The role of the OECD in the design of macroeconomic and labour market policy: Reflections of a heterodox economist

1. Introduction

While nation states remain responsible for their own policy making, they operate within contested transnational knowledge networks in which common policy frameworks are negotiated, if not universally implemented, to address the growing number of regulatory issues in areas including the economy, the environment and communications. Thus the notion of methodological nationalism is rejected (Stone, 2004). Inter-Governmental Organisations (IGOs) are key players in these networks and contribute to policy harmonisation (Mahon and McBride, 2008) and diffusion both cross-nationally and 'in emergent venues of global governance' (Stone, 2004).[1]

The Organisation for Economic Co-operation and Development (OECD) is not merely a major international research organization but a key IGO in the dissemination of economic policy. 'Its primary impact comes through efforts to develop and promote international norms for social and economic policy' (Wolfe, 1993).

The role of the OECD in the design of contemporary labour market and macroeconomic policy and its dissemination can be traced back to the early 1990s when it was commissioned by member states to prepare a report which would explain their persistently high unemployment rates. The inability of countries to adapt and innovate in response to economic change was argued to be the main cause, and so high unemployment was viewed as largely structural in origin. Consequently the removal of supply side impediments to the smooth operation of national economies was advocated. The *Jobs Study* (2004) also concurred with the growing macroeconomic conservatism which emphasised the need to reduce structural budget deficits and public sector debt over the medium term and the pursuit of low inflation (Mitchell and Muysken, 2008).

The OECD Economics Department had sole responsibility for the *Jobs Strategy* which was developed in 1995 to operationalise the *Jobs Study*, by providing policy recommendations (Noaksson and Jacobsson 2003:17-18). As part of the policy dissemination process and as a means of applying pressure to member countries, the OECD continues to conduct Peer Reviews every 18 months to 2 years. The policy reforms, which have been implemented unevenly across member countries, have had limited success, however, although official rates of unemployment did decline slowly until 2008 during a period of sustained world growth.

A significant body of empirical literature has challenged the OECD's interpretation of the degree of compliance (policy convergence) of member countries (Baker et al, 2004, McBride and Williams, 2001), as well as the underlying neo-liberal policy framework which advocated extensive supply side reform (e.g. McBride and Williams, 2001; Larsen, 2002; Baker et al, 2004; McBride et al, 2008), and, in normal economic circumstances, rejected a role for active fiscal policy (e.g. Modigliani, 2000; and Mitchell and Muysken, 2008).

[1] Governance is 'a variety of mechanisms of regulation, operating in the absence of an overarching political authority' (Mahon and McBride, 2009).

Following a reassessment of the original *Jobs Study* proposals, some concessions were made about the effectiveness of some supply side policy reforms (OECD, 2006a). OECD (2006b) acknowledged the existence of two successful policy models, but took a more orthodox perspective about the conduct of macroeconomic policy by limiting it to the stabilization of economic activity around a trend (Watt, 2006).

Since the advent of the Global Financial Crisis (GFC), the OECD and other IGOs, including the European Union (EU) and the International Monetary Fund (IMF), have acknowledged that fiscal stimulus packages were required in many countries to counter the sharp declines in economic activity and increased unemployment. However, these organisations have continued to advocate conservative macroeconomic policy, namely monetary policy geared to inflation targeting and so-called *sound public finance*, through the medium term pursuit of *fiscal consolidation* (ECB, 2009; Freedman et al, 2009; IMF, 2010; OECD, 2009a,b,c, 2010). Thus, despite the earlier concessions, the OECD and other influential IGOs remain wedded to a neo-liberal economic policy framework.

Despite the perceived scientific status of economics in contrast to other branches of the social sciences, and the OECD's international reputation for rigorous and impartial research, we support the view that the role of the OECD in transnational policy formulation and dissemination is informed by an Organizational Discourse (OD) perspective in which the behavior of organisations is characterised by long-term agenda planning, underpinned by the need for institutional sustainability (Dostal, 2004; see also Mahon and McBride, 2008).[2]

OD, which describes the language and symbolic media used by organizations and their employees, (Grant, 2001), frequently embraces either a social constructionist[3] and/or a critical perspective, which enhances the theoretical and applied traction of the new Organisational Development literature (Marshak and Grant, 2008).

The social constructionist perspective contributes to an understanding of how language and other media transform social reality, influence organizational behavior, shape the mindsets of members of the organization and illuminates how common social meanings within organizational contexts are constructed, given the inherent subjectivity of experience and hence the absence of an objective reality. '(M)eaning making, language and discursive phenomena', are the means by which mindsets and consciousness are altered and organizational change is brought about (Marshak and Grant, 2008: S11).

On the other hand, the focus of the critical perspective is how power and political processes are used to shape new discourses, which advantages some organization members over others (Marshak and Grant, 2008:S11-12). So most organizations, including the OECD, are not monoliths and their dominant ODs 'and thereby the strength and the direction of its potential policy influence' are 'constructed through discursive battles between different discourses within the organization(s)' (Lehtonen, 2009:391).

[2] Thus, we reject state-centric rationalist theories of international cooperation (Porter and Webb, 2007:3).

[3] Marshall et al (2005) differentiate between *constructivism* which is concerned with how individuals construct and make sense of their world, and *social constructionism* which explores both how individuals construct their reality, but also how 'groups of individuals communicate and negotiate their views about individual and shared (intersubjective) reality (Young and Collin, 2004).

While the approaches, cited above, and other models play an increasingly important role in theorising about the dynamics of organisational *change* (Marshak and Grant, 2008, S9), we argue that, despite the major consequences of the GFC, the OECD, along with other IGOs, including the IMF and the EU, have tried to ensure that the orthodox premises underpinning macroeconomics are *not* subject to challenge, because any major concessions by these IGOs would threaten their long term capacity to assert their influence over this critical realm of economic policy. Thus organizational interaction is not underpinned by an ongoing and dynamic competition of ideas across *all* policy domains.

The OD perspective is insightful in directing attention towards *first mover* situations in order to understand the institutional settings which gave rise to the emergence of policies which assumed hegemonic status within the associated transnational knowledge networks (Dostal, 2004:444). The *Jobs Study* reinforced the OECD's conversion to a neo-liberal reform agenda which originated in its response to the inflation breakout after the first oil price shock in the mid-1970s and the subsequent stagflation. Supply side reform combined with conservative macroeconomic policy was embraced by other major IGOs. Also more recently there are examples of the OECD achieving first mover advantage in new and emerging policy areas.

In its public reports, these IGOs, and, in particular, the OECD, rely on obfuscation, through the adoption of sanitised, repetitive and vague forms of exposition, which draw on carefully selected academic research (Dostal, 2004), but lack rigour. Their economic commentary incorporates terminology, including *sound public finance*, *fiscal consolidation* and *fiscal sustainability*, which convey a sense of authority and impartiality about the future direction of macroeconomic policy, despite none of these terms ever being defined in an operational manner and the social and economic consequences of their implementation rarely being outlined. OD highlights the key role of language in representing and conveying ideas.

Further, by re-defining most of the increase in unemployment associated with the GFC as structural in line with its NAIRU framework (e.g. OECD, 2009c), the problem of insufficient aggregate demand and hence the need for ongoing budget deficits to achieve and maintain low rates of unemployment is excised, and the imperative for supply side initiatives is reinforced. These claims reinforce the argument that the focus of medium term policy should be *fiscal consolidation*, which has become the policy mantra, despite its lack of coherence. Economic commentators, including Mitchell (2010), Fullwiler (2006) and this author argue that fiscal consolidation has no meaning for a sovereign country with its own currency operating under a flexible exchange rate.

We first examine the structure and operation of the OECD in the context of the implementation of the *Jobs Study* policy agenda. In Section 3 the theoretical and empirical challenges to the policy agenda are documented, along with the modest concessions of the OECD. We then assess the pervasive arguments for the pursuit of fiscal sustainability by all countries, independently of their institutional arrangements. Section 5 concludes.

2. The Structure and Operation of the OECD

i) Introduction

The origins of the OECD and its conceptualisation as a powerful IGO within a dense web of transnational knowledge networks have been documented at length by, amongst others, Bainbridge (2000), McBride and Williams (2001), Noaksson and Jacobsson (2003), Dostal

(2004), and the edited volume by Mahon and McBride (2008), so the reader is directed to these references. However some details of its institutional structure are important in understanding its operation and are presented below. Also, we outline the central role of the Jobs Study in setting the policy agenda for member countries over the past 15 years or so.

The Ministerial Council is the governing body and has representatives from all 30 member states and one from the European Commission. The Secretary-General is the chair. Decisions are adopted by mutual agreement of all members. The Secretary-General leads the Secretariat, which has 15 directorates, including the Economics Department. Over 200 specialised committees, working and expert groups provide assistance. This structure exists alongside informal networks of *ad hoc* groups, many of them long-standing with their own bureau and elected chair (Dostal, 2004). About 2,500 agents work in the Secretariat which also prepares analytical studies for which the OECD takes responsibility, so that no member is formally bound by the content. Most of the 700 researchers are economists but there are also lawyers, scientists and regulatory experts.

About 40,000 senior officials from national administrations attend meetings annually to request, review and contribute to work undertaken by the Secretariat. Official OECD publications, in particular ad hoc policy documents (e.g. OECD, 2006b, 2008b, 2009a,b,c) are written in a stylized manner and underpinned by key assumptions which constitute the conventional wisdom. In this context, Dostal (2004:444-445) argues that Organizational Discourse is not scientific and cannot be directly compared with epistemic communities:

> ‘In fact, organizational discourse is not necessarily very discursive. Rather, it is based on the power of discursive closure. Organizations create their own knowledge based on strategically selected issues and aim to disseminate resulting expertise in communication with an organization’s policy-making environment’.

Porter and Webb (2007:3) argue that OECD processes are shaped by their own distinctive norms and rules and designed to socialize participants into adopting appropriate behavior. There is a high degree of interaction and interdependency between national government departments and the OECD. Despite guidance and oversight by the Economic and Development Review Committee (EDRC), whose membership includes representatives from member states, Secretariat officials, who are mainly economists, have a considerable influence on policy deliberations with economic liberalization being central to the OECD's mission (Porter and Webb, 2007:4). On the other hand, methodological debates about new statistical data and technical criteria for OECD benchmarking exercises occur within working groups which facilitates the emergence of epistemic communities, made up of experts linked by cognitive and professional ties (Haas, 1992).

The Economic Policy Committee (EPC) and the EDRC are influential in the design and dissemination of economic policy and participate in the preparation of both the *Economic Outlook* and country based *Economic Surveys* (Noaksson and Jacobsson, 2003:14). Both committees are linked to the Economics Directorate.

ii) The Jobs Study

In response to higher unemployment in Europe in the early 1990s, the Council of Ministers requested that a comprehensive study of structural issues be undertaken, drawing on the inter-disciplinary expertise of the OECD, despite potential difficulties of achieving consensus between directorates.

Three major developments were identified as contributing to rapid economic and social change. First, waves of financial and product market deregulation in the 1980s had greatly enhanced the potential efficiency of national economies. Second, the rate of globalisation had accelerated. Third, pervasive technological change was occurring, especially via new information technologies.

The fundamental cause of higher unemployment in OECD countries was viewed as the inability to adapt to this rapid change. The OECD approach reflected its essentially economic mandate to make member countries more innovative and prosperous in an increasingly integrated and competitive global economy. Like the 'Washington Consensus' agenda which was imposed on developing countries, the reforms were based on the primacy of markets, and the imperative to remove the institutional fetters allegedly inhibiting their operation (LaJeunesse et al, 2006), that is institutions, rules and regulations which particularly affected the operation of labour markets. Thus unemployment was seen as mainly structural. The *Jobs Study* was not supposed to adopt an explicitly political or ideological stand (Noaksson and Jacobsson, 2003:44), but to claim that the free market model is devoid of political and ideological content is at best naïve.

A broad range of supply side policies were advocated for member countries, including increased flexibility of working-time; greater responsiveness of wage and labour costs to local conditions and individual skill levels; reform of employment security provisions; active labour market policies; improvement of labour force skills; reform of unemployment and related benefit systems and their interaction with the tax system; and enhancement of product market competition. Thus the agency of the state should be subordinate to market forces whenever possible (Dostal, 2004:447).

Also, OECD (1994:3b) advocated growth enhancing, macroeconomic policy:

> 'Macroeconomic policy has two roles in reducing unemployment: over the short term it limits cyclical fluctuations in output and employment; and over the longer term it should provide a framework, based on **sound public finances** and price stability, to ensure that the growth of output and employment is sustainable, *inter alia* through adequate levels of savings and investment' (my emphasis).

These recommendations were supported by member countries whose ministers agreed to implement them, but the OECD had no power to impose sanctions on recalcitrant members. Most OECD documents between 1994 and 2001 took the *Jobs Study* assumptions as unproblematic and repeated its findings and conclusions (Dostal, 2004).

iii) Multilateral Surveillance and Peer Review

As part of its role as an IGO, the OECD engages in the production of statistics, analytical work in relationship to soft regulation, such as best practice identification through comparative studies, mutual surveillance, recommendations, peer review and peer pressure and the implementation of hard regulation via standard setting and adoption of binding international agreements (Mahon and McBride, 2008).

A major influence of the OECD on transnational governance is through the *meditative* function undertaken by its Secretariat. It draws on its significant research capacity to undertake empirical analysis often employing new measures and benchmarks thereby widening the scope of statistical monitoring and comparison of member countries (Mahon and McBride, 2008:10; Marcussen, 2004). These data and the results of cross-country empirical policy analysis appear in OECD publications, including *Economic Outlook* and *Employment Outlook*, and Economics Department Working Papers which contribute to the organisation's authority which is predicated on impartial analytical work. 'The organisation aims to depoliticize issues of economic and social policy-making into questions of 'pure' expertise to be dealt with from the position of 'best practice' and without too much institutionalised interference from interest groups' (Noaksson and Jacobsson, 2003:10; see also Dostal, 2004:446), but their best practice policies do not always gain universal acceptance (Ougaard, 2009).

The *meditative* activities involve the power to classify, fix meanings, and diffuse norms (Barnett and Finnemore 1999, 711; Stone, 2004), which again highlights the importance of the Organisational Discourse. In particular, the OECD contributes to the ongoing development of a sense of identity for members as it develops policy prescriptions appropriate for modern, liberal-democratic countries which are market-friendly, and efficient (Noaksson and Jacobsson, 2003; Porter and Webb, 2007). The OECD tries to achieve policy convergence through arguments, negotiations and persuasion (Marcussen 2002).

With its access to resources, the Economics Department assumes a major role in the *inquisitive* mode of regulation, through the Peer Review of each member country on a 12-18 month cycle (Noaksson and Jacobsson, 2003:18). A country is not obliged to follow the OECD recommendations, although there are pressures to conform to new standards and practices (Mahon and McBride, 2008), particularly since the OECD publishes information about the degree of compliance to the blueprint by member countries (OECD, 2004b:4) and thus identifies leaders and laggards in their adoption of OECD norms (March and Olsen, 1998: 961, quoted in Porter and Webb, 2007). The OECD provides 'a controlled environment for the creation, development and dissemination of political discourse" (Dostal, 2004, 440), which entails the 'adoption of a shared terminology, similar methods of inquiry, and a unified style of presentation in the OECD's peer review exercises' (Lehtonen, 2009:390). All countries must sign the final report, which is published, after being unanimously adopted by the EDRC (Noaksson and Jacobsson, 2003:27-28). Thus in the implementation of the PR, the OECD plays a major role in shaping the identity of member countries.

PR is designed to assist each member to improve its policy making by the adoption of best practice and compliance with established standards and principles (Pagani, 2002).

> 'The OECD's identity-defining function also helps to explain why member states do not use their veto power to eliminate critical recommendations from EDRC reviews, since this would be widely viewed as inappropriate by their peers and, in many cases, domestic public opinion' (Porter and Webb, 2007:8).

Another possible motive would be to exploit the OECD's reputation for expert advice to shift domestic public opinion in favour of preferred policies (OECD, 2002:10; Dostal, 2004; Mahon and McBride, 2008). Sometimes states do insist that critical comments be removed.

All OECD findings, both written and spoken, are presented in a non-technical, non-confrontational and stylized manner, which are accessible to a non-specialist audience, particularly policymakers. Policy principles are articulated which can be adapted according to the national circumstances, so country specific policy recommendations are avoided (Lodge, 2005). Notwithstanding PR, Lodge (2005), Dostal (2004) and Mahon and McBride (2008) amongst others are unconvinced about the influence exerted by the OECD on policy making.

In its policy recommendations, there is an unclear relationship between the OECD's own research and the best available academic evidence, since the OECD discusses the latter in a selective and superficial manner, but wishes to draw on its scientific authority (Dostal, 2004:450-451).

Through its control of specialist regulatory knowledge and the exploitation of first mover advantage, the OECD has also gained a comparative advantage in new areas of policy making, including regulation of private health care and private pensions. Benchmarking new public policy areas also assists the OECD to broaden its OD at its Committees and Ministerial Council meetings and to provide guidance for national policy-makers (Dostal, 2004), but there is a potential tension in that other Departments of the organisation may not adhere to economic orthodoxy (see Section 3). The authority of the OECD in these new areas is enhanced by its capacity to develop comprehensive statistical databases as well as amend databases in response to new circumstances.[4]

However '(A)ny organization's comparative advantage in broader policy networks depends at the same time on the ability to sustain its authoritative voice in specific areas of expertise' (Dostal, 2004:445). The OECD's neo-liberal messages of supply-side reform and sound macroeconomic policy have been largely unchanged for over 15 years despite some concessions with respect to the former (see Section 3). This is important for the OECD's ongoing credibility. Differences between IGOs over the appropriate response to the GFC following the implementation of fiscal stimulus programs are of degree rather than substance, so we question Dostal's claim (2004:443) that 'The strategic interaction between organizations is therefore shaped by attempts to secure discursive control over certain areas of expertise, and this means in practical terms competing against discourses of other organizations in the same field'. There is not an ongoing and dynamic competition of ideas across *all* policy domains. IGOs such as the OECD, EU and IMF serve different, albeit overlapping, constituencies and the interaction between the IGOs over the conduct of macroeconomic policy more closely resembles monopolistic (non-price) competition rather than perfect competition. As noted, this is not to deny the importance of gaining influence in new policy areas where the dynamic competition of ideas operates.

3. Challenges to the OECD Neo-Liberal Economic Policy Agenda

i) Introduction

We now briefly document evidence of non-compliance by member countries and the theoretical and empirical challenges by heterodox economists to the OECD neo-liberal policy blueprint. The OECD has some leeway in its implementation of supply side policy in the light of empirical contradictions, but to maintain its credibility as an influential IGO within international knowledge networks, it is locked into the ill-defined principles of *sound public finance* or *fiscal sustainability*, which we explore in more detail in Section 4.

[4] OECD (2009b:14-16) documents new social financial and other economic statistics which will assist in the development of new economic and social policies in response to the GFC.

ii) *Compliance*

Despite implementation of PR, the degree of compliance in the early years after the *Jobs Strategy* was unimpressive (Rueda and Pontusson, 2000:381). Also outcomes including income inequality, continued to correlate quite strongly with the various 'styles' of welfare state. Despite its apparent sensitivity to cross-country differences, the *Jobs Strategy* was criticised for its decontextualised benchmarking by requiring the achievement of perfectly free labour markets (Hemerijck and Visser 2001), although post-Keynesians deny that such labour markets are either necessary or sufficient for the achievement of full employment.

Also countries with fiercely defended traditions of so-called rigidities, such as employment protection, strong trade unions and relatively high employment benefits, were expected to undertake reforms to reduce workers rights in order to create jobs (Larsson 1998:412 quoted in Noaksson and Jacobsson, 2003:31). On the other hand, OECD (1999a:41) claimed that successful countries had adopted different approaches to labour and product market reform, depending on their social, cultural and institutional characteristics, but reforms had always followed the main thrust of the *Jobs Strategy*. Armingeon (2007:906) argues that the impact of IGOs on policy making is conditioned by domestic politics, institutions and extant policies. Thus IGOs face a quandary in that decontextualised policy prescription may well be largely ignored by individual countries.

Armingeon (2004) concluded that the OECD's advice enjoyed *low efficacity*. Even when there appeared to be a strong link between OECD recommendations and member country policy, e.g. the UK, there was little evidence that the OECD set the agenda for change (Manning 2004:209, Mahon and McBride, 2008:17; see also Lodge, 2005). McBride and Williams (2001) noted major inconsistencies in the OECD's assessment of the degree of compliance by some countries. Also there was no significant association between a country's degree of compliance and its labour market performance.

iii) *Empirical Evidence*

In the 2006 Employment Outlook OECD (2006a) acknowledged that both youth unemployment and overall labour underutilisation remained high, with the latter being driven in part by increased underemployment. Also income inequality had increased particularly in the USA (OECD, 2008a).

The flaws of the OECD's supply side agenda have been reported at length, by, amongst others McBride and Williams (2001); Baker *et al* (2002, 2004); Mitchell and Muysken (2004); Bradley and Stephens (2007) and McBride et al (2008) and concessions have been made by OECD (1997:63–92; 1998; 1999a; 1999b: 86–8; 2004a; 2006a), which culminated in a reassessment of the *Jobs Study* (OECD, 2006b).

OECD (2006b) reaffirmed the importance of *sound* budget balances to the conduct of macroeconomic policy, as well as the removal of obstacles to participation and job creation through tax-benefit reforms, activation policies, workplace flexibility, lifelong learning and removing obstacles and providing incentives to participation of under-represented groups, including the disabled, women and older workers, but the problematic outcomes associated with employment protection legislation were acknowledged (see also OECD, 2008b).

The language of OECD (2006b) is non-technical and no supporting references are provided. For example, 'The **record** suggests that the 1994 Jobs Strategy remains an effective tool to strengthen labour market performance. Indeed, reforming countries have in general done better in reducing unemployment'.

However OECD (2006b) acknowledged that no single combination of policies and institutions is required to achieve and maintain good labour market performance. *Market reliant* countries including Australia, Canada, Japan, Korea, New Zealand, Switzerland, UK and USA, combined low welfare benefits and low tax rates to fund these benefits (sic), as well as limited employment protection legislation. These countries achieved an average employment rate of 70.9%, but relatively high income inequality persisted.

By contrast, countries, including Austria, Denmark, Ireland, the Netherlands, Norway and Sweden, emphasised 'coordinated collective bargaining and social dialogue', implement more restrictive employment regulations and offer generous welfare benefits but still adopt activation policies. These countries achieved a higher average employment rate (71.9%), lower income inequality but at a higher budgetary cost (OECD, 2006b:18-19), which revealed that there was no efficiency/equity trade off (Watt, 2006).[5]

Despite these concessions, the OECD has not encouraged the adoption of the Nordic model by other countries. Possibly there are problems of transferability, but this did not deter the OECD from actively encouraging the take up of the neo-liberal model (Watt, 2006).

The absence of competing discourses about the principles of macroeconomic reflects the continued dominance of the neo-liberal policy framework both within other major IGOs, such as the World Bank, IMF and the ECB[6], which would have the resources and capacity to challenge the OECD, and also within most academic economics departments which train many employees of these organisations. While recognising the influence of Anglo-American–trained professional economists on the OECD's Organisational Discourse, Mahon and McBride (2008:15) note that directorates develop their own ODs, so they question whether the institution's discourse is merely 'a transmission belt for the ideas dominant in economics departments'. Certainly neo-liberal ideas have had a profound influence on the framing of the policy template by the Economics Department.

Consistent with the OD framework, maintaining credibility in the central policy area remains crucial to institutional survival. This also requires that other OECD portfolios do not fundamentally contradict the dominant economic paradigm. Inclusive liberalism has been adopted by the Directorate for Education, Employment, Labour and Social Affairs (DEELSA) (Mahon and McBride, 2009:19), and discourses have emerged in the OECD which draw on institutional and ecological economics (Lehtonen, 2009).

---

[5] However, macroeconomic policy failures of OECD countries, including corporatist ones, are mainly responsible for high rates of labour underutilisation. When budget deficits should have been used to generate jobs for all those wanting work, various restrictions have been placed on fiscal policy. Monetary policy has also become restrictive, with inflation targeting – either directly or indirectly – pursued by increasingly independent and vigilant central banks (Mitchell and Muysken, 2008).

[6] The IMF promoted the adoption of a global fiscal stimulus, but recognized the financial constraints facing some countries and the need for a commitment to longer term fiscal discipline (Freedman et al, 2009). Likewise the ECB (2009) acknowledged that fiscal policy action was 'largely justified', but cautioned that EU countries were 'bound by their obligations under the Treaty and the Stability and Growth Pact, so it is essential that fiscal policies are conducted within a predictable, medium-term oriented framework'.

Mahon and McBride (2008) contrast the hard neo-liberal economics perspective of the Economics Department which mainly interacts with national Finance Departments and has had minimal interaction with civilian society (Ougaard, 2007), with the *inclusive* or *innovative* liberalism of the (DEELSA), which communicates with ministries dealing with labour and social issues. '"(I)nclusive liberalism" is seen as a distinctive variant of liberalism, of equivalent status to classic, new, or social liberalism and neo-liberalism, but does not pose a fundamental challenge to neo-liberalism' (Mahon and McBride, 2008:18).

Despite the inclusion of a Sustainable Development (SD) section in a full cycle of Peer Reviews, SD failed to become mainstream. Indeed once the specific funding for the inclusion of SD ceased, the ERDC removed the section from the PRs (Lehtonen, 2007). The OECD's failure to reposition itself within international governance may reflect a belief that its comparative advantage and core identity lay elsewhere.

> 'Adopting too many elements from 'environmentalist' or other heterodox discourses might threaten this very identity. Embarking upon the slippery discursive field of SD may have seemed too risky for an organisation whose influence and authority rely on the production of reliable, 'objective' economic analysis' (Lehtonen, 2009:396).

4. Fiscal Consolidation and Sustainability

A key aspect of the OECD's discursive power is the repetition of key components of its policy framework in a range of contexts, so that these components can be viewed as part of the conventional wisdom (Dostal, 2004:445; Jackson, 2008). The terms *fiscal sustainability* and *fiscal consolidation* are good examples. The latter was articulated in the *Jobs Study*, and is frequently referred to in OECD policy documents (e.g. OECD, 2009a, 2010), with minimal elaboration, despite its potential inconsistency with running fiscal stimulus packages during the current crisis.

The OECD continues to attribute the failure of member countries to achieve full employment and stable inflation to labour market rigidities and other market imperfections (Mahon and McBride, 2008). Thus the OECD remains wedded to a NAIRU based macroeconomic model, which has no long term role for aggregate demand management. However, Ormerod (1994:203) found that countries which avoided high unemployment rates in the 1970s had a sector operating as an employer of last resort. Modigliani (2000) is quite unequivocal that aggregate demand determines employment. Mitchell and Muysken (2008) find evidence of unemployment persistence in selected OECD economies (1960-2006) which challenges the claim that departures from the NAIRU are temporary following aggregate demand shocks. Also they find that the NAIRU is cyclically sensitive (see also Sawyer, 2004), which rejects the supply-determined NAIRU (cf. Layard et al, 1991:18).

OECD (2009a,b,c) accepts the implementation of fiscal stimulus packages in the aftermath of the GFC, particularly given the limited scope for monetary policy if interest rates are already low, but these documents continue to argue for medium-term *fiscal sustainability*. Also no explanation is provided as to why the circumstances of the GFC justify significant fiscal intervention, whereas policies to achieve and maintain full employment[7] are eschewed.

[7] By full employment, we mean all those workers who wish to work at the going wages and conditions can do so. We do not mean a NAIRU inspired level of unemployment.

A charitable explanation of the OECD's acceptance of fiscal stimulus packages in some countries to boost activity would be that, despite strong equilibrating properties of economies, restoration of the unemployment rate in line with the (higher?) NAIRU after such a major real shock would take time. Both neo-liberal and heterodox economists agree that prolonged high unemployment is highly deleterious to potential GDP due to hysteresis, which in turn restricts medium term growth prospects. In short, fiscal stimulus was required because equilibrating forces would not have operated quickly enough to reduce actual unemployment to prevent a significant rise in structural unemployment.

The imperative for *fiscal sustainability* lacks rigor, however, with the OECD obfuscating through inconsistent, incomplete and often unsubstantiated statements. Consequently the organisation is unable to provide member countries with a clear set of principles about the future conduct of macroeconomic policy.

First, caution is expressed about further measures:

> 'The scope for further stimulus depends on the degree of government indebtedness. Whether a more ambitious fiscal stimulus than currently planned is appropriate depends on country-specific circumstances. Evidence shows that adverse reactions in financial markets are likely in response to higher government debt and that such reactions may depend on the initial budget situation' (OECD, 2009b:10-11).

The OECD then differentiates between countries which have 'a weak initial fiscal position' and those with the 'most scope for fiscal manoeuvre', but 'For others, action would only be warranted in case activity looks to turn out even weaker than projected'. Thus there is no coherent rule in terms of acceptable expenditure levels. The policy objectives are never clearly outlined which makes it difficult to decipher the extent of possible policy trade-offs. In a later publication entitled *Restoring Fiscal Sustainability: Lessons for the Public Sector* (OECD, 2010), the sole policy objective is quite clear, namely deficit reduction. The word *unemployment* appears just twice (on consecutive lines) in this document, when cuts to public sector employment are considered.

OECD (2009b:17) also notes that '*Fiscal stabilisation* is particularly important in countries that do not have national monetary policy', (such as Eurozone countries), but fails to explain why some Eurozone countries, including Ireland, have adopted pro-cyclical, rather than counter-cyclical fiscal policy. In 2009(4), Ireland had a 12.6 percent unemployment rate (which is projected to rise higher) and a projected gross debt to GDP ratio of 78 percent at the end of 2010, whereas Japan had an unemployment rate of 5.1 percent and a projected gross debt ratio in excess of 200 percent. Yet Ireland introduced harsh contractionary budgets in April and December 2009 with the latter characterised by unprecedented pay cuts for public sector workers and cuts in social welfare. On the other hand, Japan introduced a fiscal stimulus package projected to be 2 percent of GDP over the period 2008-2010 (OECD, 2009b). At face value it is difficult to reconcile these different policy outcomes.

The OECD fails to acknowledge that the conduct of fiscal policy is fundamentally different in Eurozone countries, as the above example illustrates, because their governments are budget constrained, by choice, under the Stability and Growth Pact, albeit with a temporary relaxation due to the GFC.[8] By contrast, countries, such as Japan, the USA, the UK and Australia, operate with their own fiat currencies under flexible exchange rates and are not budget constrained (Mitchell and Muysken, 2008). Thus the OECD trivialises the conduct of fiscal policy by appealing to the conventional wisdom that, like prudent households, *all* federal governments are budget constrained.

Similarly the IMF (2010) emphasises the importance of implementing medium term *fiscal consolidation* strategies in 2011, but with *fiscal stimulus* measures planned in 2010 to be fully implemented, except in those countries suffering large increases in risk premiums. The apparently severe debt problems in Japan are dealt with in a matter-of-fact manner: 'For regional economies with high public debt levels and the need to maintain fiscal support—such as Japan—developing and communicating credible medium-term consolidation plans would be advisable..' IMF (2010:51).

The likely impact on the normalization in financial market conditions resulting from concerns about 'sovereign solvency and liquidity in Greece (and possible contagion effects on other vulnerable euro area countries)'are noted (IMF, 2010:53), but again no reference is made to the different arrangements under which fiscal policy is implemented and the underlying monetary systems in the Eurozone countries.

Second, OECD (2009a:124) correctly notes that the impact of fiscal imbalances on interest rates is 'both mixed and controversial'. Their formal econometric work (Box 3.2), which analyses the determinants of the interest rate spread, is based on 6 (6 monthly) observations between 2005(4) and 2008(4) for 10 EMU countries, but neither the choice of countries, nor the small number of time series observations is justified which is most unsatisfactory because, in contrast to countries with their own independent fiat currencies, EMU countries must formally borrow to finance budget deficits.

> 'An implication of the finding that **higher expected deficits increase long-term interest rates** is that a temporary fiscal injection may be more effective than a more sustained fiscal injection which is expected to significantly worsen the long-term fiscal outlook' (my emphasis).[9]

Whether larger deficits raise long term interest rates (rather than just the spread, if the OECD econometric work is to be believed), depends largely on the behavior of central banks in setting short term rates. *Ceteris paribus*, by increasing the reserves of the banking system, more government spending places downward pressure on short term interest rates in countries with their own fiat currencies (Mitchell and Muysken, 2008). However most central banks in the developed world are independent of their national governments and engage in inflation targeting, which is central to the OECD's policy framework. Consequently there is the possibility of a dysfunctional relationship between fiscal and monetary policy, in the recovery phase, following the implementation of a fiscal stimulus package.

[8] For example, Ireland is required to restore a budget deficit of 3 percent of GDP or better by 2013.

[9] Likewise, in reference to the size of U.S. fiscal imbalances, the IMF (2010:46) recommends that 'a credible plan for fiscal sustainability will need to accompany any such measures to limit the risk of rising long-term interest rates, which would dampen growth'.

Third, OECD (2009c) explores the macroeconomic impact of a number of medium term scenarios for each member country based on *fiscal consolidation* at an annual rate of 1 percent of GDP for between 3 and 7 years –depending on the initial *fiscal imbalance* (deficit) - in addition to the removal of any fiscal stimulus.

Despite OECD support for fiscal stimulus packages as a means of stimulating economic activity, the impact of fiscal consolidation on aggregate demand and hence output and employment is finessed. Over the medium term scenario, 2011-2017, 'output gaps are closed as a result of sustained above-trend-growth (despite significant fiscal consolidation)' (OECD, 2009c:227). OECD (2010:6, footnote 4) is more bullish 'Even large fiscal contractions can be expansionary because they signal a permanent and decisive change in fiscal policy', which is linked to greater public acceptance when 'times are obviously precarious'. By contrast, the IMF (2010:45) acknowledges that the removal of the US policy stimulus will reduce growth in 2011. OECD (2010:8-11) cites a number of countries which successfully achieved large multi-year adjustments to their fiscal positions, but no mention is made about the impact on economic growth and unemployment

Fourth, OECD (2009c:219) asserts that, following a deep recession, the substantial rise in unemployment is partially translated into higher structural unemployment (and lower potential output) via hysteresis effects. Short term unemployment is found to be four times as potent as long term unemployment (LTU) in its impact on wage inflation, so that it is argued that (conservatively) 66 percent of any rise in LTU can be treated as structural, thereby reducing potential output. In short the unemployment rate corresponding to close to potential output being produced (ie a small output gap) is significantly higher after a deep recession. If the measurement of potential output is reduced in the recovery because 66 percent of any intervening increase in LTU is deemed to be structural, and also the recovery is weak, then the persistence of high unemployment is at face value largely a structural problem, which is manifested in low potential output.

In the OECD medium term scenario, unemployment falls in all countries after 2010, with the average rate down from 9.75 percent in 2010 to 6.5 percent by 2017. However, in most European countries their projected unemployment rates remain above pre-crisis levels. 'This stems from the assumption that hysteresis effects are asymmetric in the sense that they tend to raise the NAIRU when unemployment rises, but do not lower the NAIRU when unemployment falls' (OECD, 2009c:230).

The inference here is that the assumption errs 'on the cautious side', so that if the extreme assumption of asymmetry had not been assumed, both potential and actual growth would have been higher and unemployment lower. A more realistic proposition is that economies do <u>not</u> have an automatic tendency to equilibrate at the potential (NAIRU) level of output, so a higher level of potential output would reveal higher cyclical unemployment.

Thus, by exaggerating the impact of the recession on the potential output growth rate, via an asymmetric hysteretic process, OECD (2009c) has written out of the script any role for aggregate demand in the determination of output and employment, because, by assumption, output is line with potential by 2017, so there is no cyclical unemployment! The higher level of structural unemployment following the deep recession then reaffirms the need for more structural reforms (OECD, 2009c:214), rather than the adoption of stimulatory fiscal policy.

The IMF (2010:56) notes weaknesses in existing European policy arrangements and also suggests the consideration of common fiscal rules and should include 'close monitoring of fiscal policies and public balance sheets' which is somewhat ironic since the Eurozone rules of deficits being less than 3 percent of GDP, and the debt to GDP ratio of 60 percent have been shown to be counterproductive.

In summary, the need for fiscal stimulus packages in some member countries is acknowledged, but the OECD claims that there is a need for *fiscal sustainability* via *fiscal consolidation,* which is illustrated by medium term simulations of budget cutting at 1 percent of GDP per year, but no attempt is made to provide a coherent justification for the concept.

Fiscal sustainability is based on the flawed principle that, like a household, government is budget constrained in an intertemporal sense (Fulwiller 2006). Drawing on the principles of functional finance developed by Abba Lerner (Forstater, 1999), Mitchell (1998), Wray (1998) and Mitchell and Muysken (2008)[10], we argue that, under a floating exchange rate (so that monetary policy is freed from the need to defend foreign exchange reserves) and the monopoly provision of fiat currency by a national government, there are no constraints on government spending. This spending is the source of funds that the private sector needs to pay its taxes and to net save. Interest bearing government debt is issued to achieve the target interest rate, rather than to finance net government spending. Contrary to OECD (2010), taxpayers do not fund government spending.[11]

These principles explain how Japan has run persistent deficits, resulting in the largest debt to GDP ratio in the developed world, yet its official interest rate has been below 1 percent since the end of 1995, which has been reflected in its term structure of interest rates, with yields on 10 year government bonds being below 2 percent since mid-1999. Hence the claim by OECD (2010:18) that 'In the absence of a plan, creditors will eventually begin to demand an increasing risk premium for holding government debt, which could slow or even choke off the recovery.' is fundamentally wrong.

These arrangements prevail in countries, such as Japan, the USA, the UK, Canada and Australia, but not in Eurozone countries which are subject to a voluntarily-imposed monetary system incorporating a common currency. These countries must borrow in order to run budget deficits which are subject to major constraints through the Stability and Growth Pact.

Even the running of a balanced budget over the cycle, which some deficit doves support, is inconsistent with sustained full employment, because the necessary surplus budget at full employment requires that the private sector has a net deficit (i.e. saving less than investment), which translates into increasing indebtedness, unless the economy is running a large and persistent trade surplus. Further, a balanced budget over the cycle cannot be considered a universal, fiscally prudent macroeconomic policy for developed and developing economies, because in aggregate there is necessarily balanced trade, which means that all countries cannot simultaneously achieve trade surpluses.

[10] Members of the Centre of Full Employment and Equity (see http://e1.newcastle.edu.au/coffee/index.cfm), headed by Mitchell, and other scholars have written extensively about the conduct of macroeconomic policy.
[11] Thus the following quote is quite misleading: 'Creditors and taxpayers seek confidence in a country's fiscal management in order to continue financing public expenditures' (OECD, 2010:5).

Thus, subject to an effective counter-inflation strategy, governments should run budget deficits to fill the prospective spending gap at full employment. Mitchell (1998) argues that the lowest fiscal stimulus required to achieve full employment requires the operation of a Job Guarantee in which all unemployed workers are guaranteed a job at the minimum wage. In contrast to Keynesian pump priming, the Job Guarantee has the major advantage that it is perfectly calibrated to the level of unemployment, since a job only becomes available when an unemployed person signals their desire for a job. Thus the debates over the timing and magnitude of fiscal stimulus packages and when they should be phased out become redundant. Also such a policy is targeted to the victims of fluctuations in economic activity, namely the unemployed.

The failure to run deficits of sufficient magnitude means that either the economy does not experience full employment or the private sector becomes increasingly indebted, as noted above, which will ultimately lead to a harsh correction in the form of reduced spending when the private sector decides to restore its balance sheets. This has been graphically illustrated since the onset of the financial crisis in countries with high levels of private sector indebtedness.

The setting of current spending and taxation parameters is not constrained by the past budgetary decisions of those countries operating with their own fiat currencies and under flexible exchange rates, but should reflect the economic, political and social priorities of the government, and be geared to the achievement of full employment.

5. Conclusion

Despite the OECD apparently exercising considerable trans-national authority in policy formulation, its attempts to impose a neo-liberal policy blueprint on member states have not been particularly successful. Even where there appears to be a consensus concerning the efficacy of certain recommendations, implementation practices differ significantly across countries. The theoretical and empirical challenges to the OECD policy framework have elicited minor concessions with respect to supply side reform. Its macroeconomic policy prescription remains largely consistent with the *Jobs Study*, so while fiscal stimulus packages have been accepted to address the GFC, the OECD continues to emphasise the imperative for *fiscal sustainability* through medium term *fiscal consolidation*.

Thus '(T)he new Jobs Strategy continues to reflect neo-liberal goals and policy instruments, an indication that any change in direction is one of adjustment rather than transformation' (Mahon and McBride, 2009:19).

This paper argues from an OD perspective, that adherence to a neo-liberal macroeconomic policy framework is necessary for the OECD to maintain both its authoritative voice in its specific areas of policy expertise and its influence in broader policy networks. However, there is not an ongoing, dynamic competition of ideas between the main IGOs over the conduct of macroeconomic policy. Hence in this respect the notion of the availability of organizational space for the OECD in its competition with other IGOs does not apply (cf. Dostal, 2004:456). These IGOs represent different constituencies, but only offer marginally different macroeconomic policy perspectives. In new fields of public policy, the competition over ideas and the importance of exploiting first mover opportunities has resonance.

The recent policy documents from the main IGOs reveal inconsistent and unconvincing arguments for fiscal *consolidation*. This example highlights the critical role of symbolic language in the presentation of policy arguments, which is a key component of the Organisational Discourse perspective. Also the power of discursive repetition should not be underestimated (Dostal, 2004, 445) in reproducing the power structures embodied in discourse (Lehtonen, 2009).

Lehtonen (2009:397) speculates as to whether 'the current crisis may provide an opportunity within the OECD for alternative views and marginalised discourses to be heard'. The evidence provided in this paper would suggest that vested interests are continuing to perpetrate a macroeconomic orthodoxy in which social and economic welfare has been downgraded in importance due to the imperative for *sound public finance*.

References

Armingeon, K. (2004) 'The OECD and national welfare state development', in K. Armingeon and M. Beyeler (eds), *The OECD and European Welfare States*, Edward Elgar, London, pp.226-242.

Armingeon, K. (2007) 'Active labour market policy, international organizations and domestic politics', *Journal of European Public Policy*, 14(6), pp. 905–932.

Bainbridge, T. (2000) 'A brief history of the OECD (Organisation for Economic Co-operation and Development)', *OECD Observer*, 2221/222, pp.111-115.

Baker, D. Glyn, A. Howell, D. & Schmitt, J. (2002) 'Labor Market Institutions and Unemployment: A Critical Assessment of the Cross-Country Evidence'. *CEPA Working Papers 2002-17*, Schwartz Center for Economic Policy Analysis (CEPA), New School University, revised.

Baker, D., Glyn, A., Howell, D. and Schmitt, J. (2004) 'Labor Market Institutions and Unemployment', in D. Howell (ed.), *Questioning Liberalization: Unemployment, Labor Markets, and the Welfare State*, Oxford University Press, Oxford.

Barnett, M.N. and M. Finnemore (1999) 'The politics, power and pathology of international organizations', *International Organization* 53(4), pp. 699–732.

Bradley, D.H., and Stephens, J. (2007) 'Employment Performance in OECD Countries', *Comparative Political Studies*, 40(12), pp.1486-1510.

Centre of Full Employment and Equity (2009) CofFEE Labour Market Indicators (CLMI) *Labour underutilisation, Australia*, University of Newcastle.

Dostal, J.M. (2004) 'Campaigning on expertise: how the OECD framed EU welfare and labour market policies – and why success could trigger failure', *Journal of European Public Policy* 11(3), pp.440–460.

ECB (2009) *Fiscal policy and the financial crisis: the need for an effective exit strategy*. Speech by José Manuel González-Páramo, Member of the Executive Board of the ECB at the CFS conference The ECB and its Watchers XI Frankfurt am Main, 4 September, available : http://www.ecb.int/press/key/date/2009/html/sp090904_2.en.html [accessed 25 November 2009].

Forstater, M. (1999) *Functional Finance and Full Employment: Lessons from Lerner for Today*?, Working Paper No. 272, The Jerome Levy Economics Institute, July.

Freedman, C. Kumhof, M., Laxton, D. and Lee, J. (2009) *The Case for Global Fiscal Stimulus*, IMF Staff Position Note, SPN/09/03, (Washington: International Monetary Fund).

Fullwiler, S.T. (2006) *Interest Rates and Fiscal Sustainability*, Working Paper No. 53, Wartburg College and the Center for Full Employment and Price Stability, July.

Grant, T., Keenoy, T. and Oswick, K. (2001) ‘Organisational discourse: key contributions and challenges’, *International Studies of Management and Organisation*, 31(3), pp. 5–24.
Haas, P.M. (1992) ‘Introduction: epistemic communities and international policy coordination’, *International Organization*, 46(1), pp.1-35.
Hemerijck, A. and Visser, J. (2001) ‘Learning and Mimicking: How European Welfare States Reform’, *mimeo*, University of Amsterdam.
IMF (2010) *World Economic Outlook: Rebalancing Growth*, ©2010 International Monetary Fund.
Jackson, A. (2008) ‘”Crafting the Conventional Economic Wisdom”: The OECD and the Canadian Policy Process’, in Mahon, R. and McBride, S. (eds) *The OECD and Transnational Governance*, UBC Press, Vancouver.
LaJeunesse, R., Mitchell, W.F. and Watts, M.J. (2006) ‘Economics and Industrial Relations: Debunking the Myths’, in J. Teicher and R. Lambert (eds.) *Workchoices: the New Industrial Relations Agenda*, Pearson Education, Camberwell, Victoria, Australia.
Larsen, C.A. (2002) ‘Policy paradigms and cross-national policy (mis)learning from the Danish employment miracle’, *Journal of European Public Policy*, 9(5), pp.715–735.
Larsson, A. (1988) ‘The European Employment Strategy and EMU: You Must Invest to Save’, 1998 Meidner Lecture, *Economic and Industrial Democracy*, 19, pp.391-415.
Layard, R., Nickell, S. and Jackman, R. *Unemployment: Macroeconomic Performance and the Labour Market*, Oxford University Press, Oxford.
Lehtonen, M.(2007) ‘Environmental Policy Integration through the OECD Peer Reviews: Integrating Economy to the Environment or the Environment to the Economy?’, *Environmental Politics*, 16, 15–35.
Lehtonen, M. (2009) ‘OECD organisational discourse, peer reviews and sustainable development: An ecological-institutionalist perspective’, *Ecological Economics*, 69, 389-397.
Lodge, M. (2005) ‘The importance of being modern: international benchmarking and national regulatory innovation’, *Journal of European Public Policy*, 12(4), pp.649–667.
Mahon, R. and McBride, S. (2008) ‘Introduction’ in R. Mahon and S. McBride (eds) *The OECD and Transnational Governance*, UBC Press, Vancouver, pp.1-22.
Mahon, R. and McBride, S. (2009) ‘Standardizing and disseminating knowledge: the role of the OECD in global governance’, *European Political Science Review*, 1(1), 83–101.
Manning, N. (2004) ’Mutual Admiration? OECD advice to the UK’, in K. Armingeon and M. Beyeler (eds), *The OECD and European Welfare States*, Edward Elgar, London, pp.197-211.
Marcussen, M. (2002) *OECD og idéspillet - Game Over?*. Hans Reitzels Forlag A/S, Copenhagen.
Marcussen, M. (2004). Multilateral surveillance and the OECD: Playing the idea game. In K. Armingeon and M. Beyeler (eds.) *The OECD and European Welfare States*, Edward Elgar, London, pp. 13-31.
Marshak, R.J. and Grant, D. (2008) ‘Organizational Discourse and New Organisation Development Practices’, *British Journal of Management*, 19, S7-S19.
Marshall, P., Kelder, JA. and Perry, A. (2005) ‘Social Constructionism with a Twist of Pragmatism: A Suitable Cocktail for Information Systems Research’, *16th Australasian Conference on Information Systems*, Sydney.
McBride, S. and Williams, R.A. (2001) ‘Globalization, the Restructuring of Labour Markets and Policy Convergence: The OECD ‘Jobs Strategy’, *Global Social Policy*, 1(3), pp.281-309.
McBride, S., McNutt, K. and Williams, R.A. (2008) ‘Policy Learning? The OECD and its Jobs Strategy’, in R. Mahon and S. McBride (eds) *The OECD and Transnational Governance*, UBC Press, Vancouver, pp.152-169.
Mitchell, W.F. (1998) ‘The buffer stock employment model - Full employment without a NAIRU’, *Journal of Economic Issues*, 32(2), pp.547-555.

Mitchell, W.F. (2010) People are now dying as the deficit terrorists ramp up their attacks, *Billy Blog – alternative economic thinking*, 6 May. Accessed 18 May, http://bilbo.economicoutlook.net/blog/?p=9632

Mitchell, W.F. and Muysken, J. (2004) ‘Involuntary unemployment – getting to the heart of the problem’, in Carlson, E. (ed.) *A Future that works, Proceedings of the 6th Path to Full Employment Conference and the 11th National Conference on Unemployment*, UNSW Press, Sydney, pp.327-340.

Mitchell, W.F. and Muysken, J. (2008) *Full employment abandoned: shifting sands and policy failures*, Edward Elgar, Aldershot.

Modigliani, F. (2000) ‘Europe’s economic problems’, *Carpe Oeconomiam Papers in Economics*, 3rd Monetary and Finance Lecture, Freiburg, 6 April.

Noaksson, N. and Jacobsson, K. (2003) ‘The Production of Ideas and Expert Knowledge in OECD: The OECD Jobs Strategy in contrast with the EU employment strategy’, Stockholm Center for Organizational Research (SCORE) Rapportserie.

OECD (1994) *The OECD Jobs Study, Facts, Analysis, Strategies*, OECD Publications, Paris.

OECD (1997) *Employment Outlook*. OECD Publications, Paris.

OECD (1998) ‘Implementing the OECD Jobs Strategy: Progress Report’, *OECD Economics Department Working Paper* 196, OECD Publications, Paris.

OECD (1999a) *Implementing the OECD Jobs Strategy, Assessing, Performance and Policy*, OECD Publications, Paris.

OECD (1999b) ‘Employment Protection and Labour Market Performance’, *Employment Outlook*. OECD Publications, Paris.

OECD (2002) ‘Peer Pressure as Part of Surveillance by International Institutions’, record of discussion led by Niels Thygesen, Chairman, Economic Development Review Committee, Tuesday 4 June. Paris, (available at *www.oecd.org*).

OECD (2004a) *Employment Outlook*, OECD Publications, Paris.

OECD (2004b) “Overview of the OECD: What is it? History? Who does What? Structure of the Organisation?” Paris (available at *www.oecd.org*).

OECD (2006a) *Employment Outlook: Boosting Jobs and Incomes*, OECD Publications, Paris.

OECD (2006b) *Boosting Jobs and Incomes: Policy Lessons from Reassessing the OECD Jobs Strategy*, OECD Publications, Paris.

OECD (2008a) Growing Unequal? : Income Distribution and Poverty in OECD Countries Country Note: United States, Available: http://www.oecd.org/dataoecd/47/2/41528678.pdf [accessed 7 September 2009].

OECD (2008b) *Economic Policy Reforms: Going for Growth*, OECD Publications, Paris.

OECD (2009a) ‘The effectiveness and scope of fiscal stimulus’, Chapter 3, Interim Report, *OECD Economic Outlook*. Available: http://www.oecd.org/dataoecd/3/62/42421337.pdf

OECD (2009b) *Strategies for aligning stimulus measures with long term growth*, OECD Publications, Paris.

OECD (2009c) ‘Beyond the Crisis: Medium Term Challenges relating to Potential Output, Unemployment and Fiscal Positions’, Chapter 4, *OECD Economic Outlook*, 85, OECD Publications, Paris.

OECD (2010) *Restoring Fiscal Sustainability: Lessons for the Public Sector*, OECD Publications, Paris.

Ormerod, P. (1994) *The death of economics*, Faber and Faber, London.

Ougaard, M. (2009) ‘Civil Society and Patterns of Accountability in the OECD' in Jan Aart Scholte (ed) *Global Citizenship in Action*? *Civil Society and Accountable Global* Governance. London: Cambridge University Press.

Pagani, F. (2002) ‘Peer Review As A Tool For Co-Operation And Change: An analysis of an OECD working method’, *African Security Review* 11(4),
Porter, T. and Webb, M. (2007) ‘The Role of the OECD in the Orchestration of Global Knowledge Networks’, paper presented at the Canadian Political Science Association annual meetings.
Rueda, D. and Pontusson, J. (2000) ‘Wage Inequality and Varieties of Capitalism’, *World Politics* 52(3), pp.350–83.
Sawyer, M. (2004), ‘The NAIRU, labour market ‘‘flexibility’’, and full employment’, in J. Stanford and L.F. Vosko (eds), *Challenging the Market: The Struggle to Regulate Work and Income*, McGill-Queens University Press, Montreal.
Stone, D. (2004) ‘Transfer agents and global networks in the ‘transnationalization’ of policy’, *Journal of European Public Policy*, 11(3), pp. 545–566
Watt, A. (2006) Assessing the reassessment of the OECD jobs Strategy: eppur si muove ? European Economic and Employment Policy, *ETUI Policy Brief*, 2.
Wolfe, Robert (1993) ‘The Making of the Peace, 1993: A Review of Canadian Economic Diplomacy at the OECD’, Department of Foreign Affairs and International Trade: Economic and Trade Policy Branch Working Paper, October.
Wray, R. (1998) *Understanding Modern Money: The Key to Full Employment and Price Stability*. Edward Elgar, London, UK.
Young, R.A. and Collin, A. (2004) ‘Introduction: Constructivism and social constructionism in the career field’, *Journal of Vocational Behaviour*, 64, 373-388.