

SIXTEEN

Economics and policy analysis: ‘from state to market’?

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Introduction

Deeply rooted in a French political tradition, economic expertise is expressed in both widespread and diverse ways. One general feature that has remained persistent is undoubtedly its strong yet complex and shifting relationship with the state: economic expertise has remained largely public. As in other western countries, market mechanisms at both the macroeconomic and microeconomic levels now play a greater role in public policy. Economic experts, however, still primarily work *within* or, increasingly, *with* national and transnational public bureaucracies. Although there is a greater reference to markets, economic expertise has remained strongly connected to bureaucratic action.

In this chapter, we analyse three different periods which characterise different historical configurations. We examine the role of French economists in the state at different levels; although their role was rather national at the outset, it has become more international and transnational in recent times. In the post-war decades, economic expertise was mainly developed within the state and promoted either a micro or macroeconomic state-centred approach. French engineer-economists were trained in *Grandes Écoles* and employed as civil servants in the administration where they acted as experts. They played an important role in the monetary and fiscal policy at the national level, that is, in macroeconomics. They were also key players at the sectoral level and participated in the early development of health economics, in close interaction with national planning (Benamouzig, 2005a). The case of health is a particularly good test of the sectoral variations in a broader process because it was long perceived as resistant to economic reasoning. From the 1970s, the academicisation and internationalisation of economics developed following a clear shift toward microeconomic reasoning. Moreover, the influence of pro-market expertise in the public sphere – at both the national and sectoral level – also increased, as evidenced by the aborted project of privatisation of the French healthcare system. Finally, the reinforced internationalisation of economic expertise in recent times has paved the way for pro-market policies. The international spread of economic ideas in public decision-making has also developed alongside the rise of new technical bureaucracies devoted to economic expertise. At the transnational level, this new economic bureaucracy has expanded and now covers both national policies and international bodies.

The Europeanisation of the fiscal and monetary policy illustrates this trend which can also be observed at the sectoral level. The rise of national agencies working transnationally in health technology assessment illustrates this process: while new bureaucracies seem to differ from the former national ones, they nonetheless share some common traits. This, in turn, has called into question the role economic expertise may play in modern transnational societies.

We will therefore focus on whether this evolution is specific to French history or, rather, is part of a wider international trend, embedded in global forms of economic expertise. Given the importance of transnational bureaucracies in recent times, a progressive convergence towards a rather general model can be expected. However, path-dependency processes may explain other national features as well.

A state-centred economic expertise

In this section, we focus on the importance of the national state in the field of economic expertise in France. Specifically, we analyse the first primarily national orientation until the 1970s and highlight the role of engineer-economists. The fiscal and monetary policy is a key element of a ‘Keynesian’ economic construction; we therefore focus on this policy to show the centrality of the national state in the development of economic expertise in France.

State economic policy: money, budget and performance

Economics emerged in the seventeenth century as a pure ‘cameral science’¹ within the royal court. Although it initially revolved around powerful political actors, it soon became an activity practiced by politicians, high-ranking civil servants and various industrial actors during most of the nineteenth century (Perrot, 1992). From the end of the nineteenth century, a tradition of engineer-economists emerged. They were trained within scientific and technical schools (*Grandes Écoles*) and participated in major innovations across various fields (Etner, 1987).

As in many other countries, economic knowledge in France developed within the state. It provided a foundation and acted as a point of reference for new types of public policies such as ‘macroeconomic policies’ that emerged in the 1940s. In parallel, political economy and, subsequently, economics were initiated and established as scientific disciplines. They enjoyed a close connection with public policy and a certain degree of scientific autonomy. ‘Academically’ speaking, economic expertise was first developed in France in the nineteenth century in the so-called *Grandes Écoles* (such as *L’école Polytechnique*) rather than in universities. Generally speaking, scientific innovation did not occur in universities until the second half of the twentieth century, as evidenced by the lack of possible career options for Léon Walras in France (Dumez, 1987).² As such, unlike in other countries, the interplay between policy and economic knowledge can hardly be reduced to a simple interaction between academics and economic policy in France,

because it was first and foremost an institutional process which transformed both the state and the forms of knowledge.

The interplay between mathematics, especially probability and statistics, engineering sciences, and social issues best illustrated by the work of Maurice Allais³ in the post-war decades, led to the emergence of a ‘modern-style’ mathematical and statistical economics integrated within French Administration (Desrosières, 1993). From the end of the war, economists were present within the state; they produced and analysed national accounts and economic models and forecasts by adapting them to specific sectoral conditions. This was behind the success of the discipline in the policy sphere. Economists were primarily located at the *Ecole nationale de la statistique et des études économiques*, and then at the *Ecole Polytechnique*. Both centres were closely connected to a recently established technical department at the Ministry of Finance, that is, the *Direction de la Prévision* (as described by Fourquet, 1980). Between the 1950s and the 1960s, economics emerged and expanded under the impulse of actors such as Edmond Malinvaud who was the director of the National institute of Statistics and Economic Studies (*Institut national de la statistique et des études économiques* (INSEE)), the School for Advanced Studies in the Social Sciences (*Ecole des Hautes Etudes en Sciences Sociales*) and Professor at the *Collège de France* (Lebaron, 2000).

Monetary and fiscal doctrines drove economic reasoning within the state. During the twentieth century, this became a global trend in the day-to-day functioning of the modern state. As in other countries, the economic reasoning mobilised in France was strongly based on the current state of the political economy. Drastic changes were observed over the years when macroeconomic models emerged; the first were changes in intellectual technology (Armatte[[258]]) in the 1930s, and then in how the models were applied in the 1940s. Largely based on statistics, this macroeconomic expertise was also restructured and applied to different sectors of public policy such as industry and trade. It was also applied to social policy, especially education and health, but was ultimately challenged by more ‘microeconomic’ and managerial types of reasoning in the 1970s. Since the Second World War economic expertise has become a universal tool for public policy.

Over the centuries, monetary doctrines have traditionally developed at the intersection of treasuries and central banks. During the twentieth century and after the Second World War in particular, the interaction between these doctrines and the academic world became increasingly important. Most of the features of the ‘*Banque de France* doctrine’ appear to have remained relatively stable (especially with regard to its anti-inflationist stance and its pragmatic conception of monetary order). After the Second World War, however, the institutionalisation of macroeconomic thinking and action led to the transformation of its conditions of application. There was a strong dependence on the central bank, defined at the time as an administration within the state. Monetary policy was inspired by the then dominant views in macroeconomics, that is, a sort of pragmatic and soft Keynesianism implemented by financial civil servants (*inspecteurs des finances*). This vision of macroeconomics emphasised the use of econometric models produced

and managed by engineer-economists (at the INSEE and the DP[[259]]) which provided the basis for ‘fine-tuning’ the economic policy.

During the same period, a parallel process affected budget policy. During the reconstruction years, the state was the central actor and planning (with the Plan Commission (*Commissariat Général du Plan*)) was one of its major tools. In particular, the state set long-term production and modernisation objectives. It sought to modernise the economy and make it more productive, in terms of both quantity and quality.

After the Second World War, many academic actors (either scientists working in the *Grandes Écoles*, the National Centre for Scientific Research (*Le Centre national de la recherche scientifique* (CNRS)), or university professors) already had relationships with policy actors and institutions at various levels. This is evidenced for instance by François Perroux, a catholic intellectual who was then a prestigious Professor of Economics (at *Sciences Po*, then at the *Collège de France*). He regularly voiced his strong opinions on policy issues, including during the Vichy regime years, and, years later, at the French Economic and Social Council (*Conseil économique et social* (CES)). Among his notable contributions was his involvement in the creation of national accounts after the Second World War. He also participated in the creation of a critical theory of development which served as a foundation for various expertise activities undertaken by his followers in newly independent countries in the 1960s and 1970s. This will be further discussed in the sections below.

Academic economists nevertheless played a minor operational role: they were involved in the production of a general discourse about the economy which was diffused by politicians, especially in the 1960s. This discourse then began to be challenged by much more market-oriented and pro-business views. From the outset, the French conception of planning was both ‘administrative’ and ‘market-oriented’. The borders between more interventionist and more liberal (free-market) conceptions within the French administration were somewhat blurred. As planning declined, Europeanisation and globalisation became more constraining. Academic economists were thus regularly called upon to propose guidelines to enhance the position of France and Europe on the global market.

Health economics and planning at national level

At the sectoral level, the emergence of health economics in France illustrates the crucial role of administrative and public bodies in the post-war period. Health economics had long been inhibited in France by several factors. While some of these factors were common across developed countries, others were more specific to France. First, the establishment of medicine as a profession enabled physicians to protect their activities from external economic regulation by both the state and the market. Second, the social security system created in the aftermath of the Second World War allowed a consensual increase in public spending devoted to healthcare, and this did not require stringent economic regulation. Third, a

pervasive ideology of modernisation and progress in the healthcare sector paved the way for the strong support of expensive innovations which did not require economic assessment. However, recurrent financial tensions were increasingly taken into account. Health economics expertise was initially promoted by the state administration rather than by academic experts (Benamouzig, 2005b). The first attempt to develop health economics in France resulted from the connection between the national planning system and a few physicians working in the administration. Working alongside the Plan Commission established in 1946 to implement the national Plan, a small group of experts comprising physicians and statisticians were charged with the mission of developing health consumption national accounts in 1954. This was the first attempt to develop 'medical economics' within a wider macroeconomic framework. Interestingly, no economist was part of this team, which helped quantify the 'need' for hospitals and health spending for decades. The data gathered by statisticians and interpreted by physicians such as Henri Péquignot and Georges Rösch were consistently aggregated. This was in line with the consensus in the medical profession in the post-war period: while medical consumption was accounted for globally, it was perceived as legitimate for public spending to increase alongside physicians' revenues. As such, professional practices remained unquestioned.

In the late 1960s, the introduction of cost–benefit analysis in health economics met with some resistance. In January 1968, the Ministry of Finance launched a national operation known as Rationalisation of Budgetary Choices (*Rationalisation des Choix Budgétaires*) (RCB)) which sought to adapt the American Planning Programming Budgeting System to the French administration. Engineer-economists initially trained at *Ecole Polytechnique* had long used cost–benefit analyses in some sections of the French administration such as transport and defence planning. In the early 1970s, the health sector was targeted as an experimental field in which to deploy these methods. A special unit led by high-ranking officials and closely connected to the Secretary of State for Health was set up. Over the next few years, many programmes were assessed; these included perinatal care, cervical screening, psychiatric care and vaccination. While the use of cost–benefit analysis was viewed as technically innovative, it proved to be politically dubious. The methods used tended to oversimplify possible options. In several cases, the very criteria chosen for the assessment were inappropriate. The quantification of the so-called 'price of life' was even viewed as scandalous. A new generation of economists working in the administration eventually rejected cost–benefit analyses. Younger experts trained primarily in the USA were highly reluctant to use the pre-existing economic instruments for planning such as macroeconomic models and cost–benefit analyses. They found the methods inappropriate at a time when fluctuation and crisis were common. A pro-market international wind was blowing from the United States and it reached the French circles of economic expertise.

While there was a slight increase in the role of academics during this period, it remained limited compared to the role of administrative experts. Some academics

acted as advisors and others were involved in the training of public experts. However, this occurred in *Grandes Écoles* rather than in the universities. The shift to more clearly market-oriented policies would later be accompanied, and even determined, by the greater input from academic experts.

The emancipation of academic economics and the rise of market-oriented policies

In this section we describe the evolution of public policies toward more market-oriented policies. We also highlight the growing importance of academic economists as a global profession driven by market-oriented policies in a complex causal relation (Fourcade, 2009). In the field of health policies, this trend can be observed both in economic policies and at the sector level. It does not imply a shift of economic expertise from the public to the private sector; rather, it implies a diversification of expertise with a growing role of external academic specialists within policy decision processes.

A pro-market economic policy?

From the 1970s onwards, a more pro-market economic policy was progressively taking root in France. It was, first and foremost, the result of changes among political and administrative elite groups who saw this orientation as the best response to globalisation. This evolution is illustrated by the historical emergence of political actors such as Raymond Barre, Jacques Delors and Michel Rocard who based their careers on ‘economic pragmatism’ and especially on ‘budgetary rigour’ (*‘rigueur budgétaire’*) and/or ‘austerity’ (*‘austerité’*). Some of these actors (for instance Raymond Barre who was a professor at Panthéon-Sorbonne and author of a book that was famous in the 1960s–70s) explicitly referred to academic knowledge which had been developing in the US around monetarism and ‘supply-side economics’. However, they abandoned neither their political and economic pragmatism nor their Keynesian references. These actors perceived public debt as dangerous and urged a return to the ‘fiscal balance’ doctrine. In parallel, neoliberal doctrines were largely diffused in the political field and in the media after 1984.

At the end of the 1970s, monetarism became much more influential among high-ranking civil servants as well as in some academic circles. More dramatic changes occurred in the monetary and fiscal policy, especially after 1983–84. The changes were driven by the triumph of ‘competitive disinflation’ and the pro-European orientation of the socialist government and its liberal successor in 1986. After 1988, ‘alternances’ after the general elections did not change this general orientation that was deeply rooted in a new alliance between politicians, senior civil servants and financial and industrial actors. From the 1990s, this shift was associated with the greater role played by academic economists in certain sectors of economic policy. This role, however, has remained modest compared to the central role played by *Grands Corps* and traditional state actors.

The domination of the Bundesbank in Europe and the major changes observed within financial and monetary administrations across the world (the International Monetary Fund, the World Bank and the Organisation for Economic Co-operation and Development (OECD)) help explain the rapid shift toward the orthodox doctrine of ‘competitive disinflation’ in the 1980s. This move was initially promoted by high-ranking civil servants such as Jean-Claude Trichet. The changes were supported by a network of academics such as the influential Christian de Boissieu (Panthéon-Sorbonne) who worked in connection with the Treasury and the central bank.

With the growing role of public independent structures such as the Court of Audit (*Cour des comptes*) in the assessment of budget policies, the coalition between different groups of civil servants (financial inspectors (*inspecteurs des finances*), civil administrators (*administrateurs civils*) and statisticians-economists (*statisticiens-économistes*)) has remained central within the French administration. However, the role of macroeconomic forecasts and statistics seems to have declined in the long run: competing predictions of GDP growth continue to be important in the political debate, especially during fiscal negotiations between ministers and the head of government, or in electoral debates. However, discussions on the macroeconomic effects of fiscal stimulus, and more generally, of fiscal decisions have been bypassed by the general emphasis on fiscal stability since the second half of the 1980s.

The rising role of academic economists

During the 1960s, French economic departments within universities became more important and gained in legal autonomy. Their evolution favoured ‘modern’ research activities. In particular, this evolution favoured scientific production, that is, the publication of research articles with some mathematics and statistics in peer-reviewed journals. This brought it closer to the *Grandes Écoles* tradition of engineer-economists which had occurred in the 1980s and 1990s and had been driven by various academic and administrative actors such as Henry Guitton and the French Association of Economics (*Association française de science économique*) as well as by a new generation of academics in major universities such as the Sorbonne University (Paris-1) and the University of Nanterre. During this period, a clear shift toward mainstream economics occurred within universities and the CNRS where critical and heterodox conceptions had been of great importance in the 1970s. A political economy close to the social sciences has remained present in these institutions to this day.⁴ In February 1981, Raymond Barre, a professor of economics who had also been Prime Minister since 1976, decided to create new departments in order to provide a more diversified macroeconomic expertise for the state as well as for non-state actors: thus were established the French economic observatory, the *Observatoire français des conjonctures économiques* (directed by Jean-Marcel Jeanneney who had been close to General de Gaulle), the Institute for Economic and Social Research (*Institut de recherches économiques et sociales*) (related

to workers' union confederations) and *Rexeco* (which later became *Rexecode* and was related to business organisations, see Delmas, 2007). This paved the way for a certain diversification and a greater role for think tanks. It may also have led to the relative decline of macroeconomic knowledge in the hierarchy of legitimate cognitive tools and a preference for microeconomic models which were also developed within the state.

In the following years, new economic styles gained importance within the university setting. New classical economics influenced macroeconomic forecasting and heterodox theories were far less present in public policy circles. The shift was internal in part; socialist and critical academic economists rapidly shifted to more liberal conceptions of economic policy after 1984, as evidenced by the example of Dominique Strauss-Kahn. This is even more clearly illustrated by Strauss-Kahn's former colleague Denis Kessler who might be seen as a symbol of this evolution following his shift from a critique of inequality to an active promotion of pension funds. As Denord (2007) [\[\[260\]\]](#) has described, the rise to power of the right wing in 1986 greatly revived the French liberal tradition. Maurice Allais' Nobel prize in 1988 was interpreted as the consecration of this part of French academic production which was closely associated with the evolution of large public companies (Finez [\[\[261\]\]](#)). Economists such as Christian de Boissieu played a role in this general shift. The shift involved a rapid decline of left-wing and Keynesian viewpoints rather than the genuine emergence of a new type of economist; this economist had actually already been long present.

Health economics offers another good example and exemplifies the general trends introduced in this section.

International health economics, from state to market?

Health economics began to refer to the market in the mid-1980s in the quest to professionalise and globalise health economics (Benamouzig, 2009). The first international congress of health economics in Tokyo in 1973 did not target academic economists alone. Most participants were specialised civil servants working in national public administrations. The French delegation in particular comprised experts working either in the Plan Commission or in the Ministry of Finance. Although John Kenneth Arrow's very famous and seminal paper on asymmetries of information was being discussed at the international level, it was barely taken into account in France (Arrow, 1963 [\[\[262\]\]](#)). Only a couple of French economists even mentioned it in the 1970s. The situation changed dramatically in 1979 when a second international congress of health economics took place in Leyden, the Netherlands. Many more academic economists participated in the congress and met foreign colleagues on professional grounds. North American economists increasingly used microeconomics to analyse patients', physicians' and insurers' behaviour. For instance, the Canadian economist Robert Evans presented a remarkable paper that grasped the main features of any national health system in a simple analytic framework. He was able to enhance the strategic behaviour

of 'agents' within the framework. This model made international comparisons easier. It was used as an analytical tool across countries. It also elicited new conceptions of health reforms: by comparing various national systems according to a common set of principles, one could imagine possible transitions from one system to another. Moreover, it became possible to observe different national logics that had previously been perceived as insular and idiosyncratic. Evans used economics to make structural reforms feasible and comparable.

Other American economists were more genuinely committed to pro-market reforms. Working behind the scenes (when Ronald Reagan was President), Professor Alain Enthoven promoted the American model of health maintenance organisations at the international level. This model was supported by the Republicans from the 1970s onwards. These organisations, which were often for-profit companies, provided managed care for health insurance. Travelling across Europe after the Leyden congress, Enthoven met influential national experts and decision-makers. He met with some success in several countries such as the UK, because of the Nuffield Trust, for instance. In France, he got on well with an academic economist trained in the USA, Robert Launois, who was fond of microeconomics and had an interest in pro-market political reforms. In 1985, a think tank recently launched by a few French private companies, *La Boétie Institute*, promoted pro-market ideas in view of the upcoming elections. They asked Launois to write a book on market competition in healthcare (Giraud and Launois, 1985[[256]]). Advertised by the Institute, the project received much attention. It marked a turning point in the history of the French healthcare system. Against all odds, a few physicians showed interest in this free-market option. On the one hand, the anti-state perspective appealed to right-wing physicians who had long been hostile to public regulation. On the other, left-wing physicians were interested in a stronger integration of medicine in collective practice. Naturally, traditional frontiers were blurred. While the reform was perceived as globally unconvincing, its microeconomic foundations were unanimously acclaimed. Along with other innovative academic research, microeconomics became a *lingua franca* in health economics. Although market competition proved relatively incompatible with the national healthcare system, reformers viewed the spread of microeconomics as crucial.

During this second period, academic economists played a greater, albeit limited, role in policymaking in France. It remains, however, difficult to quantify this role. This change was largely driven by a shift toward microeconomics applied, in particular, to sectors such as health which had long been perceived as relatively inadequate sectors for economic reasoning. In macroeconomics, the shift was internal and consisted in a rapid decline of Keynesian and Marxist references. It led to a rapid change in favour of more liberal views.

The strongest influence, however, was associated with the transnationalisation of the economic policy which accelerated after 1984. This transnationalisation blurred the shift toward a market-oriented policy because it was diffused in a complex set of bureaucratic institutions.

The transnational bureaucratisation of economic expertise?

In this section, we highlight the internationalisation of economic expertise in a more recent period (from the mid-1990s onwards). This period is marked by a growing reference to bureaucratic transnational institutions which tend to promote or regulate pro-market orientations.

Experts from both the administration and the universities are now present. They often compete in this new globalised and bureaucratised field of economic expertise where private actors as such remain marginal. Here again, economic policy and health economics provide good examples of this evolution.

The international bureaucratisation of economic policy

The Council of Economic Analysis (*Conseil d'analyse économique* (CAE)) was established by Lionel Jospin in 1997 and was linked to the office of the Prime Minister. Although it symbolised a new trend, this trend had actually begun in the early 1990s. It involved placing greater emphasis on academic expertise in economic policymaking, from the macroeconomic level to more specific sectoral issues such as retirement reform. While numerous and undoubtedly influential, the reports produced by the CAE were still competing with classical administrative reports from a wide variety of agencies and institutions. Although some of the economic experts in the CAE were from the financial sector, others were from the administration (including statistical administration).

This can best be illustrated through two rapid case-studies of the monetary policy and 'structural reforms'. European monetary unification provoked a strong institutional shift which led to the emergence of a more direct presence of academics in decision-making spheres: in the first 'council of monetary policy' of the newly independent *Banque de France* in 1994, Denize Flouzat incarnated the growing presence of French academics within decision-making bodies. With the creation of the European Central Bank (ECB), traditional financial senior civil servants maintained their leading position.

In 2012, however, Benoît Coeuré, a member of the Polytechnique-ENSAE and author of several academic books about European economic policy was appointed to the Executive Board of the Governing Council of the ECB. This illustrates the growing interest in more scientific profiles in the management of money at the European level. Although Coeuré received the support of a section of academia on the occasion of the appointment of a new governor of the *Banque de France* in 2015, the head of the state preferred François Villeroy-de-Galhau, a classical Finance Inspector.

Fiscal stakes have been largely recast as a 'structural' issue related to efficiency and 'structural reforms'. Following a trend partly initiated by academics, fiscal policy has become less involved with the short-term state of the economy or with issues pertaining to social justice. Academic actors have helped shape this new conception of fiscal policy. Actors such as Jean Tirole, Pierre Cahuc, André

Zylberberg and Philippe Aghion still participate in the recurrent debate about pensions and their structural reforms and labour market reforms. Since the 2000s, these academic economists have argued in favour of the flexibilisation of the labour market in line with the recommendations of the European Commission and the OECD.

This was the case of the ‘Attali report’ [\[\[263\]\]](#) of 2007 which brought together high-ranking civil servants, modernist business leaders and a few reformist academics such as Philippe Aghion. The report proposed a ‘rupture’ in economic policies through the acceleration of structural reforms and liberalisation. As the global financial crisis of 2008 affected some of their propositions, academic economists expressed their disappointment at the lack of interest shown in their ideas by political and bureaucratic actors.

In 2008, Nicolas Sarkozy and Christine Lagarde launched a debate on the measurement of economic performance and social progress. The Stiglitz–Sen–Fitoussi report produced by members of academia from major American institutions, including four Nobel laureates, was a major contribution to the debate [\[\[264\]\]](#). Although actors from international organisations and statistical institutions were also present, they had a secondary role which was demonstrably something new in the French traditional division of labour. The report proposed major changes, some aspects of which have been implemented by national institutes of statistics. The report clearly reinforced the position of academic economists in policy debates in France and strengthened core economic issues such as: What is wealth? What is performance? What is progress? (Lebaron, 2010).

The references to econometric models and business-cycle debates remain common in the economic discourse around today’s policies. A typically Keynesian type of reasoning continues to shape the predictions and analyses on the impact of a budget on growth and unemployment. Nevertheless, their political effects seem less significant compared to the emphasis placed on the importance of taxes expected to limit the country’s competitiveness in global markets. Basic macroeconomic discourse is now produced just as much by international agencies such as the OECD and the European Commission as by national actors such as INSEE or the Treasury. Since 2010, national debates have tended to follow the critical stance of a section of leading US academic economists as regards European policy. This has led to the emergence of a huge divide pitting the experts of the ECB, the European Commission and the Ministries of Finance against a fraction of leading world economists such as Joseph Stiglitz, Paul Krugman and Thomas Piketty. This divide shows that macroeconomic reasoning in the international scientific community is still important. It also reveals the tension between economic policy criteria promoted by European institutions on the one hand, and the more global and less consensual academic debates on the other.

Health economic bureaucracies at transnational level?

In the 1990s, several public policies reinforced the use of health economics. However, no structural reform implemented at the time was as comprehensive as that imagined by Robert Launois a decade earlier. The use of health economics was rather pervasive in several public institutions. In the public health sector, the implementation of national ‘plans’ targeting specific diseases and disorders made it possible to assess the efficiency of such plans using cost–benefit methods. These methods were also proposed to assess health technologies, especially in relation to drugs. The pharmaceutical industry invested large amounts of money to develop ‘pharmaco–economics’ and adapted the good old cost–benefit analysis to randomised clinical trials. In academia, a national ‘College of health economists’ was created to adequately address new industrial needs. The College brought together academic economists, civil servants, professionals working in the pharmaceutical industry and physicians interested in the field. Some economists were hired by both the administration and the industry. Their methods were, however, contentious. Not only were the studies sponsored by the industry rare, they were also often biased. National civil servants and physicians involved in the regulation of drugs expressed growing doubts about the soundness of these methods.

At the international level, the destiny of economic methods did not encounter a similar stalemate. In 1999, French health economists gazed admiringly at the National Institute of Clinical Excellence (NICE) established in the United Kingdom. The Institute had been placed in charge of health technology assessment in the NHS. According to French economists, this innovation paved the way for the use of economic methods in decision–making. No institutional equivalent existed in France then, nor was there any political will to create one. Transnational dynamics, however, played a decisive role. At the European level, independent agencies were set up in the 1990s to guarantee the independence and soundness of decision–making, especially for drug market authorisation and food safety. Other agencies were also set up to regulate and/or promote specific health policies. In France, one agency was set up to promote the quality of care. Gradually, its missions extended to health issues at large. In the 2000s, a new *Higher Authority for Health* became competent in health economics. An academic economist, Lise Rochaix, who had previously worked in the French administration and in the United Kingdom, was appointed to the board of the authority. A small department of economics was set up to deliver expertise in ‘medico–economics’. Parliament acknowledged this competence in 2012 which was then extended to drug–pricing procedures. This evolution brought the French authority closer to its British equivalent. Such proximity facilitated horizontal relationships with a number of similar agencies in Europe such as the German Institute for Quality and Efficiency in Health Care (*Institut für Qualität und Wirtschaftlichkeit im Gesundheitswesen* (IQWiG)) and the Belgian Health Care Knowledge Centre (*Federaal Kenniscentrum View on Map* (KCE)) among others.

Over the years, the work undertaken by these kinds of agencies has gone beyond the national level. It has involved the sharing of processes across similar bodies at the European level. The economic guidelines defined by national agencies and consequently used by the industry for regulatory purposes have been widely discussed among national institutions and experts. Their respective conclusions have circulated across agencies. The periodic revisions of the guidelines have been undertaken alongside benchmarking processes. Incorporated in the day-to-day activities of national agencies, health economics has become standard protocol, facilitating routine uses. This new use of much older economic methods has given rise to ambiguous results. On the one hand, agencies show familiar traits of the so-called 'regulatory state', that is, they are limited to steering functions. On the other hand, they have gradually acquired some traits of classical bureaucracies such as independence and formal ways of doing. They have also acquired some level of hierarchy, between European and national levels for example. This practical use of health economics has not expanded to the national level; for instance, it has not affected the historical bureaucracies which have been in existence since the 1960s and now operate at transnational level along with bureaucratic forms of organisation. Although health remains a national competence of member-states in Europe, economic regulation facilitates horizontal relationships between member states' agencies. This process differs from classical European Community integration because national agencies are not associated with an integrated European body. Rather, they relate with each other at the transnational level. Health economics has thus been involved in the gradual formation of a new bureaucratic web connecting independent bodies beyond frontiers.

Conclusion

Over the years, both the content and scope of economic expertise have changed. The interactions between economics and public policy have become more complex and diversified. Moreover, the field of economics has become much more diverse although the dominant academic discourse is highly compatible with 'market solutions'. From the 1970s, economics gained autonomy within universities and higher education institutions. In parallel, the internationalisation and 'academicisation' of the discipline occurred over the same period. This influenced public policies at both the national and sectoral levels. It occurred alongside the increased use of academic works in public decision-making. At the national level, the changes observed in fiscal, monetary or economic performance policies illustrate the wider transformations that have occurred in the relationship between economic experts and public policies. At the sectoral level, the case of the health sector, which has increasingly been influenced by economic references in the past decades, shows how these general trends have been able to permeate more specific areas.

Given these dynamics, the competition between senior civil servants, state economists and academic economists has never really ceased but has become

increasingly blurred with the rise of international (especially European) levels of governance. This governance is characterised by new forms of bureaucratic integration; while it at times advocates the expansion of market mechanisms, at other times it does not. These relationships have made the well-known trajectory ‘from state to market’ more complex. The trajectory has characterised the ‘classical’ narrative on the relationship between state, economics and the market from the 1980s onwards. Judging from recent transformations at the transnational and international levels, economic expertise has not simply shifted ‘from state to market’; it has also shifted from the market to new technical bureaucracies operating at both national and transnational levels. In some cases, this has restricted market mechanisms. These recent trends associate state economists and academic economists more than ever; while these economists work together, they also compete at the very heart of new bureaucratic and transnational arenas. These trends have simultaneously been observed at different levels and may ultimately favour the renewed expansion of market mechanisms or the creation of new bureaucratic regulations that limit market expansion.

Notes

- ¹ A cameral science is a discipline deeply shaped by its connection with a policy sector: see Chapter Two by Payre and Pollet in this book.
- ² This was the case until relatively recently when both institutional traditions began to converge as illustrated by today’s Centres of Academic Excellence (Toulouse School of Economics and Paris School of Economics). In parallel, economics developed in the *Grandes Écoles*, the French institute of statistics and its extensions, the *Ecole des Hautes Etudes en Sciences Sociales*, and at the National Centre for Scientific Research (*Le Centre national de la recherche scientifique* (CNRS)). Academic expertise underwent great changes, as did its relationship with policy analysis.
- ³ The first French man to be awarded the Nobel Prize in 1988 – if we don’t take into account the French American Gérard Debreu.
- ⁴ In the 1950s and 1960s, this tradition was frequently referred to as ‘*école française*’ or ‘unconventional economics’; it is today defined as ‘heterodox’ economics (Pouch, 2001).

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