

THE SPACE OF ECONOMIC NEUTRALITY: TYPES OF LEGITIMACY AND TRAJECTORIES OF CENTRAL BANK MANAGERS

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ABSTRACT

A social process of *neutralization* can be observed from the study of the particular methods of construction and legitimization of “independent” institutions, which are the central banks, and of the social characteristics of agents who supposedly embody this “independence,” the central bankers. The consequence of this is the transformation of the contingent political and economic interests into universal referents. It implies a *disqualification* of the political aspect, which allows depoliticized authorities to be built. It also supposes the *euphemization* of economic and social interests, by establishing “neutral places” where different fractions of the ruling social classes are formed. Finally, nowadays, it requires having recourse to the specific authority of science, and more particularly to economics.

Multiple correspondence analysis is used to explore the structure of these particular social spaces. The space of the academic and professional trajectories of central bank governors testifies to the coexistence and rivalry between different types of legitimacy. There are “insiders,” who come from the central bank institution on the one hand, and “outsiders,” whose legitimacy may be academic, economic or political, on the other hand. There are leaders who come from the financial world and the private sector on the one hand, and then leaders who come from the political or university arenas. Central banks are the places where these different forms of legitimacy affront each other and combine.

In the context of financial globalization (and especially of the international mobility of capital and of flexible exchange rates, see particularly Chesnais dir., 1996, Eichengreen, 1997), the idea that the authorities responsible for piloting and regulating world economy must have “economic neutrality,” has become a dominant theme (see, for example, Swedberg, 1986), particularly in reference to the “independence” that has become the rule for monetary authorities (for example Blinder, 1998). Indeed, this theme is particularly noticeable in the case of the central banks, institutions whose function it is to set up the monetary policy (and particularly to maintain the stability of prices) and to monitor (known as “prudential monitoring”)

the banking system, and to intervene as “last resort money lenders” (Capie, 1999). Their “neutrality,” particularly in regard to social and political forces, is an essential characteristic of these institutions that rely on a scientifically and technically based method of action (in particular, macroeconomic and monetary skills). In the case of central banks, what classical political economy has called “monetary neutrality,” that is to say, the idea that the handling of money in a way that dissociates it from the realities of the economy, is detrimental to the proper functioning of economic life where “money is only a veil,” to quote Jean-Baptiste Say, received new life in the 1970s, by talk of the harmful effects of inflation, and of an overactive monetary policy that sacrifices the goal of “price stability” to the goal of “full employment,” which is sometimes contested on principal.¹ So one must also build institutions that embody the “neutrality” of money.

This phenomenon of *neutralization*, which concerns authorities made up of “wise men” officiating as “guardians of money,” has now become self-evident. The idea has taken root in leading economic rhetoric circles (on the concept of economic rhetoric, McCloskey, 1986; Klamer, McCloskey (eds), 1988), and even in much critical discourse, that independent central banks are the inevitable result of globalization, and that, in order to maintain the best allocation of resources, it is absolutely necessary to have “committees,” whose job it is to contain “inflationary pressures” (particularly those arising from wages), to limit the possible “irrational exuberance of the markets,” as Alan Greenspan puts it, to maintain the budgetary balance, etc. This “neutrality” of the central banks is a fundamental belief of the economic agents. It is more or less directly responsible for shaping their actions, thanks to the indirect authority that the central banks have over the markets. Their decisions and speeches determine to a large extent, the global vision of the economy held by agents of the markets, but they condition even more directly their strategies for buying or selling foreign currency, securities, etc. These authorized decisions are also essential factors for the political agents, who, in certain cases, are led to react by protesting against them, approving them, etc., but who cannot ignore them totally. And lastly, they have effects that play a role in the decisions of the most ordinary agents: the choices that households make in regard to their savings, company decisions concerning investments, are both related in a more or less complex and changeable manner to the short-term interest rates, which in turn affect the whole rate curve.

The perspective of this study is part of a wider project that aims to renew the perspectives of economic theory by bringing together the social genesis of institutions and economic practices on the one hand, and the social characteristics of the economic agents and their beliefs, on the other hand: *“in opposition to the a-historical vision of economics, we must reconstruct, on the one hand, the genesis of the economic dispositions of the economic agent, and especially of his tastes, his needs, his propensities or aptitudes (for calculations, for savings or for work itself) and on the other hand, the genesis of the economic field itself “* (Bourdieu, 2000, p.16). By introducing, in particular, social dispositions and beliefs into the analysis

of economic practices and institutions, following the Durkheim tradition developed by François Simiand (see, for example Simiand, 1932), it's a matter of taking into account the decisive role that the actions and reactions of individual economic agents play, in the production and reproduction of macroeconomic regularities. Because of their trajectories, their preference and reference systems, their tastes and distastes, these "social individuals" sustain the entire social structure, and play an active part in bringing about the balances and imbalances that characterize the economic system, even in its most global aspect. In this process, particular attention should be paid to the beliefs of a scientific nature, which have become extremely legitimate in developed societies. Thus, belief in "economic neutrality" is mostly sustained nowadays by a belief in science (Lebaron, 2000).

The use of geometric data analysis, theory and methods first developed by Jean-Paul Benzécri (Benzécri, 1969, 1992), provides an original contribution to this sociological exploration of economic structures. It breaks with the non-relational traditional vision of the social world, by putting into light specific forms of *differenciations* between individuals and helping visualize statistical regularities without losing the interest put on individuals (through the analysis of clouds, sub-clouds, etc., Rouanet, Ackermann, Le Roux, 2000, see also Chiche, Le Roux, Perrineau, Rouanet, 2000). It goes beyond the interactionist conception of social relations, which is implicit for example in social network methods, by defining "relations" in terms of different characteristics (here the distribution of capitals and the social dispositions of agents). It allows to reveal the main oppositions in a specific social space and to interpret the alliances, tensions, conflicts, which can take place inside it, and their dynamics. These methods give a precise frame to analyse what happens in any social space or field. In this sense, they are relevant tools in order to build a structural-genetic interpretation of social processes.

THE NEUTRALIZATION OF THE POLITICAL ASPECT

We will demonstrate here, firstly, that economic neutrality rests on a triple social process of neutralization. This belief is produced, firstly by the *disqualification* of politics, but it also operates by the *euphemization* of economic and social interests. Moreover, it would not have the social efficiency that characterizes it today, if it weren't for a process of *universalization* brought about by the recourse to economics. Secondly, the central banks appear to be places of competition between the different kinds of "neutrality" implicated in these three processes. Thus, by using a survey carried out on the central bank governors of the world, we will shed light on some of the main principals that structure the space of economic neutrality.

Paradoxically, it is precisely by the *disqualification of the political* that the central banks are made into political authorities of a particular kind, whose action, acknowledged as being peculiarly political (it is called "monetary policy"), is all the more powerful and legitimate precisely because it is defined as "apolitical" (the

adjective was used in 1994 by Jean-Claude Trichet, governor of the Bank of France, in referring to the independent “new Bank of France,” cf. Lebaron, 2000, p. 213). What is the idea behind the term “apolitical,” in the case of an institution responsible for setting up a “policy” even if it is only a monetary one? How can one create an “apolitical policy”?

The first dimension of “economic neutrality” defines it as the opposite of the politisation of decisions, particularly of politisation related to the existence of electoral constraints and, more widely, of sensitivity to private interests. A number of arguments are commonly evoked at this point (by the central bankers themselves or by economists who advocate the independence of central banks): Independent central banks are further removed from private interests—we find independence as a traditional theme throughout the higher ranks of the civil service, in the magistracy or in the field of scientific expertise—they are less subject to the constraints of re-election; they rely on “expertise” alone (and not on demagoguery), which renders them more efficient (more flexible in their interventions, particularly on the markets, as they are not bound by pre-established interests) and more competent (because their criteria are first and foremost technical). They avoid the fits and starts which characterize the temporality of the political arena and lead to discretionary policies (“*discretion*” rather than “rules,” according to Kydland and Prescott, who participated in this work of legitimization that took off in the 1970s: Kydland, Prescott, 1977). The more or less fixed status of central bankers makes them more reliable decision-makers than the elected representatives who are influenced by the pressures of their electorate (this is further reinforced if they are elected for a “preference system” that is more conservative than the population as a whole, as is advocated by certain theoreticians of public choices). This rhetoric of neutrality is the opposite of the idea of voting as an aggregate of private interests or to that of *lobbying* as the expression of interests that are specific in themselves and that certain groups seek to impose on the politicians.

This rhetoric is first of all a weapon for senior civil servants and economists, against politicians, in the age-old rivalry that has always blown through the arena of economic policy (see the works of Minard, 1998, on “colbertisme” and the factory inspectors amongst whom politicians and technicians could already be distinguished). It can be seen as a form of power struggle over the orientation of national and international economy, but, in many cases, the role of this rhetoric is to strengthen the consensus between rival political factions: the discourse on “neutrality” masks a process of synthesis, and the creation of a consensus between the leading parties. This is particularly obvious in Europe, where some of the governors, deputy governors and members of the central bank’s monetary policy committees, are drawn directly from the political field, out of one of the two great powers that share the European electoral space between them: the Social Democrats or the Liberal-Conservative forces. Willem Duisenberg is a former leader of the Social Democrats, who even began his career under Keynesian auspices, as Minister of Finance of the Netherlands between 1973 and 1977. Ernst Welteke (Germany), Birgir Gunnarson

(Iceland), Urban Bäckström (Sweden) are also political leaders redeployed in the central banks. In France, the first monetary policy committee of the independent Bank of France included socialist leaders (Michel Sapin) and Gaullists (Denize Flouzat). In other parts of the world, political leaders also sometimes find themselves in charge of the Central Bank, as is the case for example, in South Africa, where the governor, Tito Mboweni, is a former ANC leader, who was Minister of Employment in the first Mandela government.

Next to the adjective “apolitical,” Jean-Claude Trichet had significantly used the term “multipartisan”: The “apolitical” character of the central bank committee expresses a very particular type of depolitisation that is shown in the “composition” of apparently rival political powers. But this peculiar type of politisation is just one aspect of the particular kind of political referent, associated today with the very existence of central banks. In order to understand all the ins and outs of this political neutrality rhetoric, we must also analyze it as the result of a very particular type of *lobbying*, actively engaged in by the agents of the central banks and by certain *think tanks*.² This lobbying consists of working to legitimize the existence of the central bank as a specific authority, as opposed to the political arena. Thus, the major aspect of this task of legitimization is to broadcast, using the ordinary channels of the media and of political discourse, the difference between “central banks” and “politics.” This opposition has a political function, namely to reactivate the disqualification of the political aspect implied by the establishment of “apolitical” institutions. This political undertaking of depolitisation constitutes the social fiction of economic neutrality.

THE NEUTRALIZATION OF SOCIAL INTERESTS

The second dimension of “economic neutrality,” which is more directly related to interests of a purely economic nature, consists in viewing central banks, particularly independent central banks, as authorities that guide the monetary policy and control the banking system as far as possible, in the “interest of the general public.” Since Marx, we know that the interest of the general public is often a cover-up for very private interests, but, in the case of the central banks, an analysis inspired by Marx is perhaps not as simple as it seems at first. In the nineteenth century, and right up to the crisis of 1929, the central banks are described by historians of the economy, as places where the economic interests of the two main classes, the declining aristocracy and the bourgeoisie (industrial, commercial and, increasingly, financial³) were expressed. According to historical circumstances, one or the other of these powers had a tendency to take over, imposing a more or less accommodating monetary policy and promoting, by various interventions, the development of one or the other sector of the economy.

After the 1929 crisis, central banks would increasingly be taken over by certain elements from the senior civil service (at least the “financial” pole). In most countries, central banks were to acquire a “public” character without which their

intervention would no longer be considered legitimate and which contributed to the long term decline of the trading operations of these institutions, that functioned thereafter as universal “last resort money lenders” (Capie, 1999). From now on, the central banks are either “independent,” as in the case of the Federal Reserve (since 1913) and of the Bundesbank, or subject to a “modernized” administration whose goal is balanced economic growth, as in the case of the Bank of France (before 1994), the Bank of England (before 1998) and the Bank of Japan. Increasingly, the directors of central banks are either senior officials from the bank itself (“insiders”), or senior civil servants from the Ministry of Finance (such as “inspecteurs des finances” in France, who still continue to control the leading authorities of the Bank of France, whereas up until the 1936 nationalization, shareholders belonged to the bourgeoisie or the aristocracy, as Alain Plessis has pointed out, 1998). From now on, amongst the managing authorities, governors and deputy governors, especially those who come from the Bank, are the agents who are the most closely connected to the technical services and to economic information, as opposed to the more “outside” members of the committees, who, in fact, sometimes take issue over their marginal positions.

The discourse on economic neutrality, as it unfolds nowadays, for example in the rhetoric relating to “competitive disinflation” born in France in the 1980s and which relates to Germany’s monetary and economic success (Lordon, 1997), is thus shown to be a continuation of the discourse of the Keynesian period: it’s a matter of promoting policies of “balanced growth,” but, from now on, the emphasis has very obviously shifted to the struggle for “stability.” As in the previous period, the governors of central banks are very often senior officials or economists coming out of university, who, therefore do not directly represent private interests as they might have done at the time when the bank was *owned* by members of the ruling classes. Moreover, they often come from a rather modest background which seems to estrange them from the financial upper middle classes (as is illustrated by the social origins of the members of the first monetary policy committee, Lebaron, 2000). It is in fact, they who use a typically “technocratic” language, contrasting the stabilizing rules of *central banking* with “the irrational exuberance of the markets,” and frequently referring to the period preceding the 1929 crisis and to the lack of intervention displayed by the central bank at the time of the crisis.

But here too, economic neutrality hides a series of social processes of *neutralization*. In actual fact, the board of directors of a central bank is often made up of more or less direct representatives of private economic interests. Several central bank governors followed most of their previous career in the private sector and have retained close ties with the private financial world. Directors emerging from the working class world and the worker’s trade unionism are very few and far between. In the monetary policy committee of the first independent Bank of France, there were media directors, bank managers, manufacturing company directors, but no trade-unionists: for that to occur, one had to wait for the appearance of Paul Marchelli, leader of a union of management employees.

The actual ties between agents of the financial markets and agents of central banks are much closer and more numerous nowadays than one would suppose from official discourse (as has recently been shown, for example, by the Russian scandal and the reactions to the bankruptcy of the Long Term Credit Management Company). In actual fact, the current period of financial globalisation and euphoria (at least in some countries) lends itself to an increasing instrumentalisation of the central banks by the market agents, as Alan Blinder, for example, who is very aware of the difficulty of resisting the multiple pressures coming from the financial markets, acknowledges (Blinder, 1998). Monetary management increasingly includes the reactions of the “markets” as one of its main constraints, and the euphoria of these markets depend directly on the monetary policy that has been chosen. The absence or feebleness of any real international financial regulations is an implicit choice made, since the end of the 1970s, in favor of the growth of markets.

In fact, central banks operate as “neutral places” (Bourdieu, Boltanski, 1978), where different social interests are combined, formed and reformed. According to the period, the context and the national traditions, the balance that is reached between these interests is variable and complex. Recently, the weight of interests related to financial markets has increased considerably.

NEUTRALIZATION THROUGH SCIENCE

The last element of this process of *neutralization* operates by reference to international economics, in accordance with a model written for Latin-America, about “technopols” who modernized the financial systems in the 1930s (Drake (ed.), 1993). The connection between economics and central banks is not purely contingent, nor is it limited to the existence of economic services in the banks. The movement that witnessed the increasing place of central banks in the field of economic policies and the transformation of their social functions, cannot be dissociated from the profound transformation of the relationship between central banks and economics.

Must it be repeated that the “prize for the central Bank of Sweden in memory of Alfred Nobel” created in 1968, was born to celebrate the three hundredth anniversary of the Riksbank of Sweden, to the extent that Milton Friedman remarked to the jury that it was paradoxical for him to be crowned in this fashion (in 1976) by an institution against which he had always fought. This election took place precisely at a time when the central banks as a whole, were moving towards policies combating inflation, with the success of monetary aggregates, basing themselves on economic theories that had come back into favor, such as the quantitative theory of money that Friedman, and the theoreticians of “the new classical macroeconomics,” had helped to reinstate in some circles of the American university. Since then, the Nobel jury has designated, on a number of occasions, economists such as, in 1999, Robert Mundell, whose works are among the theories referred to by some of the central banks. Another example of this connection between two authorities that seem, at first

glance, to be very different, is the case where the Federal Reserve intervened in 1998, to save the LTCM *hedge fund*, that had been launched, among others, by two Nobel prize winners, Merton and Scholes.

The scientific legitimization of the independence of the central banks usually has its source in economic theory: models arising from the theory of *public choice* on the “conservative central banker,” the econometric relation between the independence of central banks and the economy's performance in regard to inflation, economic growth, etc. But we must mention here, that the central bank also provides employment for economists. The central bank, which plays an important part in the labor market for graduates in economy, is a place where the smooth running of the institution depends on the interiorization of beliefs about economic theories. The governors of central banks are increasingly trained in the discipline of economics (see *below*) and often enjoy an international reputation in this field, that has often been acquired in international organizations (they occupy a segment of the labor market that is close to the central banks' segment, as can be seen by the frequent passing from one to the other). This is the case, for example in countries where central banks have only recently been established, such as in East-European countries or in Latin-America, where North-American domination is more pronounced.

The reference to economics is not limited to the application of theories, according to the naïve idea that the monetary theory and the new classical macro-economics, validated in the scientific field after the 1970s, were then *applied* by the decision-makers. Nor is it just an instrument of legitimization for decisions exclusively motivated by class interests. The relatively autonomous field of economics has a strongly interdependent relation to the field of monetary policy. The one helps to reinforce the other and an internal conflict within one sphere has immediate repercussions in the other.

SPACE OF THE TYPES OF LEGITIMACY OF CENTRAL BANKERS

Access to the post of governor of a central bank requires the possession of a certain type of capital that rests on a combination of scientific, political and economic legitimacy. But when one considers the governors themselves, these forms of legitimacy are seen to be relatively variable. In order to study the population of central bank governors around the world, a sample of governors holding the post in 1999–2000 ($n = 94$) has been put together. This sample is based on the collection of biographical data in the *Who's Who in Central Banking* (1997 edition) and on the central bank Websites, which are easily accessible thanks to Internet directories like Mark Bernkopf's “Resource Center in Central Banking” or the list of central banks published by the Bank for International Settlements (BIS).⁴ The 94 individuals that were listed (see list) are divided in a relatively equal manner amongst the great regions of the world (cf. Table 1). The biographical information extracted from official sources is, of course, limited in its objectives to “official” purposes. But it

neverthe-less can be used as a prosopographical material in order to explore the studied social spaces.

List Of The Governors Of The Sample

Western Europe: Welteke (Germany), George (Great-Britain), Quaden (Belgium), Duisenberg (European Union), Trichet (France), O'Connell (Ireland), Fazio (Italy), De Sousa (Portugal), Wellink (Netherlands), Rojo (Spain), Gunnarson (Iceland), Liebsche (Austria), Erçel (Turkey), Vassalo (Malta), Afxentiu (Cyprus)

Eastern Europe: Luniku (Albania), Skreb (Croatia), Kraft (Estonia), Javakish (Georgia), Suranyi (Hungary), Repse (Lituanie), Talmaci (Moldova), Gronkiewicz (Poland), Tosovksy (Czech Republic), Yushenko (Ukraine), Nicholl (Bosnia), Trpeski (Macedonia).

Northern America: Greenspan (United States), Thiessen (Canada).

Central America, Caribbean: Smith (Bahamas), William (Barbados), Venner (Caribbean), Albizu (Dominique), Pino (Honduras), Latibeaudière (Jamaïca), Mancera (Mexico), Arana (Nicaragua).

Latin America: Morales (Bolivia), Neto (Brazil), Urrutia (Colombia), Suarez (Peru), Casas-Gonzalo (Venezuela), Massad (Chile).

Scandinavia: Andersen (Denmark), Vanhala (Finland), Bäckstrom (Sweden).

Asia: Rustamov (Azerbaïdjan), Jandosov (Kazakstan), Alam (Bangladesh), Thor (Cambodia), Chon (South Korea), Yam (Hong-Kong), Jalan (India), Sabirin (Indonesia), Hayami (Japan), Sultanov (Kirgizistan), Aye (Myanmar), Shresta (Nepal), Yaqub (Pakistan), Singson (Philippines), Arhar (Singapore), Jayawar (Sri Lanka), Fai-Nan (Taiwan).

Middle-East: Al-Sayar (Saoudian Arabia), Mohamed (Egypt), Al-Suwai (United Arabian Emirates), Hwaish (Irak), Frenkel (Israel), Fariz (Jordania), Al-Sabah (Kuweit), Salameh (Lebanon), Hashim (Oman), Beseiso (Palestine), Al-Attiya (Qatar).

Africa: Konan-Bany (Western Africa), Mboweni (South Africa), Keramane (Algeria), Agama (Ghana), Cheserem (Kenya), Maruping (Lesotho), Jehaimi (Lybia), Maraye (Mauritius), Ahmad (Namibia), Kikonyogo (Uganda), Swaray (Sierra Leone), Mwanza (Zambia), Tumba (Zimbabwe), Sinamenye (Burundi).

Oceania: Mac Farlane (Australia), Kubuabol (Fidji), Tarata (New Guinea), Utoikama (Tonga), Ngwele (Vanuatu), Brash (New-Zealand)

Table 1
Governor's Regions

	Western Europe	Scandinavia	Eastern Europe	Northern and Cent America	South America	Asia	Middle East	Africa	Oceania
Numb	15	3	12	10	6	17	11	14	6
%	16	3.2	12.8	10.6	6.4	18.1	11.7	14.9	6.4

We have collected therefore the maximum amount of usable biographical information, emphasizing the school and professional trajectories: sex, date and place of birth, school itinerary (subjects, diplomas, training abroad, in the United States), main career (place of the career, sector), professional itinerary (previous time spent in a central bank, the private sector, another public administration, a university, an international organization, the political field), other professional characteristics (university subjects, political membership), geopolitical and economic characteristics of the bank (region, membership of the country in the Group of Seven, the OECD, the European Union, Euroland, etc.).

Table 2
Date of Birth

	NSP	Before 1940	1940–1950	After 1950
Number	9	27	31	27
%	9.6	28.7	33	28.7

The study shows that almost three quarters of them (71.8%) have studied economics, the rest are divided between management (12.8%), law (8.5%) and the other disciplines (5.3%). But the diplomas themselves are variable. Though doctorates are the most common, a considerable number of governors have a *master's degree* or other type of degree. More than 60% have studied either in the

United States or in Western Europe, which shows the high degree of internationalization of their *cursus* and the two dominating zones of the world social space in this sector (compare Table 5 to Table 1).

Table 3
Predominant Study Discipline (dis)

	Economy	Management	Law	Other discipl.	NSP
Number	67	12	8	5	2
%	71.3	12.8	8.5	5.3	2.1

Table 4
Highest Diploma Obtained (tit)

	Doctorate	Master	BA	Other	NSP
Number	37	27	8	18	4
%	39.4	28.7	8.5	19.2	4.3

Table 5
Principal Places of Study

	Western Europe	Eastern Europe	Northern and Central America	Other
Number	26	14	33	21
%	27.7	14.9	35.1	22.3

Almost 40% of the governors have followed most of their professional career inside the central banks and are therefore, in a manner of speaking, “insiders,” that arise from a kind of internal promotion within the institution. But other careers are more or less equally divided between the Economic and the Financial public administrations (17%), private Finance (11.7%), the university (10.6%), and even politics (5.3%). Almost half of the careers are either international or international and national at the same time, which confirms the high degree of internationalization of this particular social elite.

Table 6
Predominant Career (dc)

	Central Bank	Fin Dept.	Other Dept.	Polit.	Univ.	Finance	Private other	IMF-WB	Research experts
Number	37	16	5	5	10	11	5	2	3
%	39.4	17	5.3	5.3	10.6	11.7	5.3	2.1	3.2

Table 7
Main Career Place (lca)

	National	Nationale+Inter	International	NSP
Number	50	35	7	2
%	53.2	37.2	7.5	2.1

The specific multiple correspondence analysis conducted on a sample of central bank governors throughout the world shows the main forms of legitimacy that co-exist—and compete—in the world of central bankers. Becoming the governor of a central bank is the result of an official nomination (often signed or countersigned by the Head of State) that gives this position first class “political” status, in the same way as leading positions held in the big international organizations. Thus, the nomination and conditions of replacement of the governor of the European Central Bank were at the heart of a political crisis that weakened the whole process of the construction of a common Europe (Quatremer, Klau, 1999). The successive renewals of Alan Greenspan to the position of governor of the Federal Reserve regardless of political majorities, received much financial and political comment. But not all governors are endowed with the same specific capital in the space of international monetary and financial relations. Their words do not draw the same level of media attention if they direct a bank that tends to determine the level of short term interest rates, or if it is a bank that influences long term interest rates and thus, the general prices on the stock-market.

The specific MCA⁵ and the post-factorial explorations

The specific MCA consists of *looking at* a cloud confining oneself to the modalities that are of interest: in short it’s a matter of translating modalities of « non-interest » (those that correspond to very small numbers and to non-responses) into supplementary elements, whilst at the same time retaining the properties of the MCA. The analysis was based on the specific MCA program written by Brigitte Le Roux

and Jean Chiche and integrated into the ADDAD library (Association for the Development and Analysis of Data) (Le Roux, 1999).

There are three different headings: school career, main professional career and transition through specific institutions. This latter heading covers 19 modalities, in other words, more than half, which describes the important role played by the institutions attended by each individual, as opposed to the main characteristics of his school itinerary and of his career, which together make up 18 modalities, divided in an almost perfectly balanced way (8 and 10). The definition of the categories of the active variables are given in the tables.

School career (8)

Discipline –dis (4), Diploma –tit (4)

Main professional career (10)

Place of the career –lca (3), Predominant sector –dc (7)

Professional itinerary: institutions attended... (19)

Central Bank –bc (2), Private sector –pri (3), Other Public administration –pad (3), University –pau (3), International Organisation –pai (5), Politics –pao (3)
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The first four axes of the correspondence analysis have been retained for our study. The first and second axes represent respectively 8.80%, 8.12% of the total inertia of the cloud ($\lambda_1 = 0.239$, $\lambda_2 = 0.220$). Axis 3 ($\lambda_3 = .199$) represents 7.34% of the total inertia of the cloud. Axis 4 ($\lambda_4 = 0.188$) represents 6.91% of the total inertia. Therefore, the first four axes represent 31.3% of the total inertia of the cloud.

The post-factorial explorations were achieved using EyeLID-2 software (Bernard, Baldy, Rouanet, 1988, Bernard, Le Roux, Rouanet, Schiltz, 1989).
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The legitimacy of the governor rests potentially on the two first forms of capital: the achievement of an upwardly mobile career in the central bank itself, particularly in leadership positions, which defines a type of legitimacy inside the world of central banks; scientific legitimacy, associated with the writing of a book recognized in economics, particularly in the field of monetary macroeconomics. One must discern here two specific, complementary aspects, of the definition of independence: The one refers to practical knowledge that is specific to an institution, the other to theoretical skills in the field practiced by this institution (money, macroeconomics).

Table 8
Time Spent in a Government Department (pad)

	Eco. Fin. Dept.	Other Dept.
Number	48	12
%	51.1	12.8

Table 9
Time Spent in a Central Bank (bc)

	CB
Number	58
%	61.7

Table 10
Time Spent in the Private Sector (pri)

	Finance	Other private
Number	33	8
%	35.1	8.5

Table 11
University Attendance (pau)

	Professor	Other Teacher	Administrator
Number	20	19	2
%	21.3	20.2	2.1

Table 12
Time Spent in an International Organization (pai)

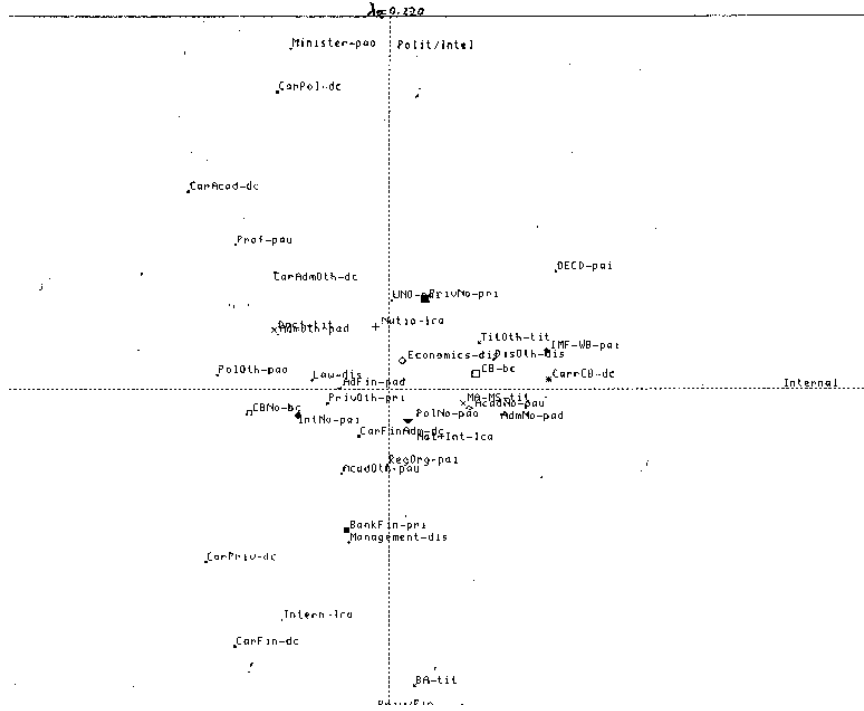
	IMF-WB	OECD	UNO	Reg. Org.
Number	23	6	5	9
%	24.5	6.4	5.3	9.6

Table 13
Time Spent in the Political Field (pao)

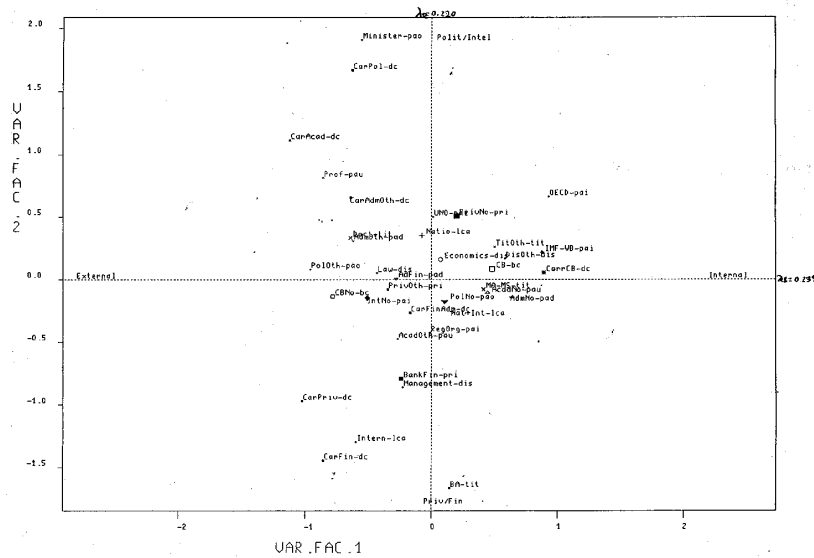
	Minister	Other
Number	7	5
%	7.5	5.3

The first axis of the MCA represents 8.8% of the inertia of the cloud,⁶ that is to say an eigenvalue of 0.239. It is made up for the most part of questions relating to the main career followed (relative contribution of 26.4% to the inertia of the first axis), previous attendance at an international organization (16.0%), a central bank (15.8%), a university (11.8%) and previous time spent in a government public administration (10.0%). The three modalities that contribute the most to the inertia of the first axis are the main career in a central bank (13.0%), the absence of previous time spent in a central bank (9.5%), time spent in IMF or World Bank (7.9%).

At one end of the first axis, you find the central bankers who owe the most to the institution of central banks, and at the opposite end, those who spent the main part or the greater part of their career at the university (cf. graphic 1). At the first pole, you find, for instance, Charles Nyonyintono Kikonyogo, governor of the Bank of Uganda since 1990 (graphic 2). Born in 1935, with a BA degree in the United States, he joined the Bank of Uganda in 1967 at the age of 32, where he became a “banking officer.” He followed his career there, until he became governor in 1979. Then, from 1982 to 1986, he occupied this position in the Bank of Botswana, and was also the representative of Botswana at the IMF. At the other end of the scale, Jacob Mumbi Mwanza, governor of the Bank of Zambia, is an example of an academic with a leaning towards economic practice: after having been a lecturer, a senior lecturer, then head of the economics department at the university of Zambia, he began to hold positions at the head of manufacturing companies. He then became vice-chancellor at the university of Zambia and started on a career as political adviser to the governments of Sierra Leone and Zambia. He is the author of several works on the teaching of economics, development economics, etc.



Graphic 1. Space of Active Modalities



Graphic 2. Space of Individuals

The opposition between the political field and the banking and private finance world, results in two different types of capital that can be carried over to the central banking world. The first is a political capital, often connected to the economic and financial world, and which supposes that one has been in office as a civil servant. The second is a more strictly economic and financial capital, a combination of specific skills related to the financial professions and implying familiarity with this world (social networks, affinities of habitus, etc.).

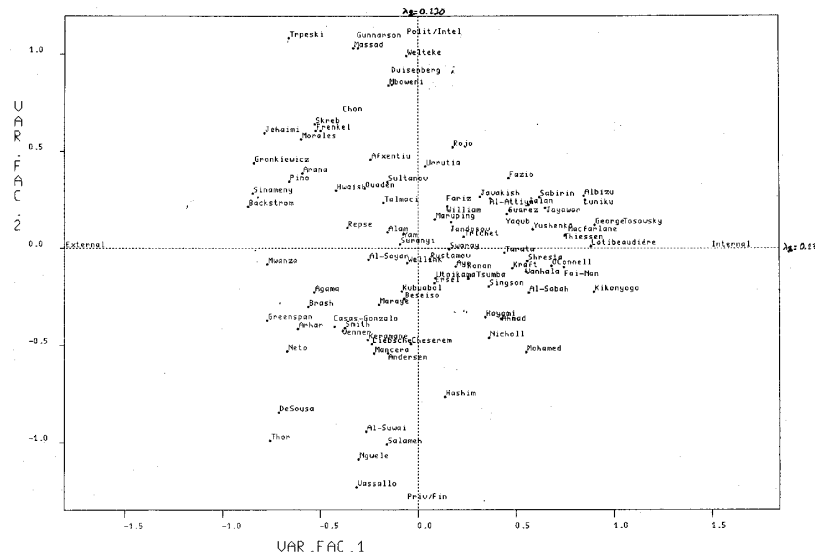
The second axis represents 8.1% of the global inertia of the cloud, that is to say an eigenvalue of 0.220. It is formed by questions relating to the main career followed (27.7%), previous time spent in the private sector (16.5%), previous time spent in the political field (13.5%), the diploma held (13.4%). The modalities that contribute the most are the time spent as a Minister (12.3%), the main career being followed in Finance (11.1%), the possession of a Bachelor of Arts degree (10.7%), time spent in the "banking-finance" sector (9.9%). The questions that contribute the most to the inertia of the second axis correspond very clearly to the opposition between the banking and private finance world, and the other fields, especially politics and university.

The first end of the scale is made up of governors from the banking and finance world and, more widely, from the private sector (graphic 2). Alan Greenspan is a very good example of this kind of itinerary. Possessor of a PhD in economics (University of New York), founder and director of an economics consulting firm in New York (Townsend-Greenspan and Co, Inc.) in the 1970's, and economic adviser to Ronald Reagan, Greenspan was the manager of many private companies: Aluminium Company of America, Automatic Data Processing, Inc., Capital Cities/ABC, Inc., General Foods, Inc., J.P.Morgan and Co., Inc., Morgan Guaranty Trust Company of New York, Mobil Corporation, The Pittson Company. He directed the National Association of Business Economists. The second end of the scale concerns governors from the political arena and from the academic world. This is where one finds central bank governors like Ernst Welteke, who come from countries with a "social-democratic" tradition. After studying economics in Marburg and Frankfurt, he worked in the cabinet of the Social Democrat prime minister of Hesse from 1972 to 1974. Then he was elected to the parliament of Hesse in 1974, where he stayed until 1995. From 1984 to 1991, he was secretary of the parliamentary group of the Social Democrat party. From 1991 to 1994, he occupied the post of Minister of Economics, Transport and Technology in Hesse, before becoming Finance Minister up until 1995, when he was appointed president of the Central Bank of Land in Hesse. In 1999, he succeeded Hans Tietmeyer as president of the Bundesbank.

The third and fourth axes of the specific MCA enable us to complete the interpretation of the different types of legitimacy, by introducing secondary kinds of differentiation, that are nevertheless important. The third axis of the specific MCA is made up of the questions concerning the main career (25.5%), time spent in an international organization (14.7%), time spent in the private sector (14.0%), and the degree held (11.6%). The modality of time spent in the private sector contributes to

12.2% of the inertia of the axis. The modality of a mainly political career contributes to 11.9%, the other diplomas to 8.3% and OECD to 6.9% of the inertia of this axis. This axis is specific to governors who follow the most atypical careers in the space of central banking. Among their number, one finds people such Birgir Gunnarson from Iceland, in an extreme position, and who has many atypical characteristics: this man, trained as a lawyer and whose first profession was that of a lawyer, then embarked on a political career in the Independence Party (he was mayor of Reykjavik from 1979 to 1991) and held various offices in the Icelandic Industrial Department, before becoming Minister of Education and Culture. He did not appear to be destined for the post of central bank governor. The fourth axis of the MCA is made up of questions concerning time spent in an international organization (20.8%), diploma held (17.9%), main place where the career was followed (15.0%). The modalities that contribute the most are the combination of a national and an international career (8.9%), the possession of a MA/MS certificate (8.6%), time spent in a “regional” international organization (8.6%), in the UNO (7.9%), a national career (6.1%). This axis is specific to agents who spent time in the UNO or in a regional organisation, and who combined a national and an international career between ruling countries and peripheral countries, like Charles Konan Banny, governor of the Central Bank of the West-African States, graduate of the ESSEC french school of management, who worked for the French government, and then, in the Inter-African Coffee Organisation (IACO) in Paris.

The projection of the question concerning regions as a supplementary element (graphic 3), shows that the space of the types of legitimacy bears some relation to world space structures (even if the points are relatively close to the origin, which indicates a descriptively small effect). On the first axis, the Latin-American and African central banks contrast with the Asian banks. On the second axis, the European and Latin-American central banks contrast with the central banks of the Middle-East and Oceania.



Graphic 3. Space of World Regions (Supplementary Elements)

The different processes of *neutralization* that we have described are interdependent: they reinforce each other, like a chain with distinct but solidary links. The most theoretical discourse on legitimacy would not be as effective, if there wasn't a more secular discourse, especially the daily discourse of central bank officials, aimed at the markets and the political arena. But at the same time, the world of central bank officials is a place of struggle between competing principles of legitimacy: it may seem unified or even opaque from the outside, but it must be analyzed as a specific social space where what is at stake is, precisely, the imposition of a particular definition of economic neutrality. Multiple correspondence analysis permits us to explore the structure of this social space through the visualization of clouds (especially clouds and sub-clouds of individuals defined by their social characteristics). It reveals sources of social tensions and symbolic struggles inside these very particular universes. In this sense, the use of MCA in the study of social spaces is far from a traditional, « mecanist », application of statistics which would simply copy experimental methods, trying to isolate independent variables to explain such or such phenomenon (which does not mean MCA can not be used for explanatory purposes). By stressing the social differentiations between actors, it also differentiates from an interactionist conception of social relations, where the social structure is defined by the nature and content of relational links between individuals.

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NOTES

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1. The only objective of the ECB, for example, is to maintain price stability, whereas one of the explicit objectives of the Federal Reserve is “full-employment.”
 2. This is for example the broadcasting work that is being carried out by a trading company based in London: Central Banking Publications Limited, together with the “Central Banking Research Unit,” that promotes “central banking” in the world, broadcasts information about the 173 existing central banks by means of its magazine *Central Banking*, created in 1990, its website, and through directories financed by private financial institutions, and conducts various studies on the central banks for investors, etc. In this company, there are financial journalists, some of whom are well-known for their neoliberal positions, like the director Robert Pringle (editor of *The Banker*, Senior Research Fellow of the David Hume Institute in Edinburgh, etc.), George Bull (former Foreign editor of the *Financial Times*).
 3. The changing balance, in the nineteenth century, between the City, the Treasury, the Bank of England on the one hand, and English industry on the other hand, for example, has been described by Geoffrey Ingham, 1984.
 4. See at <http://patriot.net/~bernkopf> and <http://www.bis.org/cbanks.htm>.
 5. On the multiple correspondence analysis, principal method of geometrical analysis of data, and, in particular for “interpretation aids,” cf. Rouanet, Le Roux, 1993, Le Roux, Rouanet, 1998.
 6. On the interpretation of axis in MCA, see Le Roux, Rouanet, 1998.

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