Basevi’s early work was already focused on open-economy macroeconomics (Basevi, 1973).

16. König held a PhD from Mainz University. He had been a Rockefeller fellow and visited MIT, Stanford and Harvard in the late 1950s. Since the early 1950s he had contributed to developing and popularising macroeconomic models, with a specific focus on investment behaviour and wage and price determination (König, 1971).

17. Kirschen was a senior colleague of Waelbroeck at ULB. Kirschen’s research at ULB contributed to Keynesian hydraulic modelling and input-output analysis. He had been instrumental in establishing ULB the Department of Economics reputation (Maes and Buyst, 2005).

oriented economists, in particular in Europe, worked in a “political economy” tradition, while “internationally-oriented” economists favoured the newly established US standards based on a “scientific” economics tradition (Fourcade, 2006). When local conflicts arose, it became crucial for internationally-oriented economists to join forces. The European initiatives that we have just described would fit with this dynamics, forging closer links for internationally-oriented economists, giving them a further opportunity to gather, to promote their works, and to disseminate their vision of economics.

One crucial domain for disseminating such views was policy-making circles, and policy debates broadly. As mentioned earlier, “bringing together European scholars and policy-makers” was one of the purposes of the ISoM (de Ménil and Gordon, 1980, 1). However, the achievements of ISoM in this respect were mixed. The ISoM was certainly well-attended by macroeconomists working in policy institutions such as central and international organisation. Policymakers *strictu sensu* (central bankers, elected government officials, etc.) were also sometimes attending the ISoM, in particular as guest speakers for the “policy round table” held every year at the end of the first day.<sup>18</sup> Moreover, policy round tables (as well as several individual ISoM papers) often addressed issues relating to European economic integration (including, notably, the development of the European Monetary System, industrial and competition policies, coordination of fiscal and monetary policy). From 1984 onward, the ISoM was increasingly hosted (and co-sponsored) by central banks (see Table 2, Online Appendix), thus reflecting the broader dynamics of the discipline (see e.g. Claveau and Dion, 2018).

The ISoM emerged in this context of a progressive internationalisation of European economics. By the mid-1970s, several individual and collective initiatives in societies and academic departments were already well-established. Henceforth, the ISoM was in the “spirit of the times” (de Ménil, 26/10/2019, PC). Nevertheless, the first years of the ISoM strengthened the dynamics of inter-European and transatlantic integration.

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18. Governors of national and local central banks (e.g. German Laenders’ central banks) have attended the ISoM (e.g. Jacques de la Rosière, former IMF director and then governor of the Banque de France; Norbert Kloten, president of the central bank of Baden-Wurtemberg).

## 2 The ISoM and the making of a European network

### 2.1 The ISoM network in the early years

To get a clear picture about how different communities of macroeconomists came together at the ISoM, we performed a network analysis for three sub-periods (1978-1982; 1983-1987; 1988-1993).<sup>19</sup>

The fundamental principle underlying network analysis is to connect ‘nodes’ through ‘edges’. In our analysis, the 246 participants of the 16 ISoM meetings (1978-1993) are the ‘nodes’. The ‘edges’ represent, in our case, a set of professional relationship between the ISoM participants. These relationships are *pre-existent* to the attendance of a given participant to his/her first ISoM meeting.

We draw an ‘edge’ between two participants when: (i) they have been PhD students together; (ii) they had the same PhD supervisor during their PhD; (iii) Participant X was the PhD student or the PhD advisor of Participant Y; (iv) they worked at the same time in the same institution (academic or non-academic) after their PhD; (v) they were involved in significant research activity outside their institution (e.g. an involvement with large-scale macroeconometric projects); or (vi) they co-authored a paper. Using the software GEPHI (Bastian et al., 2009), we used the Force Atlas algorithm (Jacomy et al., 2014) to shape the structure of our three networks (one for each sub-period). Force Atlas relied on an attractive force—bringing closer participants who are linked—and a repulsive force—moving away the participants with no link. For each network, we then applied the Louvain algorithm (with a resolution of 1), which identified ‘communities’ gathering the nodes that are the most connected together (De Meo et al., 2011).<sup>20</sup>

Figure 1 displays the results for the first sub-period. The relationships between the participants of the first five years (94 participants) allow a closer examination of the creation of the ISoM network.<sup>21</sup> Six communities are identified by the Louvain method. Four display a high proximity between nodes, testifying of a strong interconnectedness within the community. US-based economists belong either to

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19. Our comments here are merely a synthesis of the large amount of information available through the network analysis. More details are available as an Online Appendix. The partition in three periods was chosen as it best illustrates the evolution of the ISoM network, while keeping samples comparable in size. It does not correspond to any specific event or change in the organisation of the conference.

20. See the Online Appendix for further details on the Force Atlas and Louvain algorithms. Note that the network is different for each sub-period. Accordingly, the number of communities identified by the Louvain algorithm, their composition, and the features shared by their members differ for each sub-period.

21. Only 89 nodes appear on the graph, as we found no connection at all for 5 participants.

community 4 (gathering mostly Harvard scholars) or to community 3 (gathering scholars from all other US institutions). French-based (community 1) and UK-based (community 5) economists constitute the two European communities with the densest connections.

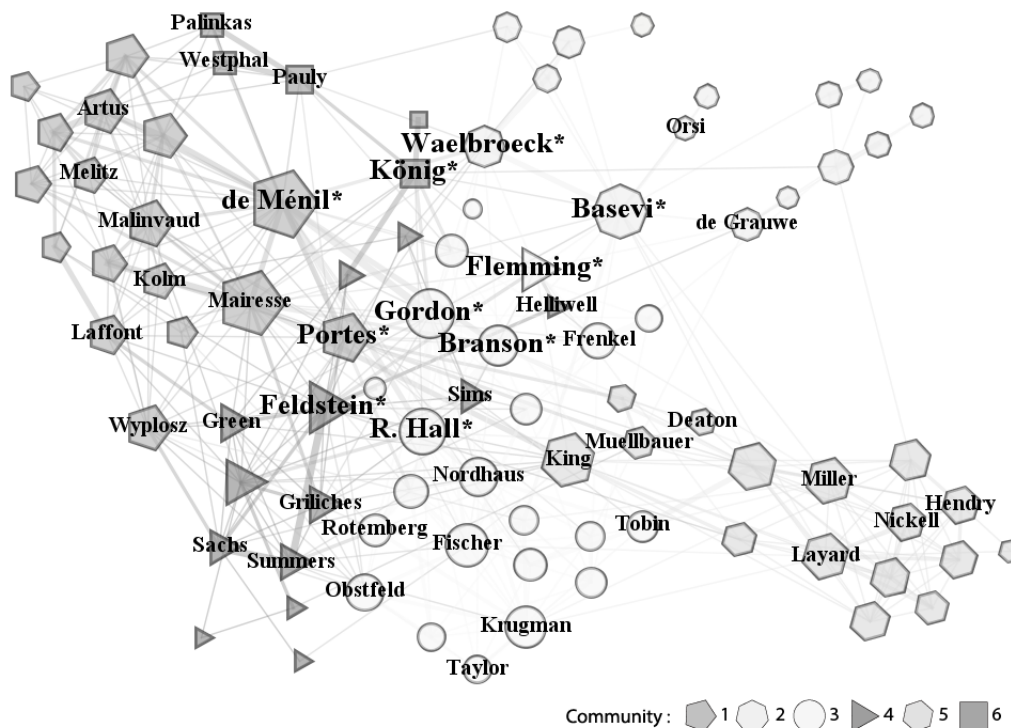


Figure 1 – The ISoM network (1978-1982)

Starred names in Figure 1 indicate economists belonging to the core group of the ISoM: they are all located at the centre of the graph or nearby. This signals their role in connecting the different communities. For instance, Waelbroeck, König and Basevi brought to the ISoM ‘isolated’ economists from different countries. The network analysis provides a visualisation of this ‘connecting role’, since Waelbroeck, König and Basevi link community 2 to the rest of the network.

This network analysis draws a general picture of the relationships existing across the ISoM participants and their communities. The US group already formed a tightly connected network; conversely, the Seminar (and its organisers) were able to bring together different European communities. This was possible through individual professional relationships. Nevertheless, this process was also fostered

by European research programmes and new collective initiatives.

## 2.2 Two research programmes for European economics

The ISoM was successful in connecting European macroeconomists together. These connections were also the result of convergences towards common research programmes, namely large-scale macroeconometric modelling and the disequilibrium theory.

### Large-scale macroeconometric models

Numerous discussions on macroeconometric modelling took place in the early years of the ISoM. They expressed an unaltered confidence in large-scale macroeconometric models, despite the rising importance of Lucas's (1976) and Sims's (1980) criticisms (Salazar and Otero, 2019; Goutsmedt et al., 2019). During the first meeting, Sims presented a criticism of large-scale models (Sims, 1978, a forerunner of the famous Sims, 1980). Malinvaud and John Helliwell both defended large-scale macroeconometric models and criticised Sims's approach, which they saw rather as complementary to structural models (see *MSH Information*, 11/1978, 19-21).<sup>22</sup> Similarly, ISoM participants were not bewildered by the Lucas Critique, which was sometimes raised at the Seminar.

Some organisers and attendees were involved in national and international projects of macroeconometric modelling—henceforth, the discussion at the ISoM showcased their enthusiasm towards these practices. When de Ménil moved back to France, he had already some experience in building large-scale macroeconometric models. He continued working on this line of research both during his mission at the INSEE (coordinating the inception of METRIC) and at the EHESS. The research project he prepared for establishing the CEQC set cross-country comparisons of large-scale models as one the main lines of investigation (CHMA, 5A2/204, CEQC Programmatic document, 26/08/1980). By 1979, de Ménil had already launched a French-German research project comparing METRIC and SYSIFO, a quarterly macroeconometric model of FRG, built in Hamburg.<sup>23</sup> The project led to the publication of a book edited by de Ménil and Westphal (1985), including two chapters previously presented during the ISoM (Artus et al., 1981; de Ménil and Westphal, 1982). The METRIC-SYSIFO project aimed at (i) understanding

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22. Helliwell, who was building a macroeconometric model of the Canadian economy, was invited by de Ménil in 1979 to share his experience about Canada and US models comparison with some members of the METRIC-SYSIFO project (*cf. infra*; CHMA, 5A2/207, de Ménil to Heller, 29/03/1979).

23. The project involved the CEQC, the CEPREMAP, and the INSEE in France, gathering 6 French economists and 7 from FRG (CHMA, 5A2/209, "Progress report", 10/1980).



the differences between French and West German economies, through the comparison of the two macroeconomic models, and (ii) performing several policy simulations. This line of research, pursued by the CEQC, was then also reflected in the ISoM. de M  nil and Gordon (1980, 256) pointed out the arising awareness among economists that countries seemed to react differently to the same shocks and were therefore more or less likely to benefit from the same policies.

Waelbroeck was a well-established figure in the macroeconomic modelling international community: he was one of the founders and leading figures of Project LINK (Waelbroeck, 1976). LINK (started in 1972) was an ambitious international macroeconomic model, connecting into a single platform several existing national or regional models (Waelbroeck, 1976). LINK was under Lawrence Klein’s direction and was hosted by Wharton Econometric Forecasting Associates Inc.

As European countries were developing national models, Project LINK had represented (in the couple of years immediately preceding the first ISoM) a first small network to foster exchange within this research programme. Basevi, in Bologna, contributed to the building of the Italian macroeconomic model for LINK (Andreatta et al. 1976; Basevi, 29/10/2019, PC). METRIC had been integrated to LINK only in the 1980s (Hickman, 1983). Other Europeans engaged with LINK, progressively developing an autonomous multi-country model of the European Economic Community. In the 1980s, the main hub for such project became the Directorate General for Economic and Financial Affairs (known as DG II) of the European Commission in Brussels.<sup>24</sup>

## Disequilibrium theory

As with macroeconomic modelling, the disequilibrium theory was at the core of the CEQC research programme. Portes was the CEQC representative of this line of research, focusing mainly on planned economies in Eastern Europe. He would be later joined by Laffont, who was appointed at the EHESS to work on the “new paradigm of a Walrasian economy with quantity constraints” and to the “development of econometric studies on disequilibrium economics” (CHMA, 5A2/207, Laffont application, n.d. 1979).<sup>25</sup>

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24. Andr   Dramais (presenting at the first meeting of the ISoM) lied down the foundations of such a model in his thesis (Dramais, 1974), under the supervision of Waelbroeck. The model evolved later into the Eurolink Project at the DG II (Ranuzzi, 1981).

25. Research on the disequilibrium theory at the EHESS (and in France more broadly) was not independent from the work on large-scale macroeconomic models. For instance, in the early 1980s, Portes received funding for a cross-country comparison of macroeconomic models for market economies—METRIC—and planned economies—the W-4 model for Poland, an in-progress model for Hungary, and the SOVMOD model of the USSR (CHMA, 5A2/211, Report to the Ford Foundation, 01/06/1980).

The disequilibrium approach was also central to the ISoM core group.<sup>26</sup> The ISoM shows how this research programme was following its own course throughout the 1980s. Two papers (Muellbauer and Winter, 1980; Sneessens, 1987) were particularly illustrative of such an ongoing development.

At the 1979 ISoM meeting, Muellbauer and Winter (1980) presented an article that incorporated the most recent theoretical and econometric advances of the disequilibrium approach.<sup>27</sup> First, their article contributed to the collective effort for modelling disequilibrium dynamics—going beyond the short-run static non-Walrasian model, which was disseminated as the ‘Barro-Grossman-Malinvaud’ model from the end of the 1970s (Backhouse and Boianovski, 2013). In line with Muellbauer and Portes (1978), they presented a dynamic disequilibrium model based on firms’ intertemporal optimising decisions about inventories, under the assumption that expectations were rational. Second, this model was disaggregated, for it investigated how disequilibria affected production, unemployment, and job vacancies in a particular sector (namely British manufacturing). Third, the model discussed the effect on exports, consistently with the recent theoretical extension of the disequilibrium literature to open-economy issues (Dixit, 1976). Fourth, Muellbauer and Winter (1980) estimated their model relying on a newly established methodology (as first suggested by Kooiman and Kloek, 1979) which made use of business survey data.

In his discussion, Malinvaud emphasised the article innovative character, suggesting that it could soon be “a landmark on the difficult route that macroeconomics must follow in order to correctly describe market adjustments.” (Malinvaud, 1980, 414) In particular, he praised the empirical strategy adopted and highlighted that it could enable a convergence between the disequilibrium approach and the current practice of large-scale macroeconometric models (see Renault 2019 for more details).

This new approach for estimating disequilibrium models later became standard, as reflected by the subsequent empirical papers presented at the ISoM. This is the case of Sneessens (1987), which also incorporated the additional theoretical advances of the 1980s.<sup>28</sup> First, Sneessens’s model was multi-sector, and both prices and employment resulted from an aggregation over individual firms (which

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26. For instance, Malinvaud was a regular participant to the ISoM and several ISoM contributions presented disequilibrium models.

27. John Muellbauer completed his PhD at Berkeley (1969). When he went back to the UK, he joined Birkbeck College (1972-1981). There, Muellbauer met David F. Winter, who was at Birkbeck in a temporary position (1975-1977).

28. Henri Sneessens graduated in 1980 economics at CORE (under Drèze’s supervision). His dissertation on the disequilibrium theory established him as a promising figure in this approach. He spent time both in the US (Princeton, 1978-1979), in the UK (LSE, 1980-1982), and France (Université de Lille, 1982-1985), before returning to Louvain.

might be in different disequilibrium regimes). Second, prices and capital stock were endogenously determined by profit maximising firms, consistently with Blanchard and Kiyotaki (1987)'s monopolistic competition framework. This did not entail market-clearing on the goods market, though, for firms faced imperfect information. In this regard, Sneessens (1987) followed the idea of "anticipatory pricing", devised by Green and Laffont (1981), also presented at the ISoM. Third, the famous three regimes distinction (repressed inflation, Classical and Keynesian unemployment) held on the short-run, but did not result from any *ad hoc* fixed-price hypothesis: disequilibrium regimes arose from the *ex post* rigid technical coefficients of firms' productive capacity and possible labour and capital shortages.

Sneessens (1987) succeeded in meeting the major concerns of the proponents of the disequilibrium approach, as it was apparent from Malinvaud's and Portes's enthusiastic comments. Malinvaud (1987, 811) trumpeted that "a new field [was] open for theoretical exploration" and that the "prospects appear promising." He even prophesied that Sneessens's article "[would] be referred as a pioneer in a literature that will develop during the coming years, and to which I hope to contribute." (Malinvaud, 1987, 809) Such enthusiastic comments illustrate that, for few supporters of the disequilibrium approach (to be sure the most ardent ones), this line of research was still promising at the end of the 1980s.

Europeans attendees of the ISoM (especially the core group) had common intellectual interests and research priorities. This could explain how this network emerged in the first place and how it strengthened during the first half of the 1980s. However, some new initiatives led by the ISoM core group would be even more crucial in forging and consolidating a European network for economics. Thus, whereas the ISoM was a relatively new and unique experiment in the late 1970s, it was less the case from the mid-1980s onward when new institutions emerged.

## 2.3 New European initiatives

The internationalisation of economics in Europe had taken a decisive turn in the 1970s-1980s. More intense exchanges were developed and European trans-national initiatives were established. The ISoM fitted with this European dynamics: it contributed to a network of initiatives that emerged in the 1980s. Two of these initiatives stand out as the most significant and lasting ones: the establishment of both the Centre for Economic Policy Research (CEPR) and the European Economic Association (EEA). The former was substantially oriented towards research in macroeconomics (though not exclusively), while the latter was clearly designed as an initiative addressing the entire profession. However, macroeconomists, notably those belonging to the ISoM core group, played a key role in the EEA

In 1983, Portes founded the CEPR, an institution aiming at supporting policy-

oriented research. Like de M  nil, Portes considered that inter-European dialogue was insufficient; moreover, European economists were less engaging with policymakers than their US counterparts. The structure and scope of the CEPR were inspired by Feldstein’s NBER. Portes and Feldstein discussed the advantages of structuring the CEPR as a “network” of researchers, as compared to establishing a research centre with “in-house” staff (Portes, 29/10/2019, PC).

The purpose of the CEPR was to support its network of Research Fellows in producing research and, most importantly, disseminating it to policymakers. Programme Directors of the CEPR provided “intellectual leadership” for research and appointed Research Fellows (Portes and Yeo, 2001). In 1984, the CEPR advertised four research programmes (CHMA, 5A2/211, *CEPR Bulletin* 0, June and December 1983). Willem Buiter (ISoM participant 1981) was serving as Programme Director for International Macroeconomics. More generally, one quarter of the 50 CEPR Research Fellows in 1984 had already attended the ISoM (*ibid.*). In the first years of activity, the geographical basis of the CEPR members was mostly the UK (UK-based economists accounted for three quarters of Research fellows, the remaining Fellows being mostly based in US institutions; *ibid.*). Nevertheless Portes envisioned from the beginning that the CEPR will engage more substantially with the task of building a truly inter-European dialogue:<sup>29</sup> a few years later, the list of CEPR Research Fellows featured a more balanced distribution between Britons, Europeans and Americans.<sup>30</sup> Rapidly, the Centre expanded its activities and became highly visible and influential in Europe, both for academics and policymakers. By 1989, the CEPR was publishing more than 100 discussion papers per year, and had more than several thousand subscribers to its *Bulletin* (Portes and Yeo, 2001). Above all, the CEPR gathered more than 400 Fellows and organised about 30 conferences and workshops per year.<sup>31</sup>

In 1985, the CEPR moved forward by launching its journal *Economic Policy*. The idea came from de M  nil (Portes, 29/10/2019, PC), who envisioned this as the European equivalent of the *Brookings Papers on Economic Activity*.<sup>32</sup> De M  nil also engaged substantially with the scientific and editorial coordination—including securing the support of the MSH and the EHESS for the new journal (de M  nil, 26/10/2019, PC; CHMA, 5A2/211, Portes to Heller, 12/02/1985). Like the *Brookings Papers on Economic Activity*, *Economic Policy* also organised twice a

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29. Conversely to what others had suggested to him—some called for the CEPR to develop as a UK-based institution (Portes, 29/10/2019).

30. By 2001, for instance, 52% of CEPR Research fellows were based in continental Europe, and only 24% were based in the UK (Portes and Yeo, 2001, 12).

31. Portes advocated “developing large-scale collaboration from small-scale initial contacts” (CHMA, 5A2/211, Portes to Heller, 07/12/1984).

32. The ISoM system of having two discussants was also purposefully inspired by the practices at Brookings (Gordon, 17/11/2017, PC).

year an Economic Policy Panel for discussing papers commissioned by the editors. The first meeting was held in Paris, at the MSH in 1985—two days ahead of the annual meeting of the ISoM.

Portes was willingly and purposefully supporting this internationalisation of economics in Europe through his engagement with the EHESS, the participation to the ISoM, and the foundation of the CEPR and *Economic Policy*. Moreover, Portes publicly advocated his vision for European economics. In 1986, the European Commission organised hearings about the state of economics in Europe, notably in comparison to the US. In a published version of his hearing, Portes (1987, 1338) advocated notably the creation of “first class PhD programmes in Europe” and the use of English as *lingua franca* for research and training. Portes highlighted that the recent creation of the EEA constituted an important step towards bridging the gap between Europe and the US. In the aftermath of this consultation, the Commission established a three-year funding programme “promot[ing] an exchange of knowledge and mobility of economists between the Member States”.<sup>33</sup>

Waelbroeck and other Belgian-based macroeconomists were instrumental in establishing the EEA in 1985 (Maes and Buyst, 2005, 80). They appointed Drèze as the first EEA President; the secretarial office was hosted by the CORE (Düppe, 2017, 269). The first meeting, held in Vienna, gathered 650 participants (Portes, 1987); few months later, the EEA had 900 members. Henceforth, the EEA annual meetings became rapidly the most important rendezvous for European economists. The structure of the EEA mimicked all the features of the American Economic Association: a summer school for PhD students, a similar structure of the governing bodies, a job market event at the annual meeting. The EEA also supported financially the organisation of the ISoM (from 1988 until 2003; Clarida et al., 2006) and continued hosting an ISoM special issue in the EER (which then became the official journal of the EEA).

### 3 Towards a less European ISoM?

From the mid-1980s onward, ISoM debates reveal how US and European macroeconomics were diverging. Progressively, the disequilibrium theory and large-scale macroeconometric modelling disappeared from the ISoM. Our comparative network analysis uncovers a parallel evolution. The ISoM organisers based in Europe were marginalised in the network, while US macroeconomists became more central in establishing relations across ISoM participants.

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33. <https://cordis.europa.eu/programme/rcn/30/en> [retrieved 21/11/2019].

### 3.1 US-European controversies about the disequilibrium theory

During the debates at the ISoM, European economists became progressively aware that US macroeconomists were reluctant about the disequilibrium approach. For instance, Robert Barro and Herschel Grossman, albeit pioneers of the disequilibrium theory (Barro and Grossman, 1971), were now inflexible supporters of the new Classical approach (Plassard, 2019). At the second ISoM meeting, Barro discussed Muellbauer and Winter (1980). In sharp contrast to Malinvaud (1980, *cf. supra*), Barro (1980, 411) provided his “general reasons for disenchantment with this style of macroanalysis.” He did not even bother discussing the specifics of Muellbauer and Winter’s paper. Instead, he harshly criticised “the anything-goes world of disequilibrium macroeconomics,” made of “unexplained market failures” and “arbitrary restrictions on the adjustment of prices” (*ibid.*); he then made a case for the new Classical approach.

At the 1982 ISoM meeting, Grossman and Haraf (1983) presented an article similar in spirit to Barro’s comment (i.e. supporting new Classical macroeconomics) but with a different target. Grossman and Haraf provided an assessment of Fischer’s (1977) claim that predetermined nominal wages play a critical role for the determination of real aggregates. They analysed the Japanese wage-setting process (called Shunto), consisting of an annual wage negotiation round between firms and trade unions. Shunto provided some support to Fischer’s (1977) hypothesis; however, Grossman and Haraf showed empirically that this had no implications for monetary policy efficiency, conversely to Fischer’s (1977) conclusion. Through Fischer (1977), Grossman and Haraf’s (1983) criticism targeted the research programme that has later been labelled ‘new Keynesian economics’. In other words, the disequilibrium theory no longer represented a true challenger for US macroeconomists supporting new Classical macroeconomics.

By contrast, it took a while to proponents of the disequilibrium approach to realise that the new Keynesian approach arising in the US had a similar disaffection for the disequilibrium theory. Two major points of contention emerged during the ISoM meetings, and both can be traced back to Branson and Rotemberg (1980). In this paper presented at the 1979 ISoM meeting, they addressed why the US recovered from the 1974 recession faster than Europe. They provided empirical support to Sachs and Bruno (1979) hypothesis that the US economy was characterised by nominal rigidities, while Europe was characterised by real rigidities—in both cases, real wages being above their equilibrium values.<sup>34</sup> Branson and Rotemberg (1980) thus argued that high real wages were the main cause

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34. Sachs and Bruno (1979) referred to Malinvaud’s (1977, 107-110) hypothesis that OECD economies had been swinging from inflation to Keynesian unemployment regimes until 1973, but then experienced the Classical unemployment regime.

for stagflation in Europe; hence, the expansionary policies could generate nothing but inflation. On this basis, they modelled two different types of economies with nominal or real rigidities, and analysed their interactions.

Portes (1980, 339) raised the first point of contention: Branson and Rotemberg assumed nominal wage rigidity along with market-clearing on the goods market (realised through price flexibility). This second hypothesis, Portes objected, was at variance with the disequilibrium theory, in which (real) wage rigidity on the labor market was usually coupled with price rigidity on the goods market. These two assumptions were fundamental to generate not only spillover effects between markets but also the three disequilibrium regimes: Inflation, Keynesian and Classical unemployment. With nominal wage rigidity alone, any unemployment (either Classical or Keynesian) resulted from high wages. According to Portes (1980, 339), market-clearing on the goods market was acceptable only if realized through trade and in the case of a small open economy, as in Dixit (1976)). More generally, Portes complained that Branson and Rotemberg did not properly rely on the disequilibrium literature—their single reference being Muellbauer and Portes (1979). Albeit critical, Portes’s intent was in no way polemical, as his main goal was to invite the two American macroeconomists to make stronger connections with the European approach.

At this moment, in the US, rigid nominal wage coupled with market-clearing on the goods market became established as microfoundations *à la* Fischer, 1977. This pair of assumptions paved the way to the monopolistic competition framework, which eventually secured microfoundations to the nominal wage rigidity. In this context, the assumption of market-clearing on the goods market became a clear dividing line at the ISoM in the second half of the 1980s. For instance, Rotemberg (1989, 989) made it explicit in challenging the empirical relevance of consumers’ rationing on the goods market in Laroque (1989), arguing that “the relative absence of complaints about the availability of goods in capitalist countries is evidence against its importance”.

The second point of contention was about the diagnostic of stagflation in Europe. According to the US view (Sachs and Bruno, 1979; Branson and Rotemberg, 1980), high real wages, i.e. Classical unemployment, were at the origin of stagflation and of its persistence in Europe. European macroeconomists supporting the disequilibrium approach opposed this interpretation, insofar as they believed both Keynesian and Classical unemployment were involved in the 1970s economic crisis. At the 1982 ISoM, Bismut (1983, 42) noted that Grubb et al. (1983) focused only on wage rigidities and deliberately ignored “employment rigidities,” i.e. Keynesian unemployment resulting from an excess supply of both labor and goods—in the disequilibrium theory, this regime could not arise as long as market-clearing on the goods market was assumed. This divide has become so important that Laroque

(1989) devoted an econometric study to this issue, eventually rejecting the idea that stagflation in Europe had been mainly due to Classical unemployment. The same very divide was still at play in the discussion: Waelbroeck (1989) celebrated the article, while Rotemberg (1989) harshly criticised it.

The gap between US and European macroeconomists about the disequilibrium theory increased during the 1980s. The disequilibrium approach was marginalised and relied on a narrower group of ardent promoters. This resulted in a decreasing number of papers supporting this programme at the ISoM. Articles related to macroeconometric modelling experienced a similar trend, reflecting perhaps the lack of enthusiasm for this approach in comparison to the early 1980s (de Ménil, 26/10/2019, PC). The declining influence of the disequilibrium theory and of large-scale macroeconometric models were somehow acknowledged by de Ménil and Gordon (1991) in their introduction to the 1990 ISoM proceedings. They argued that debates in macroeconomics in the previous decade had been dominated by the “traditional debate over Keynesian economics (now between the ‘new Keynesian’ and ‘new classical’) [and] many popular macroeconomic models in both a market-clearing and non-market-clearing setting” (716). Although mentioning vaguely the term “non-market clearing”, no mention was made of the disequilibrium theory—and no paper on disequilibrium was invited to participate to this annual meeting. Similarly, large-scale macroeconometric models were only mentioned to introduce the criticisms raised against them by the two “revolutions” (*ibid.*) that occurred in macroeconomics since then, namely new Classical macroeconomics and Sims’s VAR modelling approach.

The evolution in the tone of the debates within the ISoM suggests that both the disequilibrium approach and large-scale macroeconometric modelling belonged to the past. This shift in the research agenda was extremely significant since both approaches represented a defining characteristic of the intellectual unity of the ISoM and, at a broader level, a distinctive feature of European macroeconomics with respect to US macroeconomics. This shift in analytical debates at ISoM meetings were mirrored in the evolution of the ISoM network from the mid-1980s onward.

### 3.2 The transformation of the ISoM network

Following the same approach as in section 2.1, we analyse the ISoM network for two sub-periods (1983-1987, 1988-1993)—see Figure 2 and Figure 3. The comparison across the three sub-periods illustrates a significant change in the participants located at the centre of the network. Figure 1 (1978-1982) clearly displayed the role of the ISoM core group in bringing together the participants: the core group was central to the network. Conversely, there are two central communities in the network displayed in Figure 2 (1983-1987): the organisers’ group (West of the



graph) and an alternative central group (East of the graph). This latter is constituted exclusively of influential US-based macroeconomists (Blanchard, Dornbusch, Fischer, Sachs, *etc.*). For the sub-period 1983-1987, the role of ‘connecting’ (i.e. bringing together) the ISoM participants was thus shared between the organisers and a new US-based group.

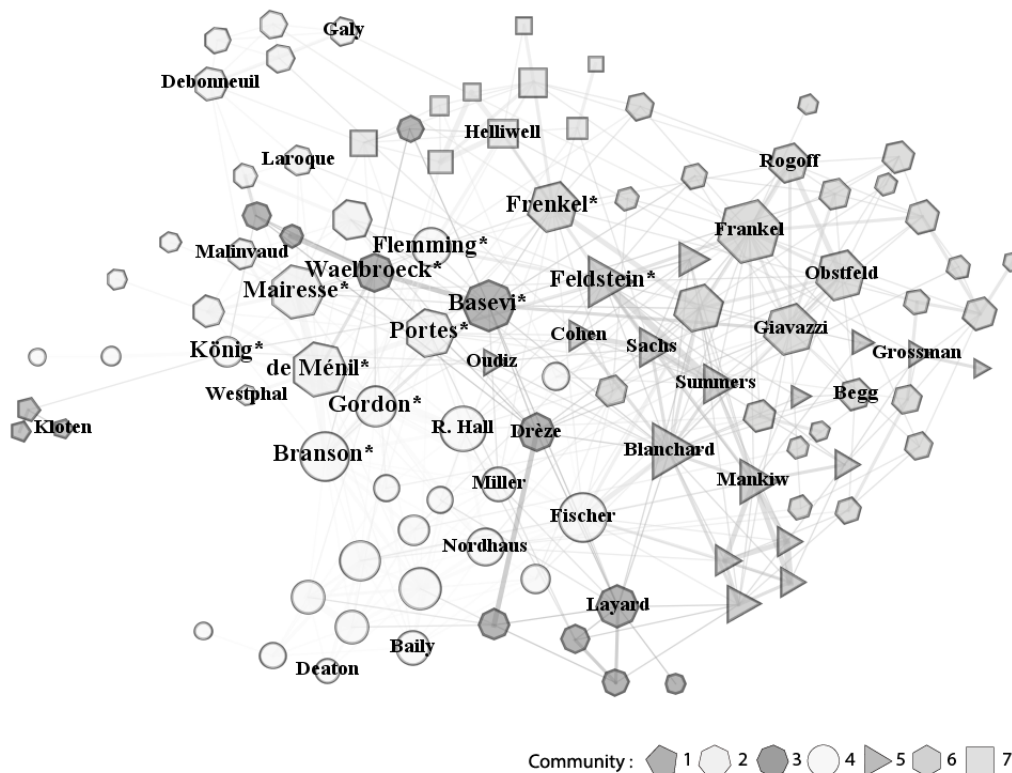


Figure 2 – The ISoM network (1983-1987)

This trend appears even more clearly in Figure 3: the group of the ISoM organisers is no longer at the centre of the network and constitutes a separated community (number 1), West of the graph. The core of the ISoM network is now entirely constituted of US-based macroeconomists (Fischer, Krugman, Rotemberg, Sachs, Mankiw). This trend somehow anticipates (and partially explains) the changes occurring after 1993: after 15 years, the ISoM co-founders, de Ménil and Gordon, left their role. De Ménil wanted to focus on other projects that, he felt, were more promising in terms of their impact on policy (de Ménil, 26/10/2019, PC), notably

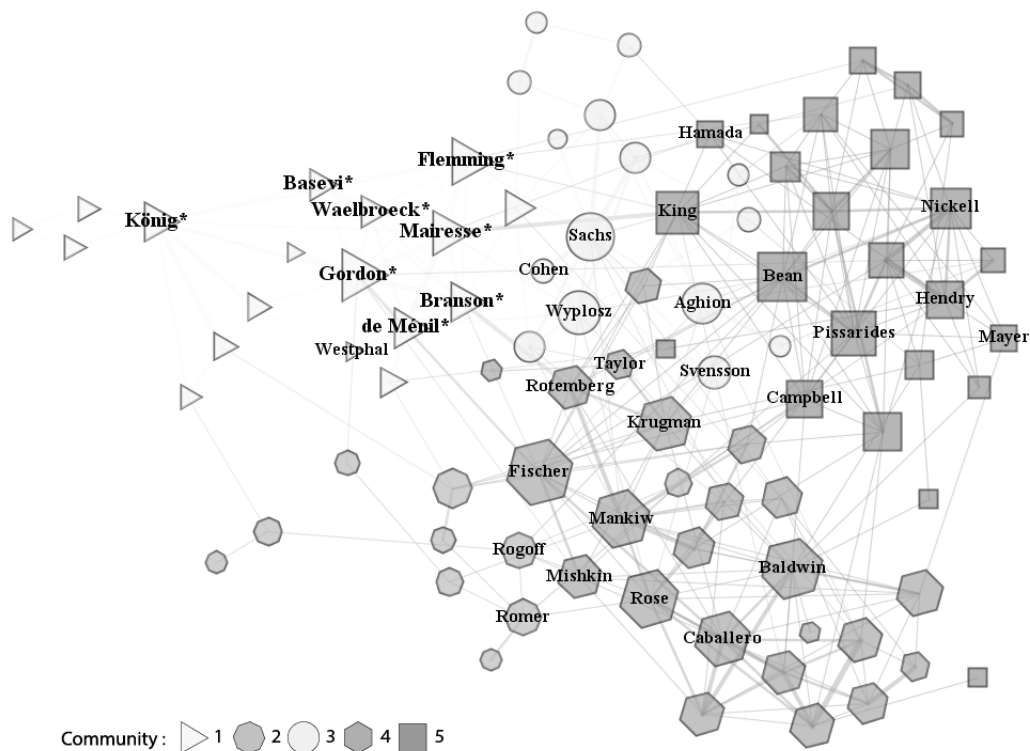


Figure 3 – The ISoM network (1988-1993)

the development of the journal *Economic Policy* and its annual panels.<sup>35</sup> Charles Wyplosz (EHESS) and Frankel (Harvard) became the new organisers of the ISoM.

The EHESS and the MSH stopped their co-sponsorship of the Seminar with the departure of de Ménil in 1993, while the EEA kept supporting the ISoM until 2003. The choice of Wyplosz as co-organiser somehow testifies this wish to maintain the ISoM on a European-American basis (at least on paper). Nonetheless, from our network analysis, it seems clear that US macroeconomists became more predominant, already starting from 1983. This seems consistent with two phenomena. On the one hand, the blossoming of alternative institutions (CEPR and EEA) promoting the exchange between Europeans on a more regular basis and on a larger scale,

35. De Ménil remained also active in promoting the transformation of economics in France. He was an active member of the DELTA, a joint EHESS-Ecole normale supérieure (ENS) Ulm research centre, which had replaced the CEQC in 1992. From this research centre arose, some years later, Paris School of Economics (PSE). De Ménil is also one of the founders and the president emeritus of the American Foundation for PSE, a private foundation that provides part of the funding for PSE and promotes other French-US research initiatives.

both for macroeconomics and for economics in general. The task of the ISoM was accomplished and the Seminar had lost his exceptional character.<sup>36</sup> On the other hand, the ISoM became ‘less European’ since the decline of the two distinctive European research programmes: macroeconometric modelling and the disequilibrium theory. Although there were still new contributions on the disequilibrium theory published after the mid-1980s, this research programme relied on a smaller (and henceforth more isolated) community. By the 1990s, large-scale macroeconometric modelling of the kind supported by first ISoM participants played virtually no role in academia, though this research programme still had a relative importance in some policy institutions. This trend partly reflected the success of internationalisation (favoured, notably by the ISoM): the dialogue between European and US macroeconomists had strengthened, but the influence of US macroeconomics grew stronger and resulted in alignment of European research programmes on the US ones.

From 1993 on, the ISoM was increasingly perceived as just ‘the NBER seminar held in Europe’. This was due, as we argued, to the larger participation and role of US-based macroeconomists, as well as the progressively weaker involvement of European funding and European sponsorship for publishing the proceedings.<sup>37</sup> However, the organisational features of the ISoM remained mostly unaltered: still a small conference, with seven papers presented each year, by invitation only (made by the advisory committee), two discussants (one US and one European). The ISoM is still held each year in a different European city, although the geographical range was considerably expanded, particularly towards Central and Eastern European countries (consistently with the expansion of the European Union). Following the dynamic already initiated in the mid-1980s, central banks became the recurrent hosts of the ISoM meetings. The ISoM is currently co-chaired (since 2013) by Frankel and Hélène Rey.<sup>38</sup>

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36. Frankel suggests that the major change since he had taken the lead of the ISoM was precisely that European macroeconomist did not ‘need’ anymore the ISoM, since there were more opportunities for inter-European and trans-Atlantic dialogue: “my impression is that in the early years, there was a bit of missionary aspect to the NBER project, seeking to link European macro and US macro ... During my years ... macroeconomists in Europe [had] ... no lack of institutions to promote integration of the discipline.” (10/11/2019, PC).

37. After 2003, the ISoM proceedings were published by the NBER until 2012, and by the *Journal of International Economics* since.

38. Rey earned a PhD from both LSE and the EHESS, under the supervision of Buiter and de Mènil.

## Conclusion

This article relates a story relying on the study of an academic conference. We consider that taking such an angle on the history of economics constitutes an ideal observatory, embracing several dimensions of the transformations of the discipline.

First, the study of conferences like the ISoM might contribute to understand the broader institutional strategies that shaped economists' professional and intellectual identity. With respect to these strategies, the ISoM served a clear purpose within the EHESS/CEQC, i.e. to claim 'scientific prestige' (Rossier and Bühlmann, 2018) and to disseminate the US standards for economics.

Second, conferences might create/strengthen networks of researchers sharing a research agenda. The ISoM, for instance, contributed to the dissemination of quantitative methods, particularly in the domain of large-scale macroeconomic modelling and the disequilibrium theory.

Third, the study of annual conferences might work as a 'tracking device' for contributions and debates within a given field. While some recent contributions to the history of macroeconomics emphasized the importance of the disequilibrium theory, and the survival of standard macroeconomic modelling in the 1970s, a standard narrative about macroeconomics tends to occult the first approach and to regard the second as totally swept away by Sims's VAR method and the new Classical economists' criticisms. The study of the ISoM demonstrates that such issues are far more complicated, and that (i) the timing is generally different of the one provided by the standard narrative; (ii) these approaches did not totally disappear and still served as unifying research programme to a certain extent; and (iii) geographical considerations matter.

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