

Manuscript version: Author's Accepted Manuscript

The version presented in WRAP is the author's accepted manuscript and may differ from the published version or Version of Record.

Persistent WRAP URL:

<http://wrap.warwick.ac.uk/162899>

How to cite:

Please refer to published version for the most recent bibliographic citation information.

Copyright and reuse:

The Warwick Research Archive Portal (WRAP) makes this work by researchers of the University of Warwick available open access under the following conditions.

Copyright © and all moral rights to the version of the paper presented here belong to the individual author(s) and/or other copyright owners. To the extent reasonable and practicable the material made available in WRAP has been checked for eligibility before being made available.

Copies of full items can be used for personal research or study, educational, or not-for-profit purposes without prior permission or charge. Provided that the authors, title and full bibliographic details are credited, a hyperlink and/or URL is given for the original metadata page and the content is not changed in any way.

Publisher's statement:

Please refer to the repository item page, publisher's statement section, for further information.

For more information, please contact the WRAP Team at: wrap@warwick.ac.uk.

The politics of ECB's economic ideas and its implications for European economic governance: Embedding a resilient EMU from the top-down?

Iacopo Mugnai¹

Department of Politics and International Studies, University of Warwick, Coventry, CV4 7AL, England, UK. Email: I.Mugnai@warwick.ac.uk

Abstract

By focusing on ECB's economic policy thinking and its internal politics of ideas, this research aims to provide two contributions to knowledge. Firstly, it seeks to enhance scholarly understanding of ideational change inside international organisations (IOs). To do so, it asks (a) how ECB's economic policy thinking has evolved since the outbreak of the euro crisis, and (b) what drives change in ECB's ideas on the best way to deepen Europe's Economic and Monetary Union (EMU) in its fiscal and economic realms. To answer these questions, fiscal policy, structural reforms and convergence towards resilient economic structures are used as case studies. The article argues that the interplay between changes in ECB's leadership and internal policy discussions promoted by ideational entrepreneurs played a pivotal role in enabling new ideas to emerge inside the Bank. Secondly, by interrogating ECB's ideas on the way to complete EMU, this research reflects on the future of the euro. It shares the view that the construction of cognitive authority within IOs is an ongoing political struggle over the ideas underpinning the everyday practice of global governance. By looking at the politics of ideas within the ECB, this article aims to contribute to the international political economy of EMU deepening.

Key words: ECB, Euro Crisis, Economic Policy, Economic Governance, Constructivism, Political Economy

¹ Iacopo Mugnai has recently completed his PhD entitled "The ECB and the technocratic politics of ideas: embedding a resilient EMU from the top-down?" at the Department of Politics and International Studies of the University of Warwick, UK, and will soon take up a post-doctoral researcher position at Birkbeck College (London) to work on the project "Banking on Europe".

The author would like to thank the CEP editors and anonymous reviewers for their thorough and constructive engagement with the manuscript, as well as the organisers and participants of the UCD PhD Winter School funded by the Jean Monnet Centre of Excellence. He would also like to thank (in no particular order) Aidan Regan, Ben Clift, Manuela Moschella, James Cross, Jonathan Hopkin, and André Broome for their helpful comments and suggestions on an earlier version of this paper. The author gratefully acknowledges the financial support of the UK Economic and Social Research Council (grant number ES/J500203/1) as well as the Department of Politics and International Studies of the University of Warwick.

Introduction

Since the creation of the euro the ECB has been remarkably vocal over the need for structural reforms by euro area governments to ensure the smooth functioning of Europe's Economic and Monetary Union (EMU). In 2004 ECB President Jean-Claude Trichet (2004) posited that the euro 'can rightly be considered a structural reform itself that should trigger further changes and a more forceful removal of rigidities on labour and product markets' because 'a flexible economy increases the speed of adjustment of the euro area to permanent shocks and its resilience to temporary ones', thereby improving 'the environment in which monetary policy is conducted' (ibid.). Not less crucial, the ECB has persistently voiced its views over the appropriate conduct of national fiscal policies, urging 'to speed up budget consolidation in good times' (ECB 2005c) and 'to strictly apply the rules and procedures of the Stability and Growth Pact' (ECB 2008c).

This intense engagement notwithstanding, since the euro crisis there has been gradual but meaningful change in ECB's policy thinking and discourse on fiscal policy and structural reforms. A closer look, however, reveals an interesting puzzle. While there have been significant adjustments in ECB's thinking on fiscal policy and its contribution to macroeconomic stabilisation, on structural reforms new ideas focused more on crafting a new rhetorical strategy around the need for reforms rather than redefining their core meaning. If rethinking on fiscal policy was driven, among other factors, by the risk of deflationary developments in the euro area and the difficulties faced by monetary policy at the 'zero lower bound', why has the ECB not changed its ideas of structural reforms, especially those of the labour market?

Departing from this conundrum, the first motivation of this study is to make sense of the complexities, drivers and dynamics of change in ECB's economic policy thinking. By focusing on the ECB's internal politics of ideas, this research aims to contribute to international political economy (IPE) explorations of ideational change inside international organizations (IOs) (Chwioroth 2010; Park and Vetterlein 2010; Moschella 2015; Grabel 2017; Clift 2018). For this purpose, the paper asks the following questions: (1) how has ECB's policy thinking evolved since the outbreak of the euro crisis? and (2) what drives change in ECB's ideas on the best way to deepen EMU in its fiscal and economic realms? To answer these questions, fiscal policy, structural reforms and convergence towards resilient economic structures are used as case studies. The argument advanced by this article is based on a qualitative analysis of relevant ECB publications as well as speeches of its leadership produced over the period 2001-2019. Evidence gathered from the analysis of ECB documents is triangulated with 27 research interviews conducted with ECB staff across different Departments between 2018 and 2019.

Their different nature notwithstanding², the selection of fiscal policy and structural reforms is motivated by the observation that how fiscal and structural policies are understood and enacted hinges upon different visions about the appropriate role of the state in the economy. In light of the 'austerity versus stimulus' debate (Blyth 2015; Dellepiane-Avellaneda 2015; Clift 2018), it has significant implications whether one understands fiscal policy as an effective layer in the hand of the state to deal with collapsing demand, or whether one looks at fiscal policy from the perspective of Ricardian equivalence, growth-friendly fiscal consolidation, and fiscal rules. In

² Fiscal policy can substitute monetary policy as a macroeconomic stabilisation instrument, whereas structural reforms aimed to improve the functioning of market institutions enable the capacity of fiscal and monetary policies to stabilise aggregate demand. The contrast between 'the substitutability' of fiscal policy and the 'empowering nature' of structural reforms is also relevant for the way European central bankers understand and make sense of the failure (or success) of monetary policy in the pursuit of price stability. I thank reviewers for sharing this observation.

a similar vein, urging national political economies to liberalise their labour markets in order to allow prices and wages to flexibly adjust to shocks is far from being a purely ‘scientific’ advice. Although fiscal policy and structural reforms fall under the competence of two different Divisions within the Economics Department, over time they have been the locus of disputes, disagreements and divergences. Thus, I contend, by looking at these policy areas one can understand the drivers of ECB ideational change.

As a first contribution, this article questions how far a policy paradigms framework (Hall 1993) improves our understanding of ideational change within complex supranational institutions. This analysis builds on the insights of scholars questioning the coherence and stability of policy paradigms (Blyth 2013; Carstensen and Matthijs 2018; Clift 2019b) and is alive to the importance of disillusionment with previous ideas to create ‘political space’ and enable ‘entrepreneurs’ to ‘champion alternatives to the ideas being questioned’ (Berman 2013, 227; Hay 1996). This research finds that new ideas have to adjust to and combine with prior ones as consequence of the ‘flexibility and malleability’ of policy paradigms (Clift 2019a, 1215). A focal point of this study is the observation that ‘the relative weight of ideas within the paradigm’ can shift (Carstensen and Matthijs 2018, 435), leading to gradual but meaningful change within the same paradigm.

As a second contribution, the article seeks to expand an emerging literature on the politics of ECB economic ideas and the political role acquired by the ECB during the Eurozone crisis (Mudge and Vauchez 2016; Verdun 2017; Matthijs and Blyth 2018; Ban and Patenaude 2019; Diessner and Lisi 2019; Ferrara 2019; McPhilemy and Moschella 2019; Warren 2020). This paper shares the view that ‘the ECB seized on the [Eurozone] crisis to promote a more active role for itself’, thereby acquiring an ‘important ideational role’ (Warren 2020, 264). Although

the Eurozone crisis was pivotal to foster the evolution of the ECB ‘from technocratic actor to key political decision-maker’ (Warren 2020, 276), it is worth recalling that since its creation the ECB has been keen to corroborate a prescriptive discourse to influence how ‘sound economic policies’ get understood by EMU member states (Howarth 2004, 833). More specifically, I contend that over time the ECB has mobilized its ‘cognitive authority’ to ‘impress its interpretation of sound policy upon others, and instil its thinking into [European] economic policy debates’ (Clift 2018, 1). This urges to analyse the ‘interpretative framework’ through which the ECB constructs and assesses economic rectitude, because how central bankers interpret their environment is ‘an important site of power’ in EMU politics (Clift 2018, 1).

Yet this article takes issue with this literature, pointing to the limits of characterizing the ECB as trying ‘to defend the old ordoliberal policy solutions underpinning EMU governance’ (Warren 2020, 270) as a consequence of EU technocrats purposely learning the wrong lessons from past policy episodes (Matthijs and Blyth 2018). Although both neoliberal and ordoliberal ideas had a strong legacy on ECB thinking (e.g. emphasis on fiscal rules and decentralised solutions in the form of ‘keeping your house in order’), such ‘continuity thesis’ risks overlooking significant ideational change. Moreover, as I will argue, ECB officials did learn important lessons from the crisis, although some of them may seem somewhat counterintuitive.

The second motivation driving this paper is to contribute to constructivist explorations of the political relevance of economic ideas held by IOs. In so doing, this research seeks to complement the debate on the (in)compatibility of diverse models of capitalism within EMU and the impact of European economic integration over diverse European growth regimes (Scharpf 2016; Johnston and Regan 2016, 2018). The institutional design of the euro agreed at

Maastricht was not a mere technocratic compromise free of ideology, but a political choice with important distributive consequences (McNamara 1998; Dyson 2000; Matthijs 2016). By interrogating ECB's ideas on the way to complete EMU, this research aims to reflect on the international political economy (IPE) of EMU deepening. For this purpose, and focusing on ECB's discourse on the need to converge towards resilient economic structures, I ask the following questions: (1) how does the economic regime envisaged by the ECB tries to reconcile regional and domestic demands?, (2) does it advocate for the primacy of politics or of economics?, and (3) is it informed by a micro- or a macro-morality?

Often conceived as a corollary to fiscal austerity, structural reforms are meant not only to change the substance of policies, but also to alter the economic, institutional and political structures in which policy operates (Crespy and Vanheuverzwijn 2019). Despite ECB's attempts to present its policy discourse in technocratic terms, ECB's preferences on how to deepen EMU are inherently political, as they point to normative presuppositions regarding the merit of market-driven solutions to economic problems and the opportunity for the state to intervene in the economy. Complementing recent research positing that ECB's engagement with fiscal policy is a consequence of 'pertinent and discernible financial dominance concerns' (Diessner and Lisi 2019, 11), this article argues that, by advocating for a specific EMU deepening agenda that hinges upon different micro- and macro-moralities (Best and Widmaier 2006), the ECB developed a prescriptive discourse to legitimize a specific construction of economic and fiscal rectitude inside EMU (Sinclair 2000; Clift and Tomlinson 2004).

Analytical framework

Looking at ideational change from a Constructivist Institutional perspective (Clift 2021), this study seeks to understand 'the institutional, organisational, and ideational context' wherein

ECB's economic ideas are developed (Clift 2018, 27). In the field of public policy, constructivist approaches conceive policy problems and realities as socially constructed, thereby a pivotal question concerns how ideas, collective understandings, and norms shape policy and political action (Berman 1998; McNamara 1998; Blyth 2003, 2007; Abdelal, Blyth, and Parsons 2010; Hay 2016). From this perspective, policy actors and their rationality are embedded into cognitive frames, which affect their thinking and behaviour. I contend that 'actor-centred constructivism' offers valuable insights to study the dynamic of ECB's ideational change, as it posits that ideas 'do not solely constitute the environment in which actors are embedded but are also tools consciously used by these same actors to attain their goals' (Saurugger 2013, 890). Thus, cognitive as well as materialistic factors must be taken into account due to the pivotal role of actors' strategic considerations.

Consistent with this approach is Carstensen's (2011) distinction between the 'paradigm man' and 'the bricoleur'. The former is characterised as one 'deducing political solutions' from their paradigmatic home, whereas the latter 'pragmatically combines bits and pieces from several paradigms', leading to the possibility of inter-paradigmatic borrowing (Carstensen 2011, 148). Thus, to analyse the dynamics of ECB ideational change, this article builds on 'bricolage'³, that is, a form of agency whereby parts of 'existing ideational and institutional legacy are put together in new forms' leading to incremental ideational change (Carstensen 2011, 147). Yet 'bricoleurs are both cognitively and normatively dependent on ideas already present, and so new ideas may be used to the extent that they can be fitted to the existing set of ideas' (Carstensen 2011, 155). This points to the crucial role of IOs' internal 'beliefs' (Barnett and Finnemore 1999, 719) and 'standard operating procedures' (Weaver 2008, 37) which

³ It is interesting to notice that change through bricolage (Carstensen 2011; Campbell 2021) presents similarities with the theory of evolutionary and incremental change elaborated by Streeck and Thelen (2005).

bricoleurs need to be mindful of, as these cognitive filters affect the degree of ideational change that is attainable within any institution (Clift 2018; Chwiero 2010).

Therefore, ideational change within IOs is mediated by their organisational culture, whereby ‘the rules, rituals, and beliefs that are embedded in the organization affect how individuals who inhabit that organization makes sense of the world’ (Weaver 2008, 719; Barnett and Finnemore 1999). This way, organisational culture not only constructs the meanings that ‘inform how staff members view the core identity, purposes, and goals of the institution’, but also shapes ‘how IOs define their purposes in the world and interpret and respond to feedback produced by their environments’ (Weaver and Nelson 2016, 925). When speaking of ECB’s organisational culture this article refers specifically to the ‘shared beliefs’ (Barnett and Finnemore 2004), ‘ideologies’ (Weaver and Nelson 2016) and ‘standard operating procedures’ (Weaver 2008) that inform staff members’ interpretation of their environment. In so doing, this paper takes seriously the point that ‘IO culture matters, and should be included alongside other key factors that influence the structure, purposes, behaviour and dynamics of change of important international organizations in world politics’ (Weaver and Nelson 2016, 939).

Actor-centred constructivism considers both ‘the strategic interests of actors as well as their embeddedness in cognitive structures’ (Saurugger 2013, 892). If one extends these insights from the level of the individual to the institution as a whole, it can be inferred that ideas entrenched in ECB’s organisational culture shape its understanding of ‘sound economic policies’ and the way it perceives its integration preferences in light of its loneliness within an incomplete EMU (Mabbett and Schelkle 2019). To interrogate ECB’s ideas on how to complete EMU in its economic real, the article relies on two conceptual lenses: (1) the struggle between

the primacy of politics versus the primacy of economics (Berman 2009), and (2) the notion of micro- and macro-moralities (Best and Widmaier 2006).

The first conceptual prism used to reflect on the politico-economic implications of ECB's ideas is offered by Sheri Berman (2009, 561) when arguing that, far from having played itself to its 'natural and perhaps even inevitable end', there has been since the advent of capitalism an ideological battle between 'those who believed in the primacy of politics and those who believed in the primacy of economics to define the correct role of states and markets' (ibid.). More specifically, classical liberalism and orthodox Marxism emphasised the primacy of economics over politics, the former placing emphasis on *laissez-faire*, the latter on historical materialism (Berman 2006). By the beginning of the twentieth century, these ideologies proved unsatisfying to many because of their excessive emphasis on the primacy of economics. As a consequence, movements arose asserting the primacy of politics and the ability of collective action to shape history (Berman 2009). In the interwar period one movement evolved into social democracy, while the other led to the emergence of fascism and National Socialism (Berman 2006).

The second conceptual prism which this article builds on to interrogate ECB's ideas is the notion of micro- and macro-moralities. Best and Widmaier (2006, 609) highlight 'the ethical implications of the distinction between micro- and macroeconomics', arguing that the 'methodological emphasis on establishing microfoundations has hardened into a liberal-individualist normative bias' (ibid.). In particular, 'micro- and macroeconomic approaches imply different kinds of moral assumptions and therefore translate into micro- and macroethical orientations' which had 'concrete effects on policy decisions' (Best and Widmaier 2006, 610). The 'microclassical ontology produces a very individualist morality'

(Best and Widmaier 2006, 610), whereas the ‘macro-Keynesian approach implies a far more public ethics’, thereby leading to ‘different conceptions of moral responsibility and agency’ (ibid.). Crucially, the notion of moralities highlights ‘the socially constitutive power of economic theory’ (Best and Widmaier 2006, 611) in the sense that micro- and macroeconomics do not just describe but also ‘seek to create fundamentally different economic words’ (ibid.). Hence, the need to interrogate ECB ideas on EMU deepening and the usefulness of moralities for this purpose.

The evolution of ECB’s fiscal thinking: from ‘paradigm man’ to bricoleur?

The early years of EMU: keep your fiscal house in order

During the first decade of EMU the ECB was rather sceptical of discretionary fiscal policies aimed to manage aggregate demand, maintaining that Keynesian theories do not ‘provide a sound justification for fiscal discretionary fine-tuning’ (ECB 2001, 49). ECB’s scepticism was informed by notions such as crowding out, Ricardian equivalence, and time inconsistency (Kydland and Prescott 1977; Sargent and Wallace 1975; Barro and Gordon 1983). Contrary to the Keynesian idea that during a recession government spending can support aggregate demand, the neoclassical view posits that fiscal policy is powerless as it ‘would only redirect resources’ from the private to the public sector (ECB 2010, 64; 2004), thereby resulting in ‘full crowding-out’ of consumption and investment (ibid.). Thus, in the short run macroeconomic stabilisation needs to come from automatic stabilisers, whereas in the long run ‘fiscal sustainability’ and supply-side structural reforms ‘lift the non-inflationary growth rate of the economy and improve the macroeconomic environment for monetary policy’ (ECB 2004, 56).

The ECB also emphasised the need for an effective rules-based fiscal framework (Buchanan and Wagner 1977; Kydland and Prescott 1977; Schuknecht 2004). On the one hand, ‘rules give the public a basis on which to set expectations about government behaviour’ (ECB 2004, 51), thereby promoting economic stability and confidence – provided that rules are followed. On the other hand, fiscal rules ‘should guarantee budgetary discipline and preserve the sustainability of public finances’ (ECB 2001, 51). Yet, national ‘political ownership’ of euro area fiscal rules was limited (ECB 2005c, 71). Despite initial consolidation efforts to join EMU, since 1999 ‘fiscal consolidation has stalled or even gone into reverse in most euro area countries’ (ECB 2005c, 60). In 2003 the SGP was suspended after its violations by France and Germany (Clift 2006), and in 2005 it was reformed (Heipertz and Verdun 2010). Consequently, the ECB was ‘seriously concerned’ that the increased discretion and flexibility added to the Pact could reduce member states’ compliance and erode ‘confidence in the EU fiscal framework’ (ECB 2005a, 2005c). A global financial crisis (with a consequent regional sovereign debt crisis) was just waiting in the wings to vindicate ECB concerns, thereby confirming the urgency to put national fiscal houses in order once and for all.

The euro crisis and its aftermath: the technocratic politics of fiscal rectitude

In the wake of the global financial crisis (GFC) the ECB reacted in a paradigm-reinforcing way, restating its preference for a depoliticised rules-based governance framework⁴ ruling out any room for discretion and ambiguity. This was the consequence of a sort of ‘cognitive entrapment’ (Blyth 2001), as pre-crisis ECB fiscal discourse already pointed to weaknesses in EMU fiscal rules. Hence, when the European sovereign debt crisis erupted, the ECB felt

⁴ Rules-based economic management can be seen as a strategy to ‘depoliticise’ economic policy making, ‘thereby shielding the government from the political consequences of pursuing deflationary policies’ (Burnham 1999, 47).

vindicated⁵: had national policymakers build up fiscal buffers and respected (rather than watering down) fiscal rules, they would have entered the crisis with more solid finances. Yet, most member states did not comply with the necessities of EMU membership – i.e. neither they reduced fiscal vulnerabilities, nor they implemented labour market reforms to enhance competitiveness and overall resilience to shocks. For the ECB the conclusion was straightforward: ‘the lacklustre performance’ of euro area economies is ‘rooted not in deficiencies in the current institutional framework, but in some national governments’ lack of willingness to adhere to the rules of that framework’ (Stark 2008a).

The GFC saw a short-lived ‘resurgence of Keynesian ideas’ about the need for an international coordinated fiscal stimulus (Farrell and Quiggin 2017). In November 2008 the European Commission launched the ‘European Economic Recovery Plan’ (EERP), which coordinated member states’ fiscal stimulus and counter-cyclical macroeconomic policies (EC 2008). Despite their scepticism, the ECB somewhat refrained from voicing their unhappiness⁶. Yet, silence does not mean acquiescence: as early as February 2009 ECB President Trichet (2009b) urged to start thinking of ‘exit strategies from the current fiscal stimuli’. When the dire state of Greek public finances became evident, Keynesian dissenters were able to reorient the debate ‘from fiscal stimulus to fiscal retrenchment’ (Farrell and Quiggin 2017, 9). The timing of exit strategies revealed the different political economic assumptions of the ECB and other crucial players like the IMF about state-market relations. While the Fund saw ‘public power as necessary to restore confidence, stimulate economic activity, and nurture the advanced economies back to recovery’ (Clift 2018, 124), the ECB remained confident that the private

⁵ This point was shared by ECB Official, personal interview, 16/08/2018.

⁶ This observation was made by ECB Official, personal interview, 10/09/2018; and ECB Senior Official, personal interview, 19/10/2018.

sector would be the engine of recovery, thereby urging member states to reverse fiscal stimulus (Stark 2009; ECB 2010).

As the Eurozone crisis intensified in the course of 2010, a second diagnose began to emerge. To plague EMU it was not only a crisis of debt (Gamble 2014; Blyth 2015) but also a crisis of the rules, as they lacked credible enforcement due to excessive discretion being added into the framework: ‘the roots of the sovereign debt tensions we face today lie in the neglect of the rules for fiscal discipline that the founding fathers of EMU laid out in the Maastricht Treaty’ (Trichet 2010a). A corollary of this view was the need to reform EMU economic governance in order to increase the long term viability of EMU (ECB 2010; Trichet 2010a). ‘Policy-makers in individual euro area countries have to come to terms with the realities of being part of a momentary union and adjust policies accordingly [because they] have the responsibility to ensure the smooth functioning of the common currency area’ (Stark 2011). Such emphasis on the perils of fiscal profligacy reveals the micro-morality (Best and Widmaier 2006, 616) underpinning ECB’s economic thinking, as the ECB saw individual member states as responsible for both their own economic welfare and EMU stability. Concerning ‘moral agency’ (Best and Widmaier 2006, 616), within such view there is no need or justification for collective solidarity via risk-sharing (e.g. through debt mutualisation) (Matthijs and McNamara 2015), as the only role left to Europe is to inflexibly implement fiscal rules to prevent and correct national irresponsible behaviours (Trichet, 2011a).

ECB austerity prescriptions were also part of a wider authority context over the construction of economic rectitude, as ECB leadership often took issue with policy ideas pursued by the IMF (Farrell and Quiggin 2017; Clift 2018, 2020). Replying to Fund’s concerns that fiscal consolidation would hurt economic recovery (IMF 2011), the ECB (Trichet 2010a; 2011b;

ECB 2011) kept urging Western governments to ‘stimulate no more’ as it was ‘time for all to tighten’ (Trichet 2010b). The other authority context occurring between the ECB (alongside the European Commission) and the IMF concerned the ‘battle of the multipliers’⁷, whereby the ECB reacted by arguing that the debate triggered by the IMF (2012) was ‘too narrowly focused on the size of the short-term fiscal multiplier’, whereas fiscal consolidation ‘leads to a permanent improvement in the structural balance’ with only temporary negative effects on economic growth’ (ECB 2012b, 81).

The politics of fiscal rectitude occurring between the ECB and the IMF, I contend, is revealing of the evolution of ECB’s fiscal policy thinking. Until 2014 the IMF played the role of bricoleur (Clift 2018), whereas the ECB acted within the boundaries of its ideational framework (Blyth 2015; Warren 2020). However, after 2014 the ECB began to act more pragmatically, abandoning the almost dogmatic rigidity typical of the ‘paradigm man’ to get closer to the logic of bricolage (Carstensen 2011; Campbell 2021). Crucially, this shift was the consequence of a complex dynamic featuring a combination of factors endogenous and exogenous to the institution that ultimately empowered pivotal bricoleurs at the helm of and within the ECB.

Post-crisis Europe: fiscal stance, fiscal space and fiscal capacity

Since 2014 there have been gradual but meaningful changes in ECB fiscal policy ideas. During central bankers’ retreat at Jackson Hole, President Draghi (2014c) reflected on the threats to social cohesion posed by high unemployment, thereby urging to consider not only supply-side structural reforms (which remains part of ECB economic discourse), but also aggregate demand policies both at national and European level – e.g. through the euro area fiscal stance.

⁷ ECB Official A, personal interview, 06/09/2018.

Crucially, this new emphasis on aggregate demand is accompanied by (1) a plea to Eurozone governments having fiscal space ‘to use it’ so that ‘fiscal policy can work with rather than against monetary policy in supporting aggregate demand’ (Draghi 2014a), and (2) a reflection on the ‘limits of a sound fiscal framework’ (Draghi 2014b), which is seen as ‘necessary’ but not ‘sufficient’ (ibid.), thereby pointing to the need for ‘some form of backstop for sovereign debt’ (Draghi 2014b), as the experience of the crisis revealed that ‘keeping one’s fiscal house in order’ is not ‘enough to ensure market access and ward off contagion’ (ibid.).

The concept of a euro area fiscal stance was further articulated in a dedicated Economic Bulletin article, wherein the ECB (2016c) showed a more flexible and self-reflexive approach towards fiscal policy in general and EMU fiscal framework in particular, considering the latter’s limits to steer the euro area fiscal stance. In a fascinating shift from previous emphasis on binding rules and strict enforcement, the ECB (2016c) recognised that what was once seen as a virtue can indeed be a shortcoming: the SGP is asymmetric because it ‘guides Member States towards achieving sound fiscal positions’ (ECB 2016c, 77) but it ‘does not oblige those countries with fiscal room for manoeuvre make use of it’, thereby its ineffectiveness to steer ‘an appropriate aggregate euro area fiscal stance’ (ibid.).

Moreover, the ECB acknowledged that national fiscal policies ‘can become overwhelmed if country-specific shocks are very large’ and in the absence of ‘an appropriate’ aggregate fiscal stance (ECB 2016c, 74). Thus, embracing a sort of macro-Keynesian morality, the ECB concluded that it appears desirable to create a ‘macroeconomic stabilisation function to cushion large country-specific shocks’ (ECB 2016c, 74). Although the ECB kept reiterating that (1) such fiscal capacity is meant to ‘complement automatic stabilisers at national level’ rather than ‘fine-tune the economic cycle’ (Cœuré 2016, 2018b; ECB 2016c), and (2) it should be

designed in a way that ‘preserves incentives for sound policymaking’ (ECB 2016c; Draghi 2018a; de Guindos 2019), this opening to the idea of public risk-sharing (ECB 2018; Draghi 2018b) through a joint fiscal capacity is a remarkable shift from the narrow idea of ‘binding Leviathan’ (Dyson 1999) that was vehemently pursued by the ECB during the European sovereign debt crisis (Trichet, 2011a). Moreover, it reveals how bricolage (Carstensen 2011; Campbell 2021) is better suited than policy paradigms (Hall 1993) to study ECB ideational change.

Not less important, the ECB (2016c) also reconsidered its scepticism towards discretionary fiscal policy and the trade-off between sustainability and stabilisation, thereby acknowledging that, although ‘discretionary fiscal policies are generally considered a weak macroeconomic stabilisation tool during normal circumstances’, under exceptional circumstances ‘the effectiveness of a discretionary fiscal stimulus is generally larger’ (de Guindos 2019). Compared to the tone and content of Trichet’s interventions and earlier ECB publications, this new flexibility and differentiation between normal and exceptional times is a remarkable instance of policy learning triggered by a dynamic interplay between external factors (e.g. macroeconomic developments, shifting economic policy debates, and new IMF research on fiscal multipliers) and internal ones (e.g. changes at the helm of the ECB, ideational entrepreneurship of staff, and shifting internal power relations affecting the ECB’s internal battle of ideas)⁸. Crucially, by re-evaluating the merits of discretionary fiscal policy and the limits of a too narrow focus on fiscal rules and ‘sound budgets’, the ECB re-positioned itself within the European politics of fiscal rectitude by taking a more balanced position not

⁸ These observations were shared by ECB Official, personal interview, 16/08/2018; ECB Senior Official, personal interview, 22/08/2018; ECB Official, personal interview, 22/08/2018; ECB Official, personal interview, 27/08/2018; ECB Official A, personal interview, 28/08/2018; ECB Official B, personal interview, 28/08/2018; ECB Senior Official A, personal interview, 30/08/2018; ECB Senior Official B, personal interview, 30/08/2018; and ECB Official B, personal interview, 30/08/2018.

necessarily aligned with the preferences of powerful creditor member states (Clift and Ryner 2014; Matthijs and McNamara 2015; Walter, Ray, and Redeker 2020).

The politics of ECB ideational change

The analysis conducted so far of the evolution of ECB fiscal thinking is revealing of the complexities and drivers of change in ECB's economic ideas. Looking first at the external environment, several factors were identified by interviewees as pivotal in triggering re-thinking over ECB fiscal ideas. A first important factor was the work of the IMF on fiscal multipliers (IMF 2012; Blanchard and Leigh 2014), as it triggered new 'learning on the limits of fiscal consolidation arguments'⁹. Secondly, 'the failure of the expansionary fiscal consolidation thesis'¹⁰ to deliver economic growth and overall macroeconomic stability urged to reconsider the effectiveness of fiscal policy for macroeconomic stabilisation. As recalled by an interviewee, at the beginning of the Eurozone crisis 'there was the idea that austerity would bring confidence effects and if one communicates to the markets that fiscal deficits will be corrected quickly, this would calm markets and mitigate negative effects of fiscal consolidation on economic growth. [...] Towards the end of the crisis it became clear that the confidence effects of fiscal consolidation did not have the large positive impact that one had initially thought'¹¹.

⁹ ECB Official, personal interview, 20/02/2019. A point shared also by ECB Official, personal interview, 16/08/2018, and ECB Official A, personal interview, 06/09/2018.

¹⁰ ECB Official, personal interview, 20/02/2019. A point shared also by ECB Official, personal interview, 16/08/2018, and ECB Official A, personal interview, 06/09/2018.

¹¹ ECB Official A, personal interview, 06/09/2018.

A third crucial factor in triggering new thinking about fiscal policy was the macroeconomic environment and changes thereof¹². Although Draghi's (2012) plea to do 'whatever it takes' to save the euro together with the announcement of the *Outright Monetary Transactions* programme brought the European sovereign debt crisis to an end, in 2013 neither economic growth nor inflation were picking up in the euro area. Meanwhile, monetary policy had also reached the zero-lower-bound. This represented a major 'macroeconomic puzzle' for ECB officials, as mentioned by many interviewees – see also Constâncio (2017). Thus, the ECB began wondering 'what further instruments are needed on the European side'¹³. In this regard, the Five Presidents Report of 2015 (Juncker 2015) 'was a crucial step because the moment you start talking about fiscal stance, fiscal capacity, and EU fiscal instruments you go beyond the keep your house in order concept'¹⁴.

The fourth external factor enabling change in ECB fiscal policy doctrine was the interplay with EU politics and policy debates¹⁵. In this respect, the Brussels fora and the 2014 EU elections played an important role, as the ECB had to deal with a different political economic environment as a consequence of the rising politicisation of European integration (Schmidt 2019). In particular, interviewees pointed to (1) the impact on ECB internal thinking of rising Eurosceptic parties in the 2014 EU elections, as they represented a political challenge to the EU project, thereby opening up space for ideational entrepreneurs¹⁶, and (2) the new stance on

¹² This point was confirmed by most interviewees.

¹³ ECB Official, personal interview, 29/08/2018.

¹⁴ ECB Official, personal interview, 16/08/2018.

¹⁵ This observation was shared by ECB Official, personal interview, 16/08/2018; ECB Official, personal interview, 27/08/2018; ECB Official A, personal interview, 28/08/2018; ECB Senior Official C, personal interview, 30/08/2018; ECB Official, personal interview, 14/11/2018; and ECB Official, personal interview, 02/10/2019.

¹⁶ ECB Official, personal interview, 29/08/2018; ECB Official, personal interview, 27/09/2019; and ECB Official, personal interview, 02/10/2019.

fiscal rules and austerity taken by the Juncker Commission¹⁷, which pursued a more political and less technocratic approach to rules enforcement. After 2014 the European Commission gradually eased its approach to fiscal consolidation (Miró 2020), for example by introducing some procedural changes into the European Semester to enable some discretion for the Commission when applying austerity-oriented rules part of the economic governance framework of EMU¹⁸ (Crespy and Vanheuverzwijn 2019; Schmidt 2016). Although the shift in the Commission's approach to fiscal rules and fiscal consolidation was not necessarily in line with ECB preferences for strict rules enforcement¹⁹, the presence of a more political Commission taking a more flexible approach in the implementation of the SGP and elaborating new ideas on EMU deepening was mentioned by several interviewees²⁰ as another important factor that triggered new thinking in the ECB.

Beyond the importance of the external political economic environment in which the ECB operates, internal dynamics did also play a pivotal role to enable change in ECB fiscal policy doctrine. A major factor behind ECB ideational shifts is 'the leadership of the President and Executive Board members'²¹. ECB staff know the preferences and ideas of their leadership and need to take them into account. Yet personalities matter as well. Although Trichet had 'a strong sceptical view on fiscal policy's capacity for macroeconomic stabilisation'²², interviewees

¹⁷ ECB Official, personal interview, 16/08/2018; ECB Official A, personal interview, 30/08/2018.

¹⁸ This change in the attitude of the Commission towards fiscal consolidation confirms that, albeit the ideational 'Brussels–Frankfurt consensus' underpinning EMU (McNamara 1998; Jones 2013), EU institutions are able to act strategically (Jabko 2012), thereby presenting their policies in the language of sound money and stable finances while acting more pragmatically when the economic and political circumstances so require (Jones 2013; Schmidt 2019; Miró 2020).

¹⁹ This observation was shared by ECB Senior Official, personal interview, 04/09/2018.

²⁰ ECB Official, personal interview, 02/08/2018; ECB Official, personal interview, 16/08/2018; ECB Senior Official C, personal interview, 30/08/2018; and ECB Official A, personal interview, 06/09/2018.

²¹ This point was confirmed by all interviewees.

²² ECB Senior Official, personal interview, 22/08/2018.

recalled that at times Draghi as well had been ‘a remarkable fiscal hawk’²³. As a senior ECB official²⁴ observed, the main difference between Trichet and Draghi was not necessarily their academic training – i.e. the former being neoclassical or ordoliberal, whereas the latter being Keynesian, but rather their different approach to economic problems, as Draghi was described as ‘more pragmatic’²⁵ than his predecessor. According to many interviewees, what made the ECB start using notions like fiscal space and become more sympathetic to the idea of a euro area fiscal capacity was the interplay between (a) Draghi’s openness to new ideas and pragmatic attention to the economic environment²⁶, (b) the strategic entrepreneurship of senior staff members²⁷, and (c) the failure of the ‘expansionary austerity thesis’ in light of deflationary risks materializing in the euro area²⁸.

These findings reveal that the leadership of the ECB President and Executive Board members is crucial to explain what ideas gain legitimation and traction in internal policy discussions. And yet, despite being a key driver of ideational change, leadership is one pivotal component of a broader picture and more complex dynamic whereby changes at the helm of the institution can alter power relations among ECB officials, thereby providing new opportunities for ideational entrepreneurs willing to shift ECB’s economic policy doctrine. As observed by an interviewee²⁹, ‘top-down leadership is important to get some guidance and understand what is

²³ ECB Official, personal interview, 27/08/2018.

²⁴ ECB Senior Official, personal interview, 22/08/2018.

²⁵ ECB Senior Official, personal interview, 22/08/2018.

²⁶ This point was also shared by ECB Senior Official, personal interview, 22/08/2018; ECB Official, personal interview, 29/08/2018; ECB Official A, personal interview, 06/09/2018; and ECB Senior Official, personal interview, 19/10/2018.

²⁷ This point was made by ECB Official, personal interview, 16/08/2018; ECB Official, personal interview, 22/08/2018; ECB Official, personal interview, 27/08/2018; and ECB Official, personal interview, 20/02/2019.

²⁸ ECB Senior Official B, personal interview, 30/08/2018; ECB Official A, personal interview, 06/09/2018; ECB Official, personal interview, 20/12/2018; and ECB Official, personal interview, 20/02/2019.

²⁹ ECB Official, personal interview, 20/12/2018.

in the mind of [Executive] Board members, and what are their more pressing policy-related questions. This clearly impacts our work. But then also vice-versa, we inform them about what we are working on, and what we think requires their attention. This in a way impacts their thinking and discussion as well. So, I think it really goes both ways [i.e. top-down and bottom-up]. I would see it as a cross-cutting fertilization process'³⁰.

A concrete instance of how changes in leadership can shift the internal politics of ideas is offered by the resignation of Jürgen Stark as ECB Chief Economist in 2011. Moving from a Chief Economist like Stark to someone like Peter Praet was 'an important change'³¹, as the latter had 'a more pragmatic approach to fiscal policy'³² and was more open to new ideas, whereas 'Stark had a very strict stance on fiscal policy'³³. Consequently, Stark's early departure changed quite dramatically the ECB internal politics of ideas, as it altered power relations among constituencies supporting different perceptions of 'sound' fiscal policy ³⁴.

Since 2011 the role of ECB Chief Economist has no longer been covered by a Bundesbank official. This way, the ordoliberal camp lost a pivotal representative in the ECB Executive Board. This way, staffers coming from the Bundesbank and closer to the ordoliberal tradition

³⁰ This dynamic whereby top-down entreaty provides scope for bottom-up initiatives, thereby feeding further rethink, resonates with the findings and claims of scholarship that looked at ideational change at the IMF (Chwioroth 2010; Vetterlein 2010; Clift 2018). Remarkably, a similar explanation to the one provided by ECB officials was given by an IMF staff member as quoted in Clift (2018, 49): 'There is a process where you go top down and bottom up, and the management and the department directors have ideas and request that people work on them and sometimes people (staff economists) have ideas – they feed them through the machinery'.

³¹ ECB Official, personal interview, 20/02/2019.

³² ECB Senior Official B, personal interview, 30/08/2018.

³³ ECB Senior Official, personal interview, 22/08/2018.

³⁴ This observation was confirmed by ECB Senior Official, personal interview, 04/09/2019; ECB Official, personal interview, 20/02/2019; and ECB Official, personal interview, 22/11/2019.

were progressively side-lined, loosing influence over the internal discussion on fiscal policy³⁵. Consequently and coincidentally, the arrival of more pragmatic leadership at the helm of the ECB empowered ideational entrepreneurs willing to articulate a less dogmatic fiscal policy doctrine, thereby triggering a dynamic whereby changes in leadership affected power relations among staff, opening up space for more pragmatic bricoleurs who were progressively promoted to pivotal positions, thereby triggering gradual but meaningful ideational change³⁶.

In light of these findings, I therefore contend that to understand which ideas prevail within IOs' internal persuasive struggles, how and why (Hay 2016) it is necessary to look beyond the role of leadership – despite its importance (Matthijs and Blyth 2018; Diessner and Lisi 2019; Ferrara 2019; Warren 2020), and focus also on other pivotal factors such as (1) the role of ideational bricoleurs, (2) hierarchical power relations and how they interact with knowledge production practices, and (3) the organisational culture wherein ECB officials are embedded.

³⁵ This point was shared by ECB Official, personal interview, 16/08/2018; ECB Official, personal interview, 20/08/2018; ECB Senior Official, personal interview, 22/08/2018; ECB Senior Official, personal interview, 23/08/2018; ECB Official, personal interview, 29/08/2018; and ECB Official, personal interview, 20/02/2019. In October 2011 soon after Stark's resignation another pivotal player left the ECB: Ludger Schuknecht. Schuknecht joined the ECB in 1999 and made a remarkable career in the Economics Department as principal economist, middle manager, and senior adviser keeping a close focus on fiscal policy – for a few months before he left the ECB, he also headed the Fiscal Policy division within the Economics Department. Schuknecht's experience as ECB official is revealing of the shift in power relations among ideational coalitions triggered by Stark's resignation. Schuknecht was one of the architects of ECB's interventions seeking to anchor the politics of austerity debate around the 'expansionary fiscal consolidation' thesis. During his career at the ECB, Schuknecht published several ECB Working Papers also with other ordoliberalists (including Stark) to shape perceptions of 'sound' fiscal policy inside EMU (Schuknecht 2004; Morris, Ongena, and Schuknecht 2006; Rother, Schuknecht, and Stark 2010; Schuknecht et al. 2011). Remarkably yet unsurprisingly, in 2011 soon after the resignation of Jürgen Stark Schuknecht left the ECB to become Chief Economist in the German Finance Ministry under the leadership of Wolfgang Schäuble. From Berlin he kept advocating the same fiscal conservative ideas that he had pursued at the ECB.

³⁶ This observation was shared by ECB Official, personal interview, 16/08/2018; ECB Official, personal interview, 20/08/2018; ECB Official, personal interview, 22/08/2018; ECB Official, personal interview, 27/08/2018; ECB Official, personal interview, 20/02/2019; ECB Official, personal interview, 02/10/2019; and ECB Official, personal interview, 22/11/2019.

The other main finding of this research is that the social environment in which ECB staff operates plays a pivotal role. The heterogeneous thinking of ECB staff members is a consequence of different nationalities and policy perspectives embedded in different parts of the Bank. According to an interviewee³⁷, in the ECB there is ‘diversity in terms of economic thinking both at the top and staff level’. Interestingly, to characterize such diversity, as well as ECB internal discussions deriving from it, this ECB official referred to the book ‘The Euro and the Battle of Ideas’ (Brunnermeier, James, and Landau 2016). Another interviewee argued that ‘generational change has created a situation where now you have a more diversified background in terms of national traditions of economic thinking [...] but also a younger cohort of staff who were not previously employed in national central banks’³⁸. This opens up scope for internal discussions and debates. At the same time, the hierarchical nature of the ECB and the working cultures characterizing different departments require ideational entrepreneurs to strategically navigate the internal approval process in order to make sure that new ideas can reach the Executive Board. As explained by an interviewee, for the bottom-up channel of ideational change to succeed, ‘you need a very effective political operator at the level of management [...] there is some scope for change coming from staff initiatives, but staff need to convince their line manager of the merits of their initiative [...] otherwise it goes nowhere’³⁹.

In a complex organisation like the ECB hierarchical power relations matter: ‘for a new policy idea to fly in the House you need the approval of management [...] as they have the agenda setting power to decide whether a note is eventually drafted and if it will ever reach the Board’⁴⁰. Thus, the fate of new ideas also depends on actors’ hierarchical positions, because

³⁷ ECB Senior Official, personal interview, 22/08/2018.

³⁸ ECB Official B, personal interview, 06/09/2018.

³⁹ ECB official, personal interview, 14.11.2018.

⁴⁰ ECB Official, personal interview, 02/10/2019.

the ECB ‘is a social setting suffused with power relations wherein internal structures and procedures shape the conditions of the possibility of ideational innovation’ (Clift 2018, 42). Hence, hierarchy empowers gatekeepers whose support is required for new ideas to pass the internal approval process and ultimately reach the Executive Board. This leads to a path contingent rather than path dependent ideational change (Clift 2018), which resonates with the logic of bricolage (Carstensen 2011).

Organisational culture is another feature of ECB’s social environment affecting the dynamics of ideational change. The intellectual scientific culture of the bank and its standard operating procedures provide a set of cognitive filters of which ECB bricoleurs need to be mindful of, as they limit the parameters of available ideational change (Weaver 2008). Hence, for new insights to win the internal battle of ideas they have to be ‘reconciled to existing [...] thinking and practice’ (Clift, 2018: 37). This makes ideational change mediated by the ECB’s organisational culture. Thus, officials seeking to enact ideational change need to know how to navigate hierarchical power relations in a strategic way, as ‘to foster new ideas you have to play a clever balancing act between phrasing them in a way that fits with the House line, thereby securing management support, but without diluting their innovative content’⁴¹.

The way in which the IMF’s notion of fiscal space (Clift 2019a) was approached by the ECB reveals how organisational culture and subjective understandings establish the parameters of appropriate policy thinking (Weaver and Nelson 2016). When asked why the ECB began using the notion of fiscal space only after 2014 and not earlier, several interviewees replied by asking ‘how do you measure fiscal space?’⁴² As one interviewee observed, ‘you need to define fiscal

⁴¹ ECB official, personal interview, 22 November 2019.

⁴² ECB Senior Official B, personal interview, 30/08/2018; ECB Official A, personal interview, 06/09/2018; and ECB Official, personal interview, 20/02/2019.

space, as there are different methods to define it, like fiscal space by debt limit, rules space, so how do you measure fiscal space?’⁴³ As another interviewee said, fiscal space ‘is a very vague concept, and we need to situate it within the EU fiscal framework’⁴⁴.

Thus, for the ECB it was somewhat difficult to come to terms with the IMF notion of fiscal space due to the ambiguity that is purposely intrinsic in it and which did not necessarily fit with ECB fiscal doctrine. ‘Fiscal space is not a scientific concept’ (Clift 2018, 17), it has an ‘elusive’ definition and so gets ‘used in different ways within the Fund’ (ibid.). Hence, the ‘non-quantifiable, intuitive, and not directly measurable quality’ of fiscal space’ (Clift 2018, 108) is not necessarily consistent with ECB preferences for rules-based economic policy making and governance, which are aimed to constrain discretion and ambiguity rather than opening up space for interpretation and judgment. ECB officials had therefore to find a way to reconcile fiscal space with norms and ideas already entrenched in ECB’s intellectual culture. The more flexible approach towards fiscal policy brought in by more pragmatic leadership and the necessities of monetary policy being constrained at the zero-lower-bound made that reconciliation possible.

ECB’s discourse on structural reforms: layering new ideas into a resilient neoliberal core

Soon after EMU creation, the ECB urged to implement structural reforms of labour markets to ‘increase the flexibility of the euro area economy, enhance its resilience to economic shocks and ultimately result in higher long-term growth rates and employment levels’ (ECB 2005b; Trichet 2006). A prerequisite for a smooth functioning EMU was found in a ‘high degree of

⁴³ ECB Official A, personal interview, 06/09/2018.

⁴⁴ ECB Official, personal interview, 27/08/2018.

downward price and wage flexibility’, because in a currency union ‘most of the adjustment has to take place through national labour markets’ (Trichet 2007; ECB 2008a; Stark 2008b). Echoing the micro-ontology and consequent micro-morality described by Best and Widmaier (2006), EMU member states were seen by the ECB as responsibility-bearing actors: ‘like individuals in a society, euro area countries are both independent and interdependent’ which requires that they ‘fulfil their responsibilities’ first and foremost by keeping their own house in order (Trichet 2011c).

When the euro crisis erupted, it was diagnosed as a crisis of competitiveness caused by a combination of weakness in EMU governance framework, as it did not prevent the accumulation of intra-EMU imbalances, and national responsibilities, especially from the side of deficit countries (Trichet 2011b, 2011a). Therefore, the ECB looked at the issue of imbalances from the current account perspective without considering (1) the impact of different wage bargaining structures on the national rate of inflation (Höpner and Lutter 2018), thereby granting a comparative advantage to some EMU political economies vis-à-vis others (Hancké 2013; Johnston, Hancké, and Pant 2014), and (2) the deleterious effects of capital flows triggered by the introduction of the euro (Fuller 2018). From this perspective, the problem lies not as much in EMU original design but in those euro area member states where ‘substantial increases of production costs’ caused ‘widening imbalances in current accounts’ (Trichet 2009b), thereby the need to create a ‘system of mutual surveillance, concentrating firmly on countries experiencing sustained losses of competitiveness and large current account deficits’ (Trichet 2009a, 2010a).

Moreover, the ECB developed a discourse whereby structural reforms are seen as a ‘never ending effort’ (Asmussen 2013). Despite intense reforms in countries receiving financial

assistance, ‘more may be required to achieve the degree of labour market flexibility compatible with membership of a monetary union’ (ECB 2008b; Stark 2008b; ECB 2012a, 2014). After the 2015 Five Presidents’ Report (Juncker 2015) outlining the EU’s EMU deepening agenda, the ECB repeatedly urged to converge towards ‘resilient economic structures’ (Draghi 2017; ECB 2015a, 2015b, 2015c; ECB 2016a) which require ‘sufficient flexibility in the wage-setting framework in order to facilitate the adjustment process by allowing wages to react properly to developments in the level of unemployment’ (ECB 2016a, 5). Once convergence towards resilient economic structures is complete, ‘greater wage flexibility will [...] ensure a more efficient match between labour supply and demand’, thereby ‘promoting employment and dampening disinflationary pressures’ (ECB 2016a, 17).

Since 2014 new ideas have been layered into ECB’s thinking on structural reforms. More attention has been given to the right sequencing of reforms (Cœuré 2014; Draghi 2017), because ‘reforms to employment protection arrangements and unemployment benefit systems would exert positive effects in good times, but can have negative distributional consequences in the short to medium term in periods of slack’ (ECB 2016a, 18). This makes ‘the packaging of reforms’ crucial to reduce short-term adjustment costs also with the support of ‘carefully designed fiscal incentives to soften the blow for those affected’ (Draghi 2017). The ECB also acknowledged that even the ‘most efficient markets cannot fully absorb very large shocks without imposing economic hardship on a considerable number of people’ (Cœuré 2018), thereby stressing the importance of countries’ ownership of reforms, because ‘sovereign governments do not accept what they see as diktats from Brussels. [...] if outside recommendations are perceived as being politically too costly, then we need to find solutions that promote national ‘ownership’ of reform efforts’ (Cœuré 2018). The notion of ownership was also part of a broader reflection on social fairness considerations, distributional impact of

reforms, and the need to take into account countries specificities when defining structural reforms of national economies (Masuch et al. 2018).

The remainder of this section explains why compared to the significant adjustments in ECB's thinking on fiscal policy and its contribution to macroeconomic stabilization, on structural reforms new ideas focused more on crafting a new rhetorical strategy around the need for reforms rather than redefining their core meaning.

The first explanation lies in the fact that the ECB has 'an entrenched preference for market-based solutions to economic problems'⁴⁵, thereby contributing to the resilience of neoliberal ideas at the core of ECB thinking on structural reforms. Organisational culture constructs the meanings informing how staff members interpret the external environment and how they define the purpose of their organisation in the world (Weaver and Nelson 2016). In this sense, 'the stability culture that the ECB inherited from the Bundesbank is still part of ECB's economic policy thinking'⁴⁶, thereby providing a powerful reference to interpret and address economic challenges.

These observations resonate with Schmidt and Thatcher's (2014) argument about the resilience of neoliberal ideas, as the peculiar evolution of ECB approach to structural reforms confirms that 'the benefits of non-implementation' and 'the institutionalisation of neoliberalism' strengthen the resilience of neoliberalism (Thatcher and Schmidt 2013, 403). 'Non-implementation' can be a source of resilience because 'gaps between rhetoric and actual implementation' (Schmidt and Thatcher 2013, 30) shield neoliberal ideas from the risk of

⁴⁵ ECB Senior Official, personal interview, 22/08/2018.

⁴⁶ ECB Senior Official, personal interview, 22/08/2018.

failure. Moreover, if ‘implementation of neoliberal policies fails, their proponents are likely to argue that compliance was insufficient’ (ibid.). This logic applies to the approach followed by the ECB with regard to structural reforms of euro area economies, whereby over time the Bank lamented that progress with reforms was insufficient. The institutionalisation of neoliberal ideas into the ECB is the second source of their resilience (Thatcher and Schmidt 2013) and points to the pivotal role of organisational culture, confirming the embeddedness of actors’ rationality into the ideational contexts that they inhabit. More specifically, ECB preference for market-based solutions to economic problems, together with a micro-morality entrenched in some parts of the Economics Department, reinforce the endogenous resilience of neoliberal ideas informing ECB’s economic policy thinking.

Another (exogenous) source of resilience lies in the role of the economic conjunction, which arguably matters more for fiscal policy rather than structural reforms (Thatcher and Schmidt 2013). When facing low growth especially in a situation wherein monetary policy is at the zero-lower-bound, it is easier to mobilise arguments advocating for fiscal policy being used more actively. This way, the economic conjuncture makes fiscal policy more attractive, whereas it seems to matter less for structural reforms of the labour markets, as the idea behind them is that flexible is always better, providing a good justification for liberalised labour markets. This leads to a situation whereby some neoliberal ideas (i.e. structural reforms of labour markets) are more resilient than others (i.e. ‘expansionary fiscal consolidation’)⁴⁷.

⁴⁷ Related to these considerations is the problem of monetary policy failure, that is, the inability of the monetary authority to pursue its price stability objective, thereby making it strategic for the central bank to argue that (1) fiscal policy should do more to stimulate aggregate demand (e.g. by using available fiscal space), and (2) more efforts are required to reform national political economies (and labour markets in particular) to improve the capacity to adjust to and quickly recover from negative shocks. Arguably, when monetary policy is at the zero-lower-bound and its capacity to reach the price stability target is significantly constrained, the ECB is somewhat forced to revise its fiscal doctrine ‘out of necessity’ rather than ‘out of conviction’, as the central bank has a material incentive to rely on a more expansionary and discretionary use of fiscal policy, albeit it may not necessarily believe that this require to completely abandon the core tenets of the existing policy paradigm. This point

The second explanation of limited change in ECB ideas on structural reforms points to the development by ECB officials of different diagnoses for similar problems, that is, what in the fiscal realm was diagnosed as a problem of failure, in the case of structural reforms was understood as a problem of compliance⁴⁸. As I argued, in the early phases of the Eurozone crisis the ECB followed the idea of expansionary fiscal consolidation and remained sceptical about the capacity of fiscal policy to stabilize aggregate demand. The failure of austerity to provide economic growth induced learning and adjustment in ECB's fiscal thinking. In the case of structural reforms, the dynamic was different, as the ECB diagnosed the poor delivery of reforms implemented by programme countries as a problem of compliance. That is, it was not the content of reforms to be wrong, rather member states lacked sufficient willingness and capacity to implement them. This is the core lesson that the ECB learnt from their experience within the Troika and with Greece in particular: 'the involvement with the programme countries required new thinking on how to deal with them, how to design such programmes, and here we have learnt important lessons which affected our approach to structural reforms. Most prominently, now we understand much better the importance of institutions and their quality'⁴⁹.

Interviewees explained that when the reform agenda was originally presented to the Greek government, the expectation was that it might have been painful in the very short run but it would have delivered economic recovery. As recalled by an interviewee, 'when we came to Greece the expectation was that, despite the difficult situation in which the country was, this

resonates with Clift's notion of 'contingent Keynesianism' (Clift 2019a) in the sense that ECB's new fiscal thinking and discourse are instances of a 'contingent re-assessment of fiscal policy', as it applies to Eurozone economies 'enjoying fiscal space, and under the particular post-GFC macroeconomic conditions' (Clift 2019a, 1230).

⁴⁸ I thank Jacqueline Best for having shared this insight.

⁴⁹ ECB Official, personal interview, 31/08/2018.

was a short-term problem but then it lasted for so many years'⁵⁰. Hence, when the political economy reality turned out to be quite different from what ECB officials had expected, new thinking developed among ECB economists.

Therefore, when ECB officials realised that, despite being approved in legislation, reforms were not delivering on the ground, their reading was that this was due to lack of national ownership and administrative capacity to implement the reform agenda also due to opposition of vested interests⁵¹. In Greece, for example, 'it became clear how difficult it was to impose externally the national ownership of reforms'⁵². As another interviewee argued, 'you cannot externally impose too much on these countries because in the public domain there is always a criticism, because you impose certain policies and the conditionality linked to the loans is somehow interfering with the democratic process'⁵³. Thus, the other core lesson that the ECB learnt was about 'the importance of national ownership'⁵⁴, in the sense that 'you can only reform a country when the politicians are really willing to implement all these changes and when they realise the need for change'⁵⁵.

The 'problem of compliance' diagnose informing ECB learning through its direct experience in programme countries made the ECB also 'recognise the importance of institutional quality and good governance'⁵⁶. Institutional settings were discovered to be deeply rooted in societies, thereby 'the need to focus on countries specificities and country ownership to ensure

⁵⁰ ECB Senior Official, personal interview, 05/09/2018.

⁵¹ This observation was made by ECB Official B, personal interview, 28/08/2018.

⁵² ECB Senior Official, personal interview, 05/09/2018.

⁵³ ECB Official, personal interview, 31/08/2018.

⁵⁴ ECB Official B, personal interview, 28/08/2018.

⁵⁵ ECB Official, personal interview, 18/10/2018.

⁵⁶ ECB Official B, personal interview, 06/09/2018. This point was made also by ECB Official, personal interview, 16/08/2018; and ECB Official, personal interview, 29/08/2018.

implementation by a political system and a public administration that believe in them'⁵⁷. In so doing, alongside 'the original strong emphasis on classical supply-side structural reforms like labour market liberalisation, the ECB began to look at reforms in terms of improving overall governance'⁵⁸, thereby paying more attention to 'the political-economy of reforms'⁵⁹.

This cognitive process created a dynamic whereby failure (if there is any) is attributed to governments rather than the policy idea in question (e.g. flexible labour markets), thereby the entrenchment of neoliberal ideas within the ECB and their resilience despite their actual poor delivery on the ground. In this regard, my research supports Schmidt and Thatcher's (2013, 29) argument that 'non-implementation' can be a source of resilience, because 'gaps between rhetoric and actual implementation' (ibid.) shield neoliberal ideas from the risk of failure. Moreover, if 'implementation of neoliberal policies fail, their proponents are likely to argue that compliance was insufficient' (Schmidt and Thatcher 2013, 30). This logic, my research finds, applies to the approach followed by the ECB with regard to structural reforms of euro area economies, because over time the Bank lamented that either progress in terms of reform implementation was insufficient (ECB 2015a, 2015c, 2016b) or – when reforms were indeed adopted by national governments – the lack of 'sound institutions' prevented reforms from displaying their benefits (ECB 2016a; Masuch et al. 2018).

Changes in European politics after the 2014 EU elections as well as the social impact that the crisis had especially in program countries (i.e. Cyprus, Greece, Ireland, Portugal and Spain) brought a more contested politicisation of EU integration. Within this context it is worth recalling that the European Commission incrementally changed its approach towards the

⁵⁷ ECB Official, personal interview, 31/08/2018.

⁵⁸ ECB Official, personal interview, 27/08/2018.

⁵⁹ ECB Official, personal interview, 18/10/2018.

implementation of structural reforms (Crespy and Vanheuverzwijn 2019) as part of the new flexibility introduced by the Juncker cabinet with regard to the pursuit of fiscal discipline as a consequence of continuous economic stagnation inside the Eurozone and exacerbating social inequalities (Schmidt 2016; Coman, Crespy, and Schmidt 2020; Miró 2020; Mérand 2021). According to Crespy and Vanheuverzwijn (2019, 108), this incremental change is an instance of ‘strategic adaptation to discontent with austerity’, whereby ideational change was allowed by the ambiguity and fuzziness underpinning the notion of structural reforms. This shift did not leave ECB officials indifferent⁶⁰. Hence, and contrary to Matthijs and Blyth’s (2018) account, I find that ECB officials learnt from policy anomalies. However, because they diagnosed a policy anomaly as a problem of compliance rather than an instance of failure, the outcome was limited ideational change accompanied by significant adjustment in the discourse around the need for structural reforms. Had ECB officials diagnosed such anomaly as a policy failure (as they did in the case of austerity), they would have likely learnt very different lessons.

The third explanation for the resilience of ECB’s ideas on structural reforms is that ECB thinking reflects the experience of pivotal member states. As interviewees admitted, ‘there is a positive view in the ECB over the Hartz reforms and their role behind Germany’s economic performance after their implementation’⁶¹ (Jacoby 2015; Newman 2015). This recording of the German experience arguably constrains the capacity for policy learning, thereby reinforcing the aforementioned ‘problem of compliance’ way of reading insufficient reform efforts in some member states of the Eurozone. After all, if the Hartz agenda worked well in Germany, why should it not be appropriate also for other member states? Consistent with a preference for

⁶⁰ This point was shared by ECB Official, personal interview, 27/08/2018; ECB Official A, personal interview, 30/08/2018; and ECB Official, personal interview, 31/08/2018.

⁶¹ ECB Official, personal interview, 20/08/2018. This point was also shared by ECB Official A, personal interview, 30/08/2018; ECB Official, personal interview, 10/09/2018; and ECB Official, personal interview, 14/11/2018.

labour market deregulation, the ECB (2015d) viewed the reforms implemented by Germany between 2003 and 2005 in response to high unemployment and low GDP growth as conducive to higher employment and long-term growth. Crucially, the ECB (2015d, 66) maintained that (a) the causes of German economic malaise were ‘a fairly inflexible and rigid labour market structure’, and (b) the ‘positive impact of the Hartz reforms [...] is undisputed’, as they increased German international competitiveness (ibid.).

Little wonder that comparative capitalism scholars have longed emphasised that (1) if everyone in the euro area starts implementing these reforms, competitive disinflation will become a zero-sum-game both within and beyond Europe (Hancké 2013; De Ville and Vermeiren 2016; Johnston 2016; Noelke 2016), and (b) converging towards such a model is not affordable by everyone (Johnston and Regan 2016; Scharpf 2016). As once argued by ECB Chief Economist Peter Praet (2012), ‘to address imbalances, countries also need to take structural measures and deal with market rigidities [...] the experience in the Federal Republic of Germany shows how well-targeted structural reforms strengthen potential growth and boost employment’.

Confirming the importance of organisational culture for ideational change, the Hartz reforms are positively seen in the ECB also because there is a rather shared view that ‘it is important and desirable that the labour market functions properly as a market, thereby ensuring the capacity to adjust to and recover from negative shocks’⁶². As an interviewee said, ‘the German economy matters for ECB monetary policy due to its size and economic significance [thereby] the relevance of Hartz reforms for our thinking on structural reforms, also because they are seen as a successful model to enhance competitiveness in EMU’⁶³. Yet, revealing their

⁶² ECB Senior Official, personal interview, 22.08.2018.

⁶³ ECB Official, personal interview, 20/08/2018. The same point was made by ECB President Draghi (2013a) when speaking on Germany and its successful economic performance during the euro crisis:

reflexivity, several ECB officials observed that (1) if everyone in Europe starts pursuing the same growth strategy ‘it risks becoming a zero-sum-game’⁶⁴, and (2) an ‘intellectual mistake’⁶⁵ was made on trade surpluses because ‘while we corrected our internal policy asymmetries on the fiscal side, we never did on the imbalances side where we [...] remain more concerned about deficits than large surpluses’⁶⁶.

The IPE of EMU deepening: embedding a resilient EMU from the top-down?

The second motivation of this article is to contribute to IPE constructivist explorations of the political economic relevance of economic ideas held by IOs. For this purpose, I interrogate ECB’s ideas on how to deepen EMU in its economic realm moving from the observation that international economic regimes need to find a way to resolve the tension between ‘competing international and domestic demands’ (Best 2003, 364). Because these tensions ‘do not simply dissolve in the context of a particular [regime] but rather continue to change and evolve’ (Best 2003, 366), a key challenge is to accommodate them on an ongoing basis and provide for their ongoing negotiation (Best 2005). Yet not all regimes demonstrate such negotiability and self-reflexivity. The interwar laissez-faire regime was informed by a micro-morality positing the superiority of the market as a mode of socio-economic governance and tried to eliminate such

‘this country presents a good example of how to build solid foundations for growth [because it] enacted labour market reforms that have helped maintain price competitiveness, and that limit the impact of economic downturns on the young. [...] In short, Germany has oriented itself in a direction that [...] would benefit all euro area countries: being forward-looking, open to the world and focused on competitiveness and productivity. Most countries that lost competitiveness are regaining it [and] have learned the fundamental lesson – for which Germany is the model – that in a monetary union, wages have to reflect productivity to maintain price competitiveness’.

⁶⁴ ECB Official, personal interview, 20/08/2018.

⁶⁵ ECB Official, personal interview, 14/11/2018

⁶⁶ ECB Official, personal interview, 14/11/2018. This observation was also shared by ECB Official B, personal interview, 28/08/2018.

tensions ‘by subordinating the particular to the universal logic of the market’ (Best 2003, 367), thereby asserting the primacy of economics over politics (Berman 2009). However, this produced a Polanyian double movement and triggered its own self-demise (Berman 2006). The ‘negotiability’ of the post-war embedded liberalism compromise (Ruggie 1982), instead, provided ‘a flexible reconciliation’ between an ‘internationalist, market-oriented order’ and the autonomous pursuit of domestic social policies (Kirshner 1999, 317; Best 2003).

Given its preference for market-based solutions to economic problems, the ECB argues for a micro-classical notion of economic resilience that seeks to structure national political economies – and especially domestic labour markets – around the organising metaphor of the market. Thus, the economic regime sought by the ECB seems to advocate for the primacy of politics over economics, thereby providing a rigid resolution of the tensions between regional and domestic demands. Since 2015 there has been a noticeable shift in the tone of ECB public statements, which appears to indicate a recognition of the social costs of disembedded liberalism and a corresponding openness to negotiate the particular needs of EMU member states. Concrete examples are (1) aforementioned acknowledgments that conditionality clauses were too detailed, (2) shifts in emphasis from negative to positive incentives to support the implementation of structural reforms, (3) renovated attention to the role of institutions and national ownership of reforms, (4) appreciation of the need to take into account the specific characteristics of each country, (5) considerations of social fairness, (6) emphasis on the right sequencing of reforms, and (7) the possibility to use fiscal policy instruments to mitigate the short-term costs of structural reforms (ECB 2016a, 2017; Draghi 2017; Praet 2017; Cœuré 2018a; Cœuré 2018b; Masuch et al. 2018; de Guindos 2019). These instances represent an important shift from the rigid neoliberalism that used to inform ECB thinking, thereby revealing a new and more flexible approach to structural reforms.

Arguably, in the face of failure faced by a structural reform agenda informed by the logic of ‘keep your house in order’ (Stark 2008a; Trichet 2010a) and following a ‘one size fits all’ approach (Issing 2005), the ECB seems to have recognised the need for a more balanced relationship between regional liberalisation and domestic autonomy, thereby pursuing a more negotiable framework. However, the driving logic remains unchanged due to continued insistence on the need for market-based solutions to enhance the resilience of the euro area to economic shocks. It remains therefore unclear to what extent the ECB has recognised that ‘the real issue is not merely whether uncontrolled markets threaten growth, but rather the deleterious political and social consequences they also bring in their wake’ (Berman 2006, 2)

A major concern driving constructivist IO scholars is to explain the power and authority of IOs, which is seen as a consequence of their capacity ‘to create, interpret, and disseminate the information and ideas that inform actors’ interests and behavior’ (Weaver 2010a, 51). As Barnett and Finnemore (2004, 31) claim, ‘the ability to invest situations with a particular meaning constitutes an important source of power’, because ‘IOs can fix meanings in ways that orient and establish boundaries for acceptable action’ (Barnett and Finnemore 2004, 32). Building upon this literature, I contend that the ECB plays a pivotal role ‘in defining and enacting the ideas and practices that drive the [European] economy’ (Weaver 2010a, 67).

Best (2010, 195) argues that ‘the construction of power and knowledge as a distinct politics will continue to play a vital part in any future global economic governance system’. Related to this is the notion of ‘cognitive strategy’ (Best 2010, 195), which is composed of IOs’ initiatives that use ideas and norms to achieve institutional ends (ibid.). These strategies have a political character and can be subject to failure or unintended consequence. I therefore argue that over time the ECB has leveraged on its cognitive authority to adopt a ‘constructivist strategy’ (Best

2010, 196) aimed to ‘redefine what it means for governments to be good economic subjects’ (ibid.), regionally and domestically. This way, the ECB’s constructivist approach to EMU is based on ‘a politics of knowledge that narrowly defined the terrain of acceptable economic ideas and excluded all others as not just heterodox but illegitimate’ (Best 2010, 205).

Seen in this light, ECB’s prescriptive discourse on sound economic management can be understood ‘not simply as a technical process but also as a political and normative strategy designed to establish legitimacy for a particular form of [regional economic] governance’ (Best 2010, 200). As argued by Best (2010, 208), ‘the definition of concepts like ownership and responsibility [is] a power-laden process’. Aligning with scholars looking at how the IMF (Best 2003, 2007; Vetterlein 2010; Broome 2015) and the European Commission changed their approach towards conditionality and structural reforms (Vanheuverzwijn and Crespy 2018; Crespy and Vanheuverzwijn 2019; Moreira Ramalho 2020), my research finds that in the face of increasing resistance the ECB has adjusted its discourse leading to a ‘strange hybrid’ of embedded and neoliberal regimes ‘combining the former’s self-reflexivity with the latter’s rigid universality’ (Best 2003, 379).

Seen from this perspective, recent emphasis on national ownership, social fairness, and the like suggest that the ECB recognised ‘the importance of shared understandings and sought to construct a new social purpose’ (Best 2010), so that desired structural reforms ‘would be accepted not only as efficient but also as good’ (ibid.). Yet, the overarching objective to make euro area political economies converge towards resilient economic structures has remained unchallenged. Hence, I contend that ECB’s ideas and discourse on the implementation of structural reforms to enhance the resilience of Eurozone national economies can be interpreted as a constructivist strategy seeking to embed a resilient EMU from the top-down.

Conclusion

The first motivation of this paper was to contribute to scholarly debates focusing on ideational change inside IOs. For this purpose, I looked at the evolution of ECB ideas on fiscal policy and structural reforms to analyse the dynamics and politics of ECB ideational change, departing from the observation that while in the fiscal realm ECB policy thinking has gone through gradual but meaningful change, in the case of structural reforms change regarded more the rhetoric around the need to reform national political economies rather than the core meaning of reforms.

As I have highlighted, through the experience of the euro crisis the ECB moved away from a narrow ‘micro-morality’ (Best and Widmaier 2006) revolving around the idea of ‘keeping your house in order’ (Stark 2008a; Trichet 2010a, 2011a) towards a ‘macro-morality’ (Best and Widmaier 2006) characterised by notions like ‘public risk-sharing’ (Draghi 2018b; ECB 2018) to be pursued through collective instruments such as a euro area fiscal capacity. This way, the ECB gradually placed less emphasis on ‘an individualist ascription of moral responsibility’ (Best and Widmaier 2006, 612) and moved towards ‘a more complex conception of moral responsibility’ and ‘collective action’ (ibid.). Such shift followed the logic of bricolage (Carstensen 2011; Campbell 2021), thereby leading to a blurred amalgam of micro- and macro-ethical orientations within and between policy domains. While ECB ideas on economic resilience and structural reforms remain informed by a micro-morality, references to a common fiscal capacity seem closer to a Keynesian macro-morality. And yet even in the fiscal realm there is somewhat a dichotomy between, on the one hand, emphasis on public risk-sharing and a more active use of fiscal policy, and on the other hand older ideas like fiscal rules, moral hazard, and ‘sound’ budgets. These fascinating contradictions show intellectual richness as well as ECB officials’ capacity for cognitive dissonance (Clift 2019a), thereby revealing the

importance of ‘productive incoherence’ for ideational change to occur within IOs (Gabel 2017, 2011).

Changes in the external macroeconomic environment, the rising politicisation of European integration (Schmidt 2019), shifting economic policy debates inside the Eurozone (Schmidt 2016; Vanheuverzwijn and Crespy 2018; Crespy and Vanheuverzwijn 2019; Miró 2020; Guter-Sandu and Murau 2021), the arrival of new leadership at the helm of the ECB, and the ideational entrepreneurship of ECB staff, these were pivotal factors to enable the emergence of new economic policy ideas. In particular, I contend that a key driver of ECB ideational change was the shift of power relations among ideational constituencies inside the ECB. This way, a fiscal policy discussion that used to be dominated by ‘paradigm men’ progressively saw the emergence of pivotal ‘bricoleurs’ both at the helm and within the ECB (Carstensen 2011). This led to the juxtaposition of ideas coming from different paradigmatic homes (Carstensen and Matthijs 2018; Clift 2019b), bringing gradual but meaningful ideational change following the logic of bricolage. Research interviews revealed that ECB’s internal politics of ideas ‘entails discursive struggles [...] wherein the support of powerful backers, and packaging ideas to pass through the internal review process and secure social recognition are vitally important’ (Clift 2018, 28). This confirms the role of ‘institutionally constituted cognitive filters’ (Weaver and Nelson 2016), which shape actors’ subjective understandings and constrain the scope for paradigm shifts within ECB policy thinking.

The second motivation driving this research was to contribute to the IPE of EMU deepening by interrogating ECB’s ideas on the way to complete EMU in its economic realm. Due to their social and political character, ideas and practices in the world economy are neither natural nor immutable constructs. They can be reconstructed by IOs, as the latter define the meaning and

enact the ideas and practices that drive the world economy (Weaver 2010a, 2010b). By ‘seeing like an IO’ (Broome and Seabrooke 2012, 1), I contend, we can better understand the relevance of ECB’s economic policy ideas, as this approach ‘enables a more comprehensive picture of how the everyday business of global governance works in practice’ (ibid.). Hence, by investigating the politics of meaning within EU institutions, we can appreciate the implications of their ideas for the evolution of European economic governance.

Best (2005, 8) posits that, because global governance is characterized by ‘persistent ambiguities’, any institutional strategy seeking to eliminate ambiguity (e.g. by constraining the role of politics in the economy through market deregulation) is likely to fail, as it ‘underestimates the force of ambiguity, treating it as a purely technical problem that can be eliminated once and for all’ (Best 2005, 8). This makes economic regimes seeking to manage ambiguity more stable (or resilient) than those focusing on eliminating it, as one of the ‘best strategies for managing ambiguity’ is to design an economic regime that promotes ‘greater institutional flexibility, political negotiability, and discursive self-reflexivity’ (Best 2005, 8).

Over time the ECB has recalibrated its prescriptive discourse on the need to reform national economies by placing more emphasis on the need to take into account domestic specificities to ensure national ownership of reforms (ECB 2016a; Cœuré 2018a, 2018b). This represents an important shift from the rigid neoliberalism that used to inform ECB’s economic policy thinking. Yet, the resilient economic regime envisage by the ECB remains one wherein ‘political forces must bow before, rather than dominate, economic ones’ (Berman 2009, 561). Therefore, I contend that recent emphasis given by the ECB on country ownership, national specificities and the like are discursive features of a new ‘constructivist strategy’ (Best 2010)

seeking to embed a resilient EMU from the top-down, rather than instances of ideational change.

The ECB's increasing awareness of ideas' political power can be a source of strength, as it relies on new tools of discursive persuasion to urge euro area political economies to converge towards 'resilient economic structures' (ECB 2016a). Nevertheless, whether the ECB will be successful in trying to embed a resilient EMU from the top-down is difficult to say. On the one hand, a renovated debate on EMU deepening can be a source of legitimation, as it represents a shift from 'policy *without* politics' to 'policy *with* politics' (Schmidt 2006), thereby responding to increased politicisation at the national level (Schmidt 2019). On the other hand, embedding a resilient EMU from the top-down may fuel a Eurosceptic 'politics *against* policy' at the national level (ibid.), especially if the 'paradigmatic shift' (Schmidt 2020, 1191) allegedly undergoing as a consequence of the Covid-19 pandemic proves to be short-lived and leading to a restoration of the status quo ante.

To conclude, identifying and diagnosing the causes of policy problems is a political process and is shaped 'by the construction of cognitive authority' (Broome and Seabrooke 2012, 8), that is, 'an ongoing political struggle over the ideas and assumptions that guide the everyday practice of global governance' (ibid.). Since the start of EMU the ECB has articulated a prescriptive discourse over the appropriate conduct of economic policies inside the Eurozone, which can be characterised as an effort 'to fix meanings' (Barnett and Finnemore 2004, 32). This has somewhat imbricated the ECB into a political struggle over the future direction of EMU deepening. As this seems to be the latest chapter of an ongoing struggle between those who believe in the primacy of politics and those who believe in the primacy of economics

(Berman 2006, 2009), the emergency politics (White 2020; Kreuder-Sonnen and White 2021) characterising today's Europe makes it hard to predict how that struggle may resolve.

References

- Abdelal, Rawi, Mark Blyth, and Craig Parsons, eds. 2010. *Constructing the International Economy*. Ithaca: Cornell University Press.
- Asmussen, Jörg. 2013. "Is Europe on the Right Track?" Speech by Jörg Asmussen, Member of the Executive Board of the ECB, at Deutsche Bank Women in European Business Conference "Competition versus Coalition – The Quest for Growth?". Frankfurt am Main, 20 March 2013.
- Ban, Cornel, and Bryan Patenaude. 2019. "The Professional Politics of the Austerity Debate: A Comparative Field Analysis of the European Central Bank and the International Monetary Fund." *Public Administration* 97 (3): 530-545.
- Barnett, Michael, and Martha Finnemore. 1999. "The Politics, Power, and Pathologies of International Organizations." *International Organization* 53 (4): 699-732.
- Barnett, Michael, and Martha Finnemore. 2004. *Rules for the World: International Organizations in Global Politics*. Ithaca: Cornell University Press.
- Barro, Robert J., and David B. Gordon. 1983. "A Positive Theory of Monetary Policy in a Natural Rate Model." *Journal of Political Economy* 91 (4): 589-610.
- Berman, Sheri. 1998. *The Social Democratic Moment: Ideas and Politics in the Making of Interwar Europe*. Cambridge: Harvard University Press.
- Berman, Sheri. 2006. *The Primacy of Politics: Social Democracy and the Making of Europe's Twentieth Century*. Cambridge: Cambridge University Press.
- Berman, Sheri. 2009. "The Primacy of Economics versus the Primacy of Politics: Understanding the Ideological Dynamics of the Twentieth Century." *Perspectives on Politics* 7 (3): 561-578.
- Berman, Sheri. 2013. "Ideational Theorizing in the Social Sciences since 'Policy Paradigms, Social Learning, and the State'." *Governance* 26 (2): 217-237.
- Best, Jacqueline. 2003. "From the Top–Down: The New Financial Architecture and the Re-embedding of Global Finance." *New Political Economy* 8 (3): 363-384.

Best, Jacqueline. 2005. *The Limits of Transparency: Ambiguity and the History of International Finance*. Ithaca: Cornell University Press.

Best, Jacqueline. 2010. "Bringing Power Back In - The IMF's Constructivist Strategy in Critical Perspective." In *Constructing the International Economy*, edited by Rawi Abdelal, Mark Blyth and Craig Parsons. Ithaca: Cornell University Press.

Best, Jacqueline, and Wesley Widmaier. 2006. "Micro- or Macro-Moralities? Economic Discourses and Policy Possibilities." *Review of International Political Economy* 13 (4): 609-631.

Blanchard, Olivier, and Daniel Leigh. 2014. "Learning about Fiscal Multipliers from Growth Forecasts Errors." *IMF Economic Review* 62 (2): 179-212.

Blyth, Mark. 2001. "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change." *World Politics* 54 (1): 1-26.

Blyth, Mark. 2003. "Structures Do Not Come with an Instruction Sheet: Interests, Ideas and Progress in Political Science." *Perspectives on Politics* 1 (4): 695-706.

Blyth, Mark. 2007. "Powering, Puzzling, or Persuading? The Mechanisms of Building Institutional Orders." *International Studies Quarterly* 51: 761-777.

Blyth, Mark. 2013. "Paradigms and Paradox: The Politics of Economic Ideas in Two Moments of Crisis." *Governance* 26 (2): 197-215.

Blyth, Mark. 2015. *Austerity: The History of a Dangerous Idea*. Oxford: Oxford University Press.

Broome, André, and Leonard Seabrooke. 2012. "Seeing like an International Organisation." *New Political Economy* 17 (1): 1-16.

Brunnermeier, Markus K., Harold James, and Jean-Pierre Landau. 2016. *The Euro and the Battle of Ideas*. Princeton: Princeton University Press.

Buchanan, James M., and Richard E. Wagner. 1977. *Democracy in Deficit: The Political Legacy of Lord Keynes*. New York: New York Academic Press.

Burnham, Peter. 1999. "The Politics of Economic Management in the 1990s." *New Political Economy* 4 (1): 37-54.

Campbell, John L. 2021. *Institutional Change and Globalization*. Princeton: Princeton University Press.

Carstensen, Martin B. 2011. "Paradigm Man vs. the Bricoleur: Bricolage as an Alternative Vision of Agency in Ideational Change." *European Political Science Review* 3 (1): 147-167.

Carstensen, Martin B., and Matthias Matthijs. 2018. "Of Paradigms and Power: British Economic Policy Making since Thatcher." *Governance* 31 (3): 431-447.

Chwieroth, Jeffrey. 2010. *Capital Ideas: The IMF and the Rise of Financial Liberalisation*. Princeton: Princeton University Press.

Clift, Ben. 2006. "The New Political Economy of Dirigisme: French Macroeconomic Policy, Unrepentant Sinning and the Stability and Growth Pact." *The British Journal of Politics and International Relations* 8 (3): 388-409.

Clift, Ben. 2018. *The IMF and the Politics of Austerity in the Wake of the Global Financial Crisis*. Oxford: Oxford University Press.

Clift, Ben. 2019a. "Contingent Keynesianism: The IMF's Model Answer to the post-Crash Fiscal Policy Efficacy Question in Advanced Economies." *Review of International Political Economy* 26 (6): 1211-1237.

Clift, Ben. 2019b. "The Hollowing Out of Monetarism: The Rise of Rules-Based Monetary Policy-Making in the UK and USA and Problems with the Paradigm Change Framework." *Comparative European Politics* 18: 281–308.

Clift, Ben. 2020. "The IMF, the Eurozone and Global Financial Crises, and the Politics of Economic Ideas." *Comparative European Politics* 18 (1): 99.

Clift, Ben. 2021. *Comparative Political Economy. States, Markets and Global Capitalism*. London: Macmillan International Higher Education.

Clift, Ben, and Magnus Ryner. 2014. "Joined at the Hip, but Pulling Apart? Franco-German Relations, the Eurozone Crisis and the Politics of Austerity." *French Politics* 12 (2): 136.

Clift, Ben, and Jim Tomlinson. 2004. "Fiscal Policy and Capital Mobility: The Construction of Economic Policy Rectitude in Britain and France." *New Political Economy* 9 (4): 515-537.

Coman, Ramona, Amandine Crespy, and Vivien A. Schmidt. 2020. *Governance and Politics in the Post-Crisis European Union*. Cambridge: Cambridge University Press.

Constâncio, Vítor. 2017. "Understanding and Overcoming Low Inflation." Speech given at the Conference on "Understanding inflation: Lessons from the Past, Lessons for the Future?". Frankfurt, 21-22 September 2017.

Crespy, Amandine, and Pierre Vanheuverzwijn. 2019. "What "Brussels" Means by Structural Reforms: Empty Signifier or Constructive Ambiguity?" *Comparative European Politics* 17 (1): 92-111.

Cœuré, Benoît. 2018. "The Euro Area's Three Lines of Defence." Speech by Benoît Cœuré, Member of the Executive Board of the ECB, at the Conference "Deepening of EMU". Ljubljana, 02 February 2018.

Cœuré, Benoît. 2014. "Price Stability as the Basis of a Sustained Recovery." Speech by Benoît Cœuré, Member of the Executive Board of the ECB, *Wirtschaftstag* 2014. Berlin, 3 July 2014.

Cœuré, Benoît. 2016. "A Budgetary Capacity for the Euro Area." Introductory Remarks by Benoît Cœuré, Member of the Executive Board of the ECB, at a Public Hearing at the European Parliament. Brussels, 2 March 2016.

Cœuré, Benoît. 2018a. "Making Our Monetary Union Stronger and more Resilient." Speech by Benoît Cœuré, Member of the Executive Board of the ECB, at the *Finanzmarktklausur* of the CDU *Wirtschaftsrat*. Berlin, 14 March 2018.

Cœuré, Benoît. 2018b. "The Euro Area's Three Lines of Defence." Speech by Benoît Cœuré, Member of the Executive Board of the ECB, at the Conference "Deepening of EMU". Ljubljana, 2 February 2018.

de Guindos, Luis. 2019. "Improving Macroeconomic Stabilization in the Euro Area." Speech by Luis de Guindos, Vice-President of the ECB, at the *Global Interdependence Center Central Banking Series Conference*. Madrid, 03 October 2019.

De Ville, Ferdi, and Mattias Vermeiren. 2016. *External Imbalances and Varieties of Capitalism in the Euro Area*. Edited by Ferdi De Ville and Mattias Vermeiren. *Rising Powers and Economic Crisis in the Euro Area*. London: Palgrave Macmillan UK.

Dellepiane-Avellaneda, Sebastian. 2015. "The Political Power of Economic Ideas: The Case of 'Expansionary Fiscal Contractions'." *The British Journal of Politics & International Relations* 17 (3): 391-418.

Diessner, Sebastian, and Giulio Lisi. 2019. "Masters of the 'Masters of the Universe'?" *Monetary, Fiscal and Financial Dominance in the Eurozone*. *Socio-Economic Review*.

Draghi, Mario. 2012. "Verbatim of the Remarks made by Mario Draghi." Speech by Mario Draghi, President of the European Central Bank at the Global Investment Conference. London, 26 July 2012.

Draghi, Mario. 2014a. "Recovery and Reform in the Euro Area." Opening Remarks by Mario Draghi, President of the ECB, Brookings Institution. Washington, 9 October 2014.

Draghi, Mario. 2014b. "Stability and Prosperity in Monetary Union." Speech by Mario Draghi, President of the European Central Bank, at the University of Helsinki. Helsinki, 27 November 2014.

Draghi, Mario. 2014c. "Unemployment in the Euro Area." Speech by Mario Draghi, President of the ECB, Annual Central Bank Symposium. Jackson Hole, 22 August 2014.

Draghi, Mario. 2017. "Structural Reforms in the Euro Area." Introductory Remarks by Mario Draghi, President of the ECB, at the ECB Conference "Structural Reforms in the Euro Area". Frankfurt am Main, 18 October 2017.

Draghi, Mario. 2018a. "Hearing of the Committee on Economic and Monetary Affairs of the European Parliament." Introductory Statement by Mario Draghi, President of the ECB, at the ECON Committee of the European Parliament. Brussels, 26 November 2018.

Draghi, Mario. 2018b. "Risk-reducing and Risk-sharing in our Monetary Union." Speech by Mario Draghi, President of the ECB, at the European University Institute. Florence, 11 May 2018.

Dyson, Kenneth. 1999. "The Franco-German Relationship and Economic and Monetary Union: Using Europe to 'Bind Leviathan'." *West European Politics* 22 (1): 25-44.

Dyson, Kenneth. 2000. "EMU as Europeanization: Convergence, Diversity and Contingency." *Journal of Common Market Studies* 38 (4): 645-666.

European Commission. 2008. *A European Economic Recovery Plan*. Brussels: European Commission.

ECB. 2001. "Fiscal Policies and Economic Growth." *Monthly Bulletin* August: 39-53.

ECB. 2004. "Fiscal Policy Influences on Macroeconomic Stability and Prices." *Monthly Bulletin* April: 45-57.

ECB. 2005a. "Statement of the Governing Council on the ECOFIN Council's Report on Improving the Implementation of the Stability and Growth Pact." Press Release 21 March 2005.

ECB. 2005b. "The Lisbon Strategy - Five Years On." *Monthly Bulletin* July: 69-84.

ECB. 2005c. "The Reform of the Stability and Growth Pact." *Monthly Bulletin* August: 59-73.

ECB. 2008a. "Monitoring Labour Cost Developments across Euro Area Countries." *Monthly Bulletin* November: 69-85.

ECB. 2008b. "Price Stability and Growth." *Monthly Bulletin* May: 75-87.

ECB. 2008c. "Ten Years of the Stability and Growth Pact." *Monthly Bulletin* October: 53-65.

ECB. 2010. "The Effectiveness of Euro Area Fiscal Policies." *Monthly Bulletin* July: 67-83.

ECB. 2011. "Ensuring Fiscal Sustainability in the Euro Area." *Monthly Bulletin* April: 61-77.

ECB. 2012a. "Euro Area Labour Markets and the Crisis." *Monthly Bulletin* October: 69-80.

ECB. 2012b. "The Role of Fiscal Multipliers in the Current Consolidation Debate." *Monthly Bulletin* December: 82-85.

ECB. 2014. "The Impact of the Economic Crisis on Euro Area Labour Markets." *Monthly Bulletin* October: 49-68.

ECB. 2015a. "Progress with Structural Reforms across the Euro Area and their Possible Impacts." *Economic Bulletin* 2: 1-13.

ECB. 2015b. "Real Convergence in the Euro Area: Evidence, Theory and Policy Implications." *Economic Bulletin* 5: 30-45.

ECB. 2015c. "The Short-Term Fiscal Implications of Structural Reforms." *Economic Bulletin* 7: 52-70.

ECB. 2016a. "Increasing Resilience and Long-Term Growth: The Importance of Sound Institutions and Economic Structures for Euro Area Countries." *Economic Bulletin Issue* 5: 1-21.

ECB. 2016b. "New Evidence on Wage Adjustment in Europe during the Period 2010-13." *Economic Bulletin Issue* 5: 1-23.

ECB. 2016c. "The Euro Area Fiscal Stance." *Economic Bulletin* 4: 68-87.

ECB. 2017. "What are Structural Reforms?" Available at https://www.ecb.europa.eu/explainers/tell-me/html/what-are-structural_reforms.en.html.

ECB. 2018. "Risk Sharing in the Euro Area." *Economic Bulletin* 3: 85-98.

Farrell, Henry, and John Quiggin. 2017. "Consensus, Dissensus, and Economic Ideas: Economic Crisis and the Rise and Fall of Keynesianism." *International Studies Quarterly* 61 (2): 269-283.

Ferrara, Federico Maria. 2019. "The Battle of Ideas on the Euro Crisis: Evidence from ECB Inter-Meeting Speeches." *Journal of European Public Policy* 27 (10): 1-24.

Fuller, Gregory W. 2018. "Exporting Assets: EMU and the Financial Drivers of European Macroeconomic Imbalances." *New Political Economy* 23 (2): 174-191.

Gamble, Andrew. 2014. *Crisis Without End?: The Unravelling of Western Prosperity*. London: Macmillan Education UK.

Gabel, Ilene. 2011. "Not your Grandfather's IMF: Global Crisis, 'Productive Incoherence' and Developmental Policy Space." *Cambridge Journal of Economics* 35 (5): 805-830.

- Gabel, Ilene. 2017. *When Things Don't Fall Apart*. Cambridge, MA: MIT Press.
- Guter-Sandu, Andrei, and Steffen Murau. 2021. "The Eurozone's Evolving Fiscal Ecosystem: Mitigating Fiscal Discipline by Governing Through Off-Balance-Sheet Fiscal Agencies." *New Political Economy* 27 (1): 1-19.
- Hall, Peter. 1993. "Policy Paradigms, Social Learning, and the State: The Case of Economic Policymaking in Britain." *Comparative Politics* (3): 275.
- Hancké, Bob. 2013. *Unions, Central Banks, and EMU: Labour Market Institutions and Monetary Integration in Europe*. Oxford: Oxford University Press.
- Hay, Colin. 1996. "Narrating Crisis: The Discursive Construction of the 'Winter of Discontent'." *Sociology* 30 (2): 253-277.
- Hay, Colin. 2016. "Good in a Crisis: The Ontological Institutionalism of Social Constructivism." *New Political Economy* 21 (6): 520-535.
- Heipertz, Martin, and Amy Verdun. 2010. *Ruling Europe - The Politics of the Stability and Growth Pact*. Cambridge: Cambridge University Press.
- Howarth, David. 2004. "The ECB and the Stability Pact: Policeman and Judge?" *Journal of European Public Policy* 11 (5): 832-853.
- Höpner, Martin, and Mark Lutter. 2018. "The Diversity of Wage Regimes: Why the Eurozone is too Heterogeneous for the Euro." *European Political Science Review* 10 (1): 71-96.
- IMF. 2011. *World Economic Outlook*. October. Washington DC: International Monetary Fund.
- IMF. 2012. *World Economic Outlook*. October. Washington DC: International Monetary Fund.
- Issing, Otmar. 2005. "One Size Fits All! A Single Monetary Policy for the Euro Area." Speech by Otmar Issing, Member of the Executive Board of the ECB International Research Forum. Frankfurt am Main, 20 May 2005.
- Jabko, Nicolas. 2012. *Playing the Market: A Political Strategy for Uniting Europe, 1985–2005*. Ithaca: Cornell University Press.

Jacoby, Wade. 2015. "Europe's New German Problem: The Timing of Politics and the Politics of Timing" In *The Future of the Euro*, edited by Matthias Matthijs and Mark Blyth. Oxford: Oxford University Press.

Johnston, Alison. 2016. *From Convergence to Crisis: Labor Markets and the Instability of the Euro*. Ithaca: Cornell University Press.

Johnston, Alison, Bob Hancké, and Suman Pant. 2014. "Comparative Institutional Advantage in the European Sovereign Debt Crisis." *Comparative Political Studies* 47 (13): 1771-1800.

Johnston, Alison, and Aidan Regan. 2016. "European Monetary Integration and the Incompatibility of National Varieties of Capitalism." *Journal of Common Market Studies* 54 (2): 318-336.

Johnston, Alison, and Aidan Regan. 2018. "Introduction: Is the European Union Capable of Integrating Diverse Models of Capitalism?" *New Political Economy* 23 (2): 145-159.

Jones, Erik. 2013. "The Collapse of the Brussels–Frankfurt Consensus and The Future of the Euro." In *Resilient Liberalism in Europe's Political Economy*, edited by Mark Thatcher and Vivien A. Schmidt. Cambridge: Cambridge University Press.

Juncker, Jean-Claude, Tusk Donald, Dijsselbloem Jeroen, Draghi, Mario, and Schulz Martin. 2015. *Completing Europe's Economic and Monetary Union*. Brussels: European Commission.

Kirshner, Jonathan. 1999. "Keynes, Capital Mobility and the Crisis of Embedded Liberalism." *Review of International Political Economy* 6 (3): 313-337.

Kreuder-Sonnen, Christian, and Jonathan White. 2021. "Europe and the Transnational Politics of Emergency." *Journal of European Public Policy* (online): 1-13.

Kydland, Finn E., and Edward C. Prescott. 1977. "Rules Rather Than Discretion: The Inconsistency of Optimal Plans." *Journal of Political Economy* 85 (3): 473-491.

Mabbett, Deborah, and Waltraud Schelkle. 2019. "Independent or Lonely? Central Banking in Crisis." *Review of International Political Economy* 26 (3): 436-460.

Masuch, Klaus, Robert Anderton, Ralph Setzer, and Nicholai Benalal. 2018. "Structural Policies in the Euro Area." *Occasional Paper Series No. 210*: 1-182.

Matthijs, Matthias. 2016. "The Euro's "Winner-Take-All" Political Economy: Institutional Choices, Policy Drift, and Diverging Patterns of Inequality." *Politics & Society* 44 (3): 393-422.

Matthijs, Matthias, and Mark Blyth. 2018. "When Is It Rational to Learn the Wrong Lessons? Technocratic Authority, Social Learning, and Euro Fragility." *Perspectives on Politics* 16 (1): 110-126.

Matthijs, Matthias, and Kathleen McNamara. 2015. "The Euro Crisis' Theory Effect: Northern Saints, Southern Sinners, and the Demise of the Eurobond." *Journal of European Integration* 37 (2): 229-245.

McNamara, Kathleen. 1998. *The Currency of Ideas: Monetary Politics in the European Union*. Ithaca: Cornell University Press.

McPhilemy, Samuel, and Manuela Moschella. 2019. "Central Banks under Stress: Reputation, Accountability and Regulatory Coherence." *Public Administration* 97 (3): 489-498.

Miró, Joan. 2020. "Austerity's Failures and Policy Learning: Mapping European Commission Officials' Beliefs on Fiscal Governance in the post-crisis EU." *Review of International Political Economy*: 1-25.

Morris, R, H Ongena, and L Schuknecht. 2006. The reform and implementation of the Stability and Growth Pact. In *Occasional Paper Series*, no. 47. Frankfurt am Main: European Central Bank.

Moschella, Manuela. 2015. "The Institutional Roots of Incremental Ideational Change: The IMF and Capital Controls after the Global Financial Crisis." *The British Journal of Politics & International Relations* 17 (3): 442-460.

Mudge, Stephanie L., and Antoine Vauchez. 2016. "Fielding Supranationalism: The European Central Bank as a Field Effect." *The Sociological Review* 64 (2): 146-169.

Mérand, Frédéric. 2021. "Political work in the stability and growth pact." *Journal of European Public Policy* (online): 1-19.

Newman, Schmidt. 2015. "The Reluctant Leader: Germany's Euro Experience and the Long Shadow of Reunification" In *The Future of the Euro*, edited by Matthias Matthijs and Mark Blyth. Oxford: Oxford University Press.

Noelke, Andreas. 2016. "Economic Causes of the Eurozone Crisis: The Analytical Contribution of Comparative Capitalism." *Socio-Economic Review* 14 (1): 141-161.

Park, Susan, and Antje Vetterlein, eds. 2010. *Owning Development. Creating Policy Norms in the IMF and the World Bank*. Cambridge: Cambridge University Press.

Praet, Peter. 2012. "The Role of the Central Bank and Euro Area Governments in Times of Crisis." Speech by Peter Praet, Member of the Executive Board of the ECB at the German Federal Ministry of Finance. Berlin, 19 April 2012.

Praet, Peter. 2017. "The Outlook for Reform: Cementing Growth and Delivering Sustainable Employment." Speech by Peter Praet, Member of the Executive Board of the ECB, at the Ludwig Erhard Lecture, organised by the Lisbon Council. Brussels, 30 November 2017.

Rother, Philipp, Ludger Schuknecht, and Juergen Stark. 2010. "The Benefits of Fiscal Consolidation in Uncharted Waters." ECB Occasional Paper Series No. 121.

Ruggie, John Gerard. 1982. "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order." *International Organization* 36 (2): 379-415.

Sargent, Thomas J., and Neil Wallace. 1975. "Rational" Expectations, the Optimal Monetary Instrument, and the Optimal Money Supply Rule." *Journal of Political Economy* 83 (2): 241-254.

Saurugger, Sabine. 2013. "Constructivism and Public Policy Approaches in the EU: From Ideas to Power Games." *Journal of European Public Policy* 20 (6): 888-906.

Scharpf, Fritz W. 2016. "Forced Structural Convergence in the Eurozone – Or a Differentiated European Monetary Community." MPIfG Discussion Paper 16/15. Cologne: Max Planck Institute for the Study of Societies.

Schmidt, Vivien A. 2006. *Democracy in Europe: The EU and National Politics*. Oxford: Oxford University Press.

Schmidt, Vivien A. 2016. "Reinterpreting the Rules 'by Stealth' in Times of Crisis: A Discursive Institutional Analysis of the European Central Bank and the European Commission." *West European Politics* 39 (5): 1032-1052.

Schmidt, Vivien A. 2019. "Politicization in the EU: Between National Politics and EU Political Dynamics." *Journal of European Public Policy* 26 (7): 1018-1036.

Schmidt, Vivien A. 2020. "Theorizing Institutional Change and Governance in European Responses to the Covid-19 Pandemic." *Journal of European Integration* 42 (8): 1177-1193.

Schmidt, Vivien A., and Mark Thatcher. 2013. "Theorizing Ideational Continuity: The Resilience of Neo-Liberal Ideas in Europe." In *Resilient Liberalism in Europe's Political Economy*, edited by Mark Thatcher and Vivien A. Schmidt. Cambridge: Cambridge University Press.

Schmidt, Vivien A., and Mark Thatcher. 2014. "Why are Neoliberal Ideas so Resilient in Europe's Political Economy?" *Critical Policy Studies* 8 (3): 340-347.

Schuknecht, Ludger. 2004. "EU Fiscal Rules: Issues and Lessons from Political Economy." ECB Working Papers Series No. 421.

Schuknecht, Ludger, Philippe Moutot, Philipp Rother, and Juergen Stark. 2011. "The Stability and Growth Pact: Crisis and Reform". ECB Occasional Paper Series, no. 129.

Sinclair, Timothy J. 2000. "Deficit Discourse: The Social Construction of Fiscal Rectitude." In *Globalization and its Critics*, edited by Randall D Germain. Houndmills: Macmillan Press.

Stark, Jürgen. 2008a. "Does the Euro Area need an Economic Government?" Statement delivered at the HEC European Executive Campus by Jürgen Stark, Member of the Executive Board of the ECB. Brussels, 22 January 2008.

Stark, Jürgen. 2008b. "Monetary, Fiscal and Financial Stability in Europe." Speech by Jürgen Stark, Member of the Executive Board of the ECB, at the 11th Euro Finance Conference. Frankfurt, 18 November 2008.

Stark, Jürgen. 2009. "The Economic Crisis and the Response of Fiscal and Monetary Policy ". Speech by Mr Jürgen Stark, Member of the Executive Board of the European Central Bank, at the Austrian Industrial Organisation. Linz, 8 June 2009.

Stark, Jürgen. 2011. "In the Aftermath of the Global Financial Crisis: What's next?" Speech by Jürgen Stark, Member of the Executive Board of the ECB, at the Economist Conference Roundtable with the Government of Greece. Attica, 18 May 2011.

Streeck, Wolfgang, and Kathleen Thelen. 2005. *Beyond Continuity: Institutional Change in Advanced Political Economies*. Oxford: Oxford University Press.

Thatcher, Mark, and Vivien A. Schmidt. 2013. "Conclusion: Explaining the Resilience of Neoliberalism and Possible Pathways Out." In *Resilient Liberalism in Europe's Political Economy*, edited by Mark Thatcher and Vivien A. Schmidt. Cambridge: Cambridge University Press.

Trichet, Jean-Claude. 2004. "Structural Reforms in the Euro Area." Lecture by Jean-Claude Trichet, President of the European Central Bank, on the occasion of the Receipt of the EFR-Business Week Award. Rotterdam, 20 April 2004.

Trichet, Jean-Claude. 2006. "Why Europe needs Structural Reforms." Speech by Jean-Claude Trichet, President of the ECB, at the Council on Foreign Relations. New York, USA, 24 April 2006.

Trichet, Jean-Claude. 2007. "The Need for Structural Reforms in Europe." Speech by Jean-Claude Trichet, President of the ECB. The 2007 Jean Monnet Lecture to the Lisbon Council. Brussel, 4 June 2007.

Trichet, Jean-Claude. 2009a. "Ten Years of the Euro – Successes and Challenges." Speech by Jean-Claude Trichet, President of the ECB. Osnabrück, 12 February 2009.

Trichet, Jean-Claude. 2009b. "The External and Internal Dimensions of Europe's Competitiveness." Speech given at the Institute of International and European Affairs. Dublin, 26 February 2009.

Trichet, Jean-Claude. 2010a. "Lessons from the Crisis." Speech by Jean-Claude Trichet, President of the ECB, at the European American Press Club. Paris, 3 December 2010.

Trichet, Jean-Claude. 2010b. "Stimulate No More – It Is Now Time For All To Tighten." *Financial Times*.

Trichet, Jean-Claude. 2011a. "Building Europe, Building Institutions." Speech by Jean-Claude Trichet, President of the ECB on receiving the Karlspreis 2011 in Aachen. Aachen, 2 June 2011.

Trichet, Jean-Claude. 2011b. "Economic and Monetary Union: What we have achieved and what we must do next " Speech by Jean-Claude Trichet, President of the ECB, Klausurtagung der CSU Landesgruppe Wildbad Kreuth, 7 January 2011.

Trichet, Jean-Claude. 2011c. "Tomorrow and the Day After Tomorrow: A Vision for Europe." Speech by Jean-Claude Trichet, President of the ECB, at the Humboldt University. Berlin, 24 October 2011.

Vanheuverzwijn, Pierre, and Amandine Crespy. 2018. "Macro-economic Coordination and Elusive Ownership in the European Union." *Public Administration* 96 (3): 578-593.

Verdun, Amy. 2017. "Political Leadership of the European Central Bank." *Journal of European Integration* 39 (2): 207-221.

Vetterlein, Antje. 2010. "Lacking Ownership: The IMF and its Engagement with Social Development as a Policy Norm." In *Owning Development: Creating Policy Norms in the IMF and the World Bank*, edited by Antje Vetterlein and Susan Park. Cambridge: Cambridge University Press.

Walter, Stefani, Ari Ray, and Nils Redeker. 2020. *The Politics of Bad Options: Why the Eurozone's Problems Have Been So Hard to Resolve*. Oxford: Oxford University Press.

Warren, Thomas. 2020. "Explaining the European Central Bank's Limited Reform Ambition: Ordoliberalism and Asymmetric Integration in the Eurozone." *Journal of European Integration* 42 (2): 263-279.

Weaver, Catherine. 2008. *Hypocrisy Trap: The World Bank and the Poverty of Reform*. Princeton: Princeton University Press.

Weaver, Catherine. 2010a. "The Meaning of Development: Constructing the World Bank's Good Governnace Agenda." In *Constructing the International Economy*, edited by Rawi Abdelal, Mark Blyth and Craig Parsons. Ithaca: Cornell University Press.

Weaver, Catherine. 2010b. "The Strategic Social Construction of the World Bank's Gender and Development Policy Norm." In *Owning Development: Creating Policy Norms in the IMF and the World Bank*, edited by Antje Vetterlein and Susan Park. Cambridge: Cambridge University Press.

Weaver, Catherine, and Stephen C. Nelson. 2016. "Organizational Culture." In *The Oxford Handbook of International Organizations*, edited by Jacob Katz Cogan, Ian Hurd, and Ian Johnstone. Oxford: Oxford University Press.

White, Jonathan. 2020. *Politics of Last Resort: Governing by Emergency in the European Union*. Oxford: Oxford University Press.