



The Competence of Europe's Economic Policy-makers

by Mark Hallerberg & Joachim Wehner

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The systematic study of the personal characteristics of policymakers is in its infancy. (Besley, (2005: 44) goes as far as to claim that the modern political economy literature “has not only neglected the problem of political selection, it has been positively hostile to the topic”. In contrast, much has been done to assess the institutional frameworks of political systems and the incentives they generate. This neglect of political selection is difficult to explain, as historical research, and a booming industry in political memoirs and biographies, highlight the importance of leaders’ personal characteristics for fundamental political choices. From the perspective of citizens, choosing the right people for political office is arguably no less important than designing institutions that keep them from abusing their powers. Moreover, the empirical study of personal characteristics is more advanced in several other areas of the social sciences. For instance, finance and economics scholars have probed the association between the personal traits of chief executive officers (CEOs) and the financial performance of firms.

In this paper, we review the personal characteristics of the principal economic policy-makers in European Union Member States to map the “competence” of European Union policy-makers. The definition of competence comes from Blondel (1985), who focuses on whether a policy-maker is a “specialist” in a given area over which she is responsible. In this case, the question is whether prime ministers, finance ministers, and central bank governors have had either an education in economics or a related field like business, an advanced degree, and/or prior work experience. We consider the twenty-seven countries when they were democracies since 1973. To consider whether the trends are EU-specific or found more generally across the world, we also include comparative data from most OECD countries. The main goal of the paper is descriptive—to map out patterns in education, previous careers, and partisanship. At the same time, there are trends that would at least be consistent with causal stories we explore.

We find that EU finance ministers are less likely to have training in economics or business than their peers in OECD countries. We also find, however, that

“competence” is higher among economic policy-makers in some eurozone countries like Greece and Portugal that have had fiscal difficulties. Our assumption is that countries that face severe economic problems have little choice but to appoint policy-makers that, at least in terms of background, appear to be “competent.” More broadly, we find more “competent” finance ministers in office during banking crisis years, which is consistent with this argument. Other countries like Germany, however, have policy-makers with more eclectic backgrounds in terms of education.



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This paper was developed for the 2011 Dahrendorf Symposium, a joint initiative of the Hertie School of Governance, London School of Economics and Political Science (LSE) and Stiftung Mercator.

