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**Article:**

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<https://doi.org/10.1177/1468018117729821>

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# Deciphering the International Monetary Fund's (IMFs) position on austerity: Incapacity, incoherence and instrumentality

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## Abstract

Back in 2009, at the height of the global financial crisis, the London G20 forum met and declared the Washington consensus dead. What emerged in its place was a contradictory and confusing array of narratives and international policy prescriptions for post-crisis recovery that owed as much to the past as the present. Divisions within and among International Governmental Organisations (IGOs) arose about how best to address the economic challenges, but the dominant solution was 'austerity' which became firmly rooted in the policies and discourse of national governments and international organisations alike. While signalling a downward political reconditioning of public welfare expectations, the austerity strategy has itself lacked organisational conviction and coherence. Austerity is, thus, important for identifying the location of social policy in international post-crisis economic discourse. Since the crisis has paradoxically, bolstered economic interests at the expense of political choice, it is also necessary to study the crisis responses advocated by economic organisations as more, rather than less significant in shaping welfare futures. This article draws on evidence from a textual content analysis of International Monetary Fund (IMF) documents over the period 2004-2015 to examine discourse on austerity and social policy. The findings indicate that, while the language of 'austerity' and policy prescriptions vary, the IMF's essential position has been to advocate austerity-like policies throughout the period, leaving its ideational 'economistic' position on the purpose of social policy fundamentally unchanged. These findings contrast with others that perceive a shift towards social justice concerns within the organisation, whereas our evidence suggests that the IMF's position on social policy is one of ambivalence and incoherence.

## Keywords

Austerity, crisis, global social policy, IMF, textual analysis

## Introduction

The global financial crisis of 2008 was unprecedented in scale and global reach (Farnsworth and Irving, 2011). Since 2008, not only the fallibility of markets and the weaknesses of neoliberal economics but also the strength of the role played by large-scale social policy interventions in mediating their effects have been exposed (Crouch, 2011). Yet, nearly a decade on, austerity has become embedded in both policy and popular discourse. Its strength is drawn from the assumption that there has been an irreversible change in the economic and political conditions that underpin the social contract, that cutting public expenditure is inevitable and that the public welfare expectations fostered since the 1940s are no longer tenable.

Establishing the extent to which the so-called ‘age of austerity’ represents a paradigm shift, a political strategy, an economic ‘truth’ or an idea that has had less effect than its widespread usage implies, is an ongoing task (Armingeon, 2013; Farnsworth and Irving, 2015; Mirowski, 2014; Schäfer and Streeck, 2013; Van Kersbergen et al., 2014). As Sum and Jessop (2013) suggest, crises reveal the contingency of existing relations and ‘contested efforts to build new dispositives’ (pp. 476-477). After 2008, the largest economies, the most powerful nations and the most influential international organisations were implicated and engaged in the consequent policy flux. At the heart of this flux, a contest continues between positions advocating Keynesian stimulus type measures and those advocating austerity. In political terms, these positions might be broadly linked, respectively, to the progressive and/or social democratic left and the neo and/or ordoliberal right, but the actual policy debate is unsurprisingly (given the range of interests and actors involved) less partisan (Wren-Lewis, 2015). Despite this, it is clear that austerity’s real privations are not visited on dominant economic interests, which have been deliberately protected by political actors. From this perspective, it is also unsurprising that austerity quickly took on hegemonic proportions at the expense of ideas for wider stimulus and investment possibilities.

It is also the case that austerity’s meaning and policy prescriptions are nebulous, and this is apparent in the national-international ‘discursive struggles’ associated with post-crisis policy responses (see, for example, Dellepiane-Avellaneda, 2014; Schmidt, 2014). For global organisations, such as the International Monetary Fund (IMF), the search for a stable economic settlement post-2008 has been no less fraught with conflicting interests and contradictory pressures related to the strategy and substance of austerity. There are indications that the IMF has been subject to ideological shift since the crisis, rejecting some elements of neoliberal economics and embracing social justice goals. This article presents an analysis of the extent to which the language of the IMF provides support for this post-crisis ‘softening’ of approach.

The analysis is informed by contemporary understanding and explanation of the organisational position/s of the IMF (among other International Governmental Organisations [IGOs]), which has been deepened by constructivist-interpretivist

theoretical perspectives developed mainly in International Relations and Political Science. These contrast with the rationalist-realist assumption that IGO ‘agent’ autonomy, both of action, and belief or position, is severely limited by the ideas and interests of the ‘principals’ (member countries). A key aspect of these studies has been examining whether and how essential ideas (and consequently policy-making practices) change. They demonstrate some of the ways that institutional change occurs via organisational culture, and how intra-organisational autonomy shapes IGO action and the spread of ideas (Ban, 2015; Broome and Seabrooke, 2007; Chwiero, 2008; Clift and Tomlinson, 2012; Moschella, 2015; Nelson, 2014). Linking ideas further with institutions and politics, the framework of discursive institutionalism has foregrounded communications among policy actors, and between policy actors and other audiences as a key determinant in the policy process (Schmidt, 2008). Authors interested in the formation of social policy in the sphere of global politics have followed a similar analytical path (e.g. Béland and Orenstein, 2013; Kaasch, 2015; Mahon, 2009, 2013). These studies shed light on how unconventional ideas gain traction within ostensibly hostile epistemic environments, and illustrate more broadly that ‘ideas mediate institutional effects; that institutions filter the role of discourses; and/or that they reflect, embody or reproduce particular social imaginaries, discursive practices and projects’ (Sum and Jessop, 2013: 56). The ‘imaginary’ that has dominated social, economic and political life since the 1980s has of course been neoliberal, and from a critical perspective, Bøås and McNeill (2004) convincingly show how within this context structural power is advanced through the framing of ideas generated within international organisations. In respect of the IMF, in particular, other authors demonstrate how this limits the scope for challenging such privileged ideas (Mueller, 2011; Peet, 2009; Taylor, 2004).

The arguments in this article advance from the position that IMF’s international role in *conditioning* state-citizen relations is far more significant than a simple assessment of what it actually does ‘in the name of’ social policy, and that this role is more significant under post-crisis austerity. The IMF is undoubtedly an international political actor as much as an economic actor (Taylor, 2004; Woods, 2006). As an economic organisation, and in the absence of explicit interest in the social dimension of human progress, detailed analysis of the IMF has been limited in global social policy (GSP) analysis (although Vetterlein, 2015a, 2015b is a recent exception). It is excluded in important studies, such as O’Brien et al. (2000), and given limited attention in Deacon (2007). Notwithstanding the implicit social policy corollaries of the ‘Washington consensus’, the explicit prescriptions of the IMF in the field of social policy have been far more limited than is the case for the World Bank and UN agencies; its direct influence on the terms of delivery and distribution of welfare goods and services less significant than the World Trade Organization (WTO), and its role in labour relations less direct than the International Labour Organization (ILO). Nevertheless, the IMF wields huge power in defining hegemonic positions vis-a-vis public spending and the welfare mix. It does this both directly, through the use of the coercive power of conditionality to pursue preferred options (O’Brien, 2002), and more covertly through its technical expertise, which, in turn, shapes global discourse and its translation within domestic politics. Bøås and McNeill (2004) suggest that this technocratic character results in a consequent predisposition to subject ideas to processes of both ‘depoliticisation’ and ‘economisation’ (p. 2).

In the contemporary global politics of austerity, both of these processes have discernible outcomes - the bailout terms ultimately accepted by the Greek government, for example. Social policy, with its normative welfare-relational and rights-bearing political charge, combined with its economic centrality, is necessarily a prime contender for subjection to these processes.

Thus, the article brings the IMF into GSP analysis as the global interlocutor of state/capital international interests with significant bearing on the nature and form of public intervention, and ultimately the ambitions of welfare states. By consistently promoting the idea that economic performance should determine all other policy considerations, the IMF sets the parameters of what is, and is not, possible in social policy terms, and when, where and why it may be required. An illustration of how social policy is historically perceived as an economic instrument in the IMF is captured in its framework for assessing 'unproductive public expenditure' in the 1990s. During the same period, 'expansionary fiscal contraction' - an intellectual progenitor of current austerity - was assimilated into IMF thinking (Dellepiane-Avellaneda, 2014: 396), and in 1995, the IMF Fiscal Affairs Department stated that

The goal should be to achieve fiscal adjustment in the most efficient and sustainable way possible, with due consideration given to maintaining essential public services, protecting growth prospects, and achieving an equitable distribution of income. (Chu et al., 1999/[1995]: 3)

Social policy is here reduced to 'essentials' that maintain growth and an 'equitable' (read: legitimating) income distribution. Post-2008, the IMF continues to operate in a capital-centric global arrangement, where fiscal adjustment, traditionally a core tenet of its advice, has gained supremacy in the global drive for austerity. Paradoxically, while the core ideas long-promulgated through IMF policy prescriptions have rapidly gained global political traction post-crisis, there is also the suggestion that since 2008, the IMF has itself shifted position away from market fundamentalism, for example, in loosening its adherence to the Washington consensus (Broome, 2015) and questioning the rise of inequality (Nunn and White, 2017).

The analysis in this article is focused on words rather than deeds, and unlike Broome (2015) and also Nunn and White (2017) does not attempt to capture any dissonance between what the IMF says and what its actions amount to in practice. It also does not follow a constructivist method based on analysis of intra-organisational ideational change related to recruitment or the influence of developments in professional training and/or academic economics (e.g. Ban, 2015; Chwiero, 2008). Rather, it is concerned at the macro-level that, with IMF's external communications, the core messages relayed via its most senior staff. These statements are what the organisation actively wants the 'public', the 'markets' (Schmidt, 2014) and the 'political actors' to hear, and are argued to represent the frames that the IMF wishes to construct and/or maintain around crisis problems and solutions. The IMF's position on austerity, in particular, has significance beyond what it tells us about the evolution of economic thinking in the international context or what it tells us about international organisational culture. The IMF's position on austerity indicates a much deeper message regarding the correct role envisaged for social welfare policy in the post-crisis economic order.

The following two sections set out the understanding of austerity used to inform the research, and the role of the IMF in its emergence and advancement after 2008. Having described the method used in the study, the subsequent section analyses data drawn from a quantitative textual study of IMF speeches mapping the importance and timing of concepts, themes and ideas in IMF's communicative discourse. The concluding section reflects on how the findings feed into existing scholarship on ideational evolution within the IMF and, more broadly, what the position on austerity indicates for understanding the IMF as a social policy actor.

## Austerity, fiscal consolidation and the IMF

As policy practice in response to crisis, austerity has found different national forms in the 20th century (Hill, 2015), but its historical roots in economic thought far precede even the financial crisis of the 1920s (Blyth, 2013). Austerity has primarily been invoked as an antidote to the 'problem' of government debt and the brake on competitiveness that this is assumed to imply. Austerity's economic character is captured in the idea of 'fiscal consolidation', which is measurable in government accounts using the standard tools of economic assessment. Fiscal consolidation refers to the process of closing the gap between revenues and expenditure, although it is more likely to advocate public expenditure reductions and privatisations than tax increases - the kinds of policies associated with the 'Washington consensus' (Stiglitz, 2005).

In line with its emerging preference for free-market orthodoxy from the 1970s (Chwieroth, 2008; Nelson, 2014), the IMF has been a key player in enabling and promoting the processes of global financialisation and accompanying inequalities in power and welfare that have been central to these processes. Alongside preference for liberalisation and privatisation, fiscal consolidation has been a feature of the 'structural adjustment' conditionality imposed by the IMF in various regions (Latin America and East Asia, for example) since the 1980s (Broome, 2015). Indeed, it was the strictures of structural adjustment that by 2008 had rendered the IMF increasingly toxic in the eyes of the low- and medium-income countries, even in central and eastern Europe (Nölke and Stratmann, 1998), where a warmer political welcome had been received in the 1990s (Deacon, 1997; Lendvai and Stubbs, 2009). Prior to 2008, the expansion of private sector and development bank alternatives to IMF financing, with fewer pre-conditions and less risk of global indignity, had signalled a loss of power and relevance for the IMF as a global actor, and the need for organisational reinvention (Masson, 2007). It also forced the IMF to begin to rethink its own approach, not least to the imposition of stringent (neoliberal) conditions on lending practices, although this shift may have begun in the earlier 2000s (Broome, 2015). The 2008 crisis facilitated the conditions for the IMF's organisational rehabilitation, boosting its financial strength and signalling a decisive shift within the IMF against conditionality. By 2014, structural adjustment was effectively disavowed by the Managing Director Christine Lagarde (CL) (Fox Piven and Minnite, 2015: 157) and its operational focus also shifted away from poorer to wealthier economies. In the event, however, the rehabilitation of the IMF has also facilitated a 'reversion to type' in terms of its core economic principles and back towards conditionality as the crisis matured (Vetterlein, 2015a, 2015b). Fiscal consolidation is widespread in the 2016-2020 budget

plans of 187 national governments in both high- and low-income countries (Ortiz et al., 2015) indicating an essential change in the contemporary political economy of welfare. The term ‘austerity’ is more explicit in European policy discourse than any other region, but its economic tenets are reshaping existing welfare states in the most powerful economies as well as conditioning the terms of development in the less powerful (Farnsworth and Irving, 2015). Thus, the ‘old’ fiscal shackles previously imposed on indebted countries in the global South have transitioned to the ‘new’ policy realities of certain indebted countries of the rich North, although the prescribed solutions have varied.

While the economics of austerity are quite transparent, the politics of austerity are far more empirically slippery but equally significant. ‘Austerity’ has become established as a rational economic tool rather than a (contestable) political preference. In response to the challenge to the neoliberal global economic order posed by the 2008 crisis, the politics of austerity have harnessed the ‘truths’ of economic philosophy to an ideological desire to dissolve social solidarities and re-impose previous dominant economic interests. This desire is captured in narratives around ‘the affordability of the welfare state’ and the depoliticisation of welfare struggles that lessen capacity to resist what ‘markets’ demand (Streeck, 2014). Global discourse is part of this process as governments use what global organisations ‘say’ to shore up their own political aims. In the case of austerity, however, the message from the IMF has appeared both confused and confusing.

### The IMF post-crisis: incapacity and incoherence

Given its historical-ideological preference for austerity/structural adjustment and its remit to maintain global financial stability,<sup>1</sup> it might have been assumed that within the post-2008 policy flux, the IMF would have a powerful, clear and consistent message on austerity that would reflect its ‘position’ in the pursuit of a new economic settlement. However, despite the apparent convergence between the IMF’s historical stance and the post-crisis logic of austerity, the IMF’s discursive outputs since 2008 have lacked both clarity and consistency. The IMF remained relatively mute between 2007, when inter-bank lending began to seize up, through 2008 and 2009, when Lehman Brothers collapsed, and the governments of countries with heavily exposed financial sectors, such as the United States and United Kingdom, began to intervene. The IMF’s constitution meant that it should have been the front-runner when it came to soothing the nerves of international capital and finance ministers and putting in place mechanisms to support ailing economies. In reality, however, the IMF provided only ‘analytical support’ to the G20 in the early period of the crisis, and its first significant response came when it participated in the Vienna Initiative in 2009, well after 2007 when contagion from the US crisis had begun to spread to the rest of the world (IEO, 2014).

This inaction within the international organisation set up with precisely the purpose of maintaining global financial stability may appear odd. However, the IMF’s caution can be explained in the context of a combination of the dissonant cognitive challenge that the crisis presented and the organisation’s own institutional legacy. The new consensus that emerged in 2009, that the ‘old Washington consensus [was] over’,<sup>2</sup> combined with the reality of enormous Keynesian-style stimulus packages being pursued in a number of economies,<sup>3</sup> presented the organisation with serious ontological challenges. Foremost of these was explaining



why it not only failed to foresee the crisis but also what role it played in its precipitation. The IMF's own assessment of its position in 2007 cites a range of organisational problems (IEO, 2014: 3). Indeed, for the reasons already noted, at the time the crisis struck, the IMF was least assured of its future or mandate than it had been since its foundation. Against this backdrop, a cautious approach in responding to the crisis is understandable.

With the boost to its lending capacity - US\$1 trillion - that was agreed by the G20 at a summit on the crisis in 2008 (Wade, 2011) and further revisions made to quota arrangements for secure funds in 2010 (finally approved in January 2016<sup>4</sup>) (Wade and Vestergaard, 2015), the IMF's eventual response stressed the fact that the organisation itself was transformed and set for the new challenges that the (rich) world faced. Most importantly, first Dominique Strauss-Kahn (DSK) and then CL, as successive Managing Directors, distanced the organisation from the kind of structural adjustment programmes that had become its *modus operandi* since the 1980s (see also Broome, 2015), but in practice, the IMF's new position lacked coherence and consistency. Subsequent agreements brokered between the IMF, the European Central Bank (ECB) and the European Union in the loans offered to Greece clearly tested this resolve. The Greek crisis has contributed significantly to a reconciliation of the IMF's existential crisis enabling the Fund to re-enter the financial corridors of developed economies and engage with the ECB. The June 2015 bailout negotiations featured several open displays of IMF muscularity.<sup>5</sup> Nevertheless, in this case too, IMF's role is a complex balancing act of ideological, organisational and political demands and as the lender with the longest memory, its ideological position is tempered by experience,<sup>6</sup> a position not shared by the European Commission or pro-austerity ECB.

While early into the crisis, the IMF had supported the stimulus measures adopted by the United States and United Kingdom, in particular, by 2010, austerity had emerged as the organising logic of the 'new age', and by 2012, CL was reported to be urging 'caution on austerity' (Jones, 2012). The Fund was indicating that not only should Greece, Spain and Portugal be allowed more time to prepare for a period of severe fiscal consolidation but also that as far as social policy was of interest, other European countries should 'let stabilisers operate'. Documentary elements of the communicative discourse, such as the annual IMF World Economic Outlook (WEO) publications, indicate that there has clearly been some oscillation in both the intensity and extensity of support for austerity measures. The September 2011 report suggested that Germany, the Netherlands and Sweden needed to allow automatic stabilisers to play their part, Germany and the United Kingdom needed to rethink planned adjustment, but Poland and Turkey needed to step it up. A year later, the October 2012 report had identified the 'problem' of potentially underestimated fiscal multipliers (IMF, 2012: 41), and although this analysis later came under criticism for the inclusion of outliers (Germany and Greece), its analysis argued that 'More adjustment in external-deficit economies and more internal demand in external-surplus economies would contribute not only to a safer global economy but also to stronger growth for all' (p. xix). Here, it is India, Russia and Turkey that are cited as needing to work harder on consolidation.

By its own admission,

The IMF's record in surveillance was mixed. Its calls for global fiscal stimulus in 2008-09 were timely and influential, but its endorsement in 2010-11 of a shift to consolidation in some of the largest advanced economies was premature. (IEO, 2014: v)



This prematurity is seen in the context of a retrospective admission that the slowing of growth was unexpected. The advice that both the United Kingdom and United States, all Euro area countries and particularly Germany (as the country most able to set an example), should adopt austerity was based on the assumption that business was returning to normal combined with fear of fiscal crisis (IEO, 2014: 9). With the spectre of fiscal crisis subsequently overshadowed by the ogre of recession, the IEO report argues that ‘the IMF showed *flexibility* (our italics) in reconsidering its fiscal policy advice and called for a more moderate pace of fiscal consolidation’ (IEO, 2014: 1). This shift in thinking is evident in more recent staff research notes also (e.g. Ostry et al., 2015, 2016). It also has support in Ban’s (2015) study which interprets the change as organisational adaptation ‘from within’ due to a pro-stimulus shift in academic macroeconomics, consequent beliefs of new recruits to IMF research teams and the less orthodox economic worldview of senior IMF figures feeding into key publications (WEO and Global Fiscal Monitor).

Despite apparent volte-face on stimulus/austerity, in its own assessment the IMF has an internal coherence to its advice and presents indecision in the context of lack of capacity. There remains the argument, however, that the rush to austerity may have been compulsive rather than impulsive. The IMF is a global actor created to protect the interests of capital, and its ideational scaffolding is essentially antagonistic towards the advancement of competing interests that might undermine this goal. The 2012 WEO report is revealing in this regard, stating that ‘The historical record for public debt reduction suggests that a gradual, sustained approach supported by structural changes offers the best chance for success within today’s constraints’ (IMF, 2012: 21). This appears to maintain the fundamental doctrine of ‘adjustment’ with obvious implications for the future direction of social policy development.

The IMF is first and foremost an organisation that seeks to assert ‘cognitive authority’ (Broome and Seabrooke, 2012) over its member states and to foster solutions to economic and social challenges that fit with its core beliefs. As this article illustrates, these core beliefs are not only subject to change over time but also have deep roots. The rhetoric may have changed in response to the crisis, but there is consistency in the general message (Vetterlein, 2015a). The IMF, alongside other International Financial Institutions (IFIs), helped to frame the crisis by identifying it, classifying it, diagnosing its causes and potential solutions, and presenting its policy advice as ‘world’s best practice’ (see Broome and Seabrooke, 2012).

Moving away from published documents, the analysis that follows is focused on patterns of ideas in the external communication of the IMF. The IMF response post-2008, as expressed in these elite speeches, can be seen as an attempt by key actors within the organisation to steer a course through the crisis reflecting prevailing ideational and institutional limitations.

## Textual analysis of IMF speeches

The method here takes a different approach to the majority of GSP-IGO analyses in three respects. First, it applies novel quantitative text analysis techniques to examine the speeches of senior members of the IMF. Second, it extends the analysis beyond what

might be considered typical social policy concerns to capture the broader context shaping social policy prescriptions. Third, the 'sampling frame' is far broader - our analysis here includes the 'total population' of available IMF speeches over a given period rather than a selected sample. The time period covered is 2004-2015 allowing a fuller consideration of the pre-crisis years of relatively strong global growth.

There are two key benefits to using the quantitative content analysis techniques built into Wordstat software. First, the software is capable of automatically coding and analysing a large volume of data, identifying discursive patterns and relationships within and between texts. Clustering techniques, for example, reveal common associations between particular words or phrases, and correspondence analysis reveals not only how frequently words or phrases tend to appear together within text but also their strength of association with other variables (e.g. year of delivery or author). Here, the total population of speeches examined was 597 (1.5 million words). All speeches made available on the IMF website (as of January 2016) were downloaded, converted and analysed (Appendix 1).<sup>7</sup>

Second, the method avoids the accusation, often levelled at qualitative policy analysis, that quotes are cherry-picked within key policy documents, compromising the validity of the interpretive claims made. For example, Barnett and Finnemore (2004: 61) discuss the 'creeping in' of the word 'intractable' in IMF discussion of debtor countries' problems, but point to a single set of essays to support this: our analysis locates only three uses of the word, in 2005, 2007 and 2013. Even including the total population of documents, validity may be questioned as ideas expressed in organisational material may represent the individual author views rather than accurately representing the views of the organisation. Only speeches made by the most senior staff,<sup>8</sup> speaking directly for the organisation, are included here - speeches drafted to distill key IMF ideas and policies for communication to 'states', 'markets' and 'people'. These communications are carefully crafted as deliberate and purposive 'framing' statements, and in contrast may not necessarily represent the views of individual agents within the organisation, nor the position of the organisation at all points in its history.

The content analysis methods employed here do not preclude further analysis and commentary on the key phrases that emerge, rather the methods help to identify keywords and phrases in the context. Applying quantitative analysis to the texts (identifying common words and phrases) enabled extraction of the words and sentences surrounding them and further exploration to identify evidence of coherence/incoherence in the narrative. These extracts are quoted selectively, where they provide further illustration of the more abstract quantitative analysis reported below.

### *Locating austerity in IMF messages*

Focusing primarily on the frequency and usage of 'austerity', it became clear that the term itself is little used by key figures within the IMF, perhaps because it is heavily encumbered by pejorative cultural and political baggage. Only 28 uses of the word 'austerity' were identified, it was first mentioned in 2004 and did not reappear until 2010. It was subsequently used 14 times in 2012, and 9 of these instances were in speeches delivered by CL.<sup>9</sup> Several tools within Wordstat were subsequently used to ascertain whether

alternative terms or phrases were used in place of ‘austerity’. For this exercise, the most frequent words (e.g. conjunctions, prepositions, such as ‘the’, ‘in’, ‘of’ and so on) were excluded and words or phrases that are synonyms or substitution words/phrases for ‘austerity’ were located including ‘cuts’, ‘deficit reduction’ and ‘fiscal responsibility’. Two processes were used: (1) an auto-suggest feature listing synonyms with frequency counts and (2) a dendrogram clustering process that locates common word patterns. Consequently, it was possible to locate the alternative words and phrases to ‘austerity’ that are favoured by the IMF, and changes in usage over time. This process revealed that the IMF speeches tend to favour goal-driven phrases, such as FISCAL CONSOLIDATION, FISCAL RESPONSIBILITY, FISCAL DISCIPLINE, DEBT RELIEF and BALANCED BUDGETS. The focus on each of these varies by year, but ‘fiscal consolidation’ is used throughout the period. The frequencies are illustrated in Table 1, which also shows other words that are strongly associated with the word ‘austerity’, including ‘crisis’, ‘debt’, ‘imbalances’, ‘deficit’ and ‘market reforms’. The data indicate that although the IMF may have avoided using the term ‘austerity’, there is a high incidence of terms that would be widely recognised as having ‘austerity’ objectives. In this way, the IMF is able to promote austerity agendas without risking association with the negative connotations of the term. Concept substitution is clearly demonstrated as significant in the analysis of policy preferences and the discourse that frames policy debates.

### *Temporal differences*

A second investigative tool is the correspondence function within Wordstat which maps keywords/phrases with other independent variables according to their proximity to each other. The closer the keywords/phrases to other words and variables (in this case the year), the stronger their association with each other. The results for the total population are plotted in Figure 1. This reveals clear temporal movement which might be expected as discourse changes over time and between personalities. What is more surprising is that this quantitative algorithm-driven exercise reveals a very clear linear incremental pattern. For each year to follow the previous one in this way suggests a stronger relationship between prior and subsequent years than any other. This evidences discursive differences between speeches that would otherwise be difficult to decipher. Less prosaically, the speeches analysed indicate continuity, progression and change over time, and similar to Moschella’s (2015) findings, is suggestive of incremental change rather than rapid paradigmatic shifts across the period. This is the case regardless of the personality involved, so that temporal factors actually appear better at explaining speech content than the individual delivering the speech. This may raise questions regarding the inputs of speech writers which cannot be elaborated upon here. Nevertheless, certain issues arise at particular temporal points - words, such as ‘systemic’, ‘stimulus’ and ‘liquidity’ are connected to the crisis between 2008 and 2010, while ‘women’ and ‘inequality’ are more current concerns (cf. Nunn and White, 2017), although far less significant in frequency of use than the mass of indistinguishable terms in the centre of the figure. Illustrating continuity, the centre is constituted by words that commonly appear across the years, although again, they feature less in the speeches made on the periphery of the figure (2004 and 2005, for instance).

Table 1. Frequencies of austerity and related words by year.

	2004	2005	2006	2007	2008	2009	2010
CRISIS	277	187	144	135	263	711	652
DEBT	226	241	429	232	74	115	194
IMBALANCES	52	256	299	177	54	34	55
DEFICIT	48	138	87	55	20	16	26
DEFICITS	31	61	46	29	14	33	30
FISCAL_CONSOLIDATION	23	28	21	16	7	11	30
MARKET_REFOR*	11	37	30	19	6	4	2
CUTS	7	18	10	2	6	9	3
CUTTING	6	5	3	5	4	5	1
FISCAL_DISCIPLINE	15	13	5	6	2	3	3
BANKRUPTCY	8	10	10	1	5	2	1
DEBT_BURDEN	13	10	3	1	1	3	
INSOLVENCY	2	4	4		1	1	14
INDEBTED	3	10	12	1			1
AUSTERITY	3						1
TIGHT*_FISCAL_POL*	1	5	2	2		4	4
RATIONING	3	5	8			1	

Table 1. (Continued)

	2004	2005	2006	2007	2008	2009	2010
FISCAL_RESPONSIBILITY	4	7					2
TAX_BURDEN	2	2	2				3
FISCAL_CRISES	1		1				
INSOLVENT						3	4
BALANCED_BUDGET		2	1	1	1		3
FISCAL_CRISIS		1					2
BROUGHT_UNDER_CONTROL	4	1	1			1	
EXPENDITURE_CONTROL			1	3		1	
ECONOMIC_MISMANAGEMENT	2		1				
REASSURE_*_MARKET*			4				
FREEZE					1		
INTRACTABLE		1		1			
BANKRUPT			1	1			
BAD_DEBT							
REASSURE_INTERNATIONAL_DONORS							
REDUCE_EXPENDITURE			1				
SOLID_DOMESTIC_REVENUE				1			
TIGHTEN_EXPENDITURE							

### *Visualising the IMF*

Figure 2 represents an association of all words in the full population of 597 speeches between 2004 and 2015. In this concept map, the size of the bubble represents the frequency with which a word appears in all speeches over this period, with keywords most commonly found within the same sentences located closest together. Given the purpose of the IMF, it is unsurprising that the most privileged concepts (the largest bubbles) are related to the economy, markets, finance and trade. ‘Social policy’-related terms (pensions, health, education, benefits, people and so on) are clearly some way from the organisation’s core concerns. This picture chimes well with Barnett and Finnemore’s (2004: 63–66) discussion of goal proliferation within the IMF, and the notion that ‘social’ goals (such as poverty alleviation) are actually quite ‘distant from the Fund’s core competencies’. As Broome and Seabrooke (2007: 579) indicate, the ‘narrow focus’ of the IMF should come as no surprise given that this is what ‘its founding member states built into the organization’. While a portrait of the IMF as primarily economic is no revelation, it nevertheless, has a wider significance for social policy scholars. In distilling the organisation’s sphere of interest, our findings suggest that the social policy ‘positions’ found in IMF occasional pronouncements (e.g. working papers and staff notes) may, in fact, be rather less significant than assumed when considered against the core economic concerns that may run counter to social policy objectives.

### *Discussion of words in context*

The quantitative analysis suggests that while there are shifts in focus in the IMF’s communicative discourse, there is also consistency of messages related to the organisation’s core concerns. Analysis of the words in the context of the messages in which they are found allows further examination of the extent to which competing messages on austerity might indicate incoherence and/or a potential shift in position on public or social spending.<sup>10</sup>

At the doctrinal level, the position on fiscal consolidation and its relationship to growth have appeared far more equivocal since 2012 (Ban, 2015). In the data here, this is captured in CL’s (2012) statement that ‘A global undifferentiated rush to AUSTERITY will ultimately prove self defeating’. The speech extracts coded CUTS and AUSTERITY also generated a number of instances indicating a clear attempt to limit the polarisation of economic positions, so that ‘austerity’ and ‘growth’ were not commuted to public understanding as conflicting aims, particularly during 2012–2013. This is especially apparent in extracts from speeches by CL, and also David Lipton<sup>11</sup> (DL, 2013) who suggested there was ‘not a simple choice between AUSTERITY and growth’. Alongside this more guarded approach to austerity, cuts are discussed in association with their distribution between discretionary and non-discretionary areas of public spending, the social and political consequences of cuts ‘across the board’ (including in public investment, wages and pensions) and their relationship to corporate taxation. There is concern with the effects on ‘vital programmes’ (CL, 2013), ‘a much fairer distribution of adjustment’ (Poul Thomsen, 2013<sup>12</sup>) and the strength of social safety nets (CL, 2013, 2015). However, in our data, cuts have latterly been framed in IMF speeches as requiring a more long-term

(and politically challenging) approach that recognises public perceptions of unfairness. Cuts are thus directed more towards ‘the key drivers of long-term spending’ (CL, 2013).

Thus, although as Ban (2015) finds, there is an accommodation of both ‘stimulus’ and ‘austerity’ positions within the IMF, in terms of the future for social policy, it is arguable that this is not the simple acceptance of harmony in macro-economic theory, but rather an attempt to mitigate and to protect austerity as a key economic tool (in the face of widespread critique and popular concern) and to ensure that it is sufficiently institutionalised to continue the long-term economic programme aimed at the ‘key drivers of public spending’ and the promotion of targeting. To consider this further, the clustering process summarised above allowed the identification and closer examination of a word cluster which emerged as closest to the concerns of social policy containing the words HEALTH, EDUCATION, SOCIAL, SPENDING, POOR and PROGRAMS.

Considering ‘social spending’ as the ‘flipside’ of austerity, the speech extracts linked to the ‘social policy’ cluster indicate that over the 2004-2015 period, the core messages have been remarkably constant in relation to the IMF’s historical approach. In summary, continuity appears in a preference for targeting ‘programs designed for the poor’ as the means to minimise ‘leakages’ to the better off, achieve fiscal savings and the most ‘effective’ use of social spending. More broadly, social policy is discussed in ways which locate it as an instrumental means to growth - productive social investment in infrastructure, health and education is paramount, targeting the poor is important in supporting consumption and politically motivated spending (e.g. energy subsidies, programmes that also benefit the middle class) is considered a deadweight. These themes recur in the data and are reinforced by both post-crisis MDs who have observed in similar terms that ‘Preserving well-targeted SOCIAL SPENDING and high-return infrastructure investment should have priority’ (DSK, 2009) and that ‘Clearly, additional fiscal space for public infrastructure and SOCIAL SPENDING is needed’ (CL, 2015). Such positive statements on social spending could be argued to indicate the latter stages of institutional diffusion of ‘revisionist’ thinking identified by Ban (2015) and Nunn and White (2017), but the data analysed here cannot reveal the full extent to which the MDs are setting or following the IMF’s agenda of interest.

For the post-2008 period, the data indicate an explicit position on social policy in the speeches of DSK. Following the crisis, he observes, ‘We also remain committed to protecting the most vulnerable, with many recent PROGRAMS calling for an increase in SOCIAL SPENDING to cushion the impact of the crisis on the POOR’ (DSK, 2009) and later ‘we are paying more attention to the SOCIAL dimension in our PROGRAMS: protecting SOCIAL safety nets for the POOR and supporting an equitable sharing of the burden’ (DSK, 2011). As observed in Figure 1, Lagarde has been most vocal in the use of the words INEQUALITY, obviously an essential concern of social policy, and WOMEN, historically instituted in the ‘social’ in the gendered spheres of public and private. There are many manifestations of the intensifying significance of inequality as an issue for which political elites need to urgently devise a narrative of action. From the early ‘We are the 99%’ action, to the popular acclaim of academic critiques, such as Piketty (2012), to the 2015 launch of the Organisation for Economic Co-operation and Development’s (OECD) Centre for Opportunity and Equality, the problem of how to manage the continued enrichment of the few in the context of fiscal consolidation for the



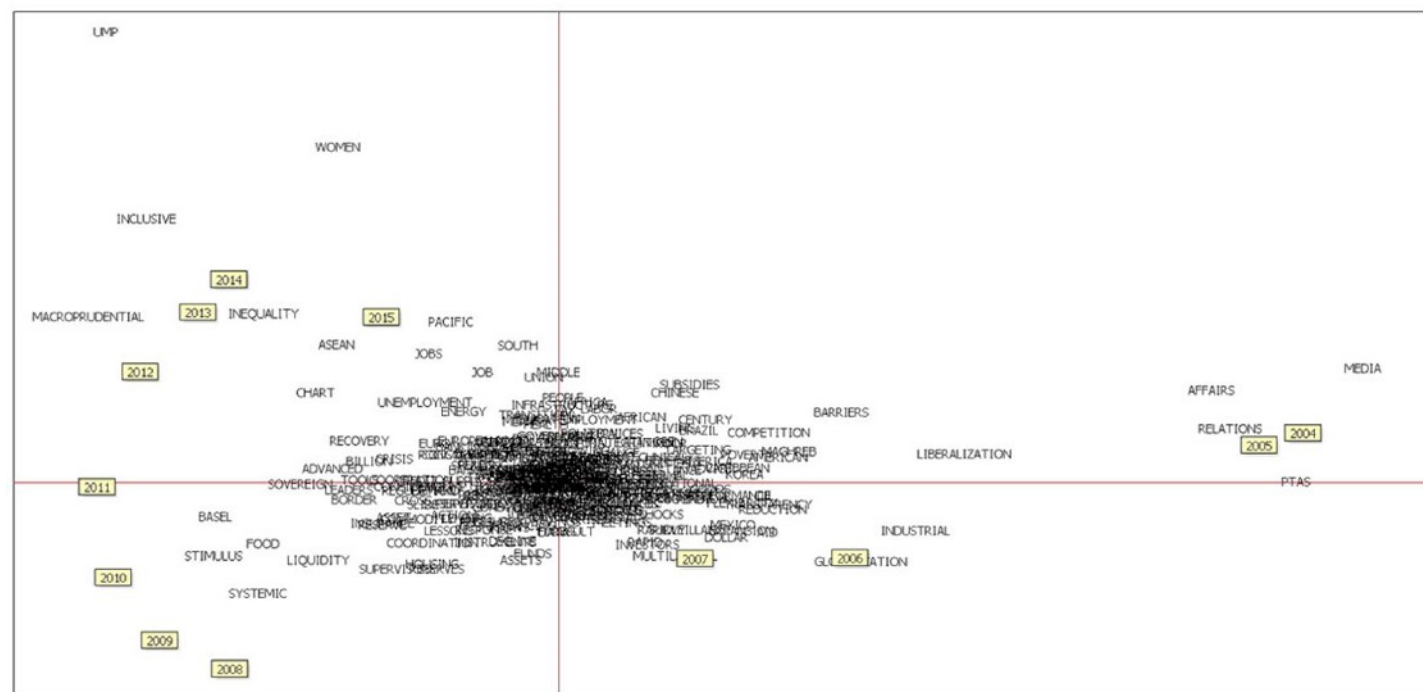


Figure 1. IMF 2D word frequency plot by year 2004-2015.



masses is increasingly apparent. The IMF, as noted earlier, has past experience of detoxifying adjustment. Examining the extracts incorporating these words, we find that both are raised in the context of brakes on productivity rather than concerns with social justice. This indicates that IMF discourse around ‘who gets what’ is considered through the lens of economic growth: inequality is a problem insofar as it prevents access to health and educational gains, women’s interests are of general interest because they are far more likely than men ‘to spend their resources on HEALTH and EDUCATION, creating a powerful ripple effect across society and across generations’ (CL, 2014).

Where political insight is more apparent is in the IMF’s position on the legitimacy and credibility of austerity. In the case of credibility, and perhaps informed by institutional memory, Lagarde warned that ‘... growth is necessary for fiscal credibility: after all, who will believe that commitments to cut SPENDING can survive a lengthy stagnation with prolonged high unemployment and SOCIAL dissatisfaction?’ (CL, 2011). In the case of legitimacy, she observed that ‘Difficult decisions in tough times are best taken in an atmosphere of SOCIAL partnership: where everybody has a seat at the table, where the POOR and vulnerable are protected, and where the government acts as an honest broker’ (CL, 2012). What these extracts reveal is a recognition of both the political need to manufacture popular consent in relation to cuts and the simultaneous need to convince markets that cuts are politically credible. Organisational preservation also has a role to play. While Lagarde has stated that ‘In our PROGRAMS today, all across the world, we emphasize protecting SOCIAL safety nets: even in tough times’, she has also been concerned with emphasising that social spending has increased in countries with IMF programmes. In the framework presented in Mueller (2011), this kind of organisational self-affirmation could be seen as an important element of the IMF’s role in sustaining neoliberal hegemony.

## Conclusion

In sum, the analysis of IMF language presented here provides further understanding of the nature of, and extent to which austerity, and by association, social policy, has featured in the organisation’s communicative discourse in the periods prior to, during and after the 2008 crisis. It has been suggested that the IMF has lacked a coherent position, or even a position at all on post-crisis global recovery and the place of austerity in this. However, the findings here indicate that although use of the term ‘austerity’ is limited, if considered under the umbrella of a broader set of principles or approaches to restricting public spending, IMF’s advocacy of ‘austerity’ remains consistent over time, as does the organisation’s relegation of social policy to its economic uses. Although under the Managing Directorship of CL there has been greater mention of concerns for social justice, this is not balanced by a clear enough shift in economic language to add support for claims that the IMF has become a more socially progressive organisation.

The more convincing explanations for incapacity and incoherence on austerity within the IMF point to both its necessary default to national solutions through lack of power to ‘fix’ the global economy (Barnett and Finnemore, 2004) and its eschewal of the much criticised ‘one-size-fits-all’ approach to advice characterised in its pre-crisis interventions. In terms of ‘levels of generality of ideas in discourse’ (Schmidt, 2014), the shaping

of a position accounting for the range of state interests necessarily required national policy calibration with the programmatic uncertainties unleashed in 2008. Inconsistency in national advice would be expected as different economies would be treated differently (Copelovitch, 2010; Nelson, 2014). This is apparent in the Fund's gradual move from 2011 to differentiation between countries in terms of which were and were not afforded fiscal space to decelerate their programmes of cuts. While this may be the case in practice, in Figure 2, the word 'global' is almost as significant as 'growth', indicating a gap between what is discussed and the capacity to act and/or to achieve the sometimes competing goals of managing the global economy alongside those of individual nations. Just as national governments might pursue macro-economic policy that ignores the specific needs of their regions, the IMF may hold the view that austerity is a problem for the global economy, but necessary for a country. Moschella (2010) has argued that ambiguity in positions is actually necessary to build support for an underlying idea, while temporal incoherence can be interpreted as Ban (2015) and Moschella (2015) have presented - incremental evolution of disciplinary thought reflecting changed facts, but without any paradigmatic change.

In the case of the IMF, the need to establish legitimacy through expertise in the global financial system and retain it in relation to individual nations also supports the seeming inconsistency of IMF advice at the country level. The IMF's approach to defining the nature of the 2008 crisis and the required responses required complexity (and ostensibly incoherence) because its organisational concerns were located in the presentation of problems in ways that would advance the continuation of its own advisory intervention. The promotion of 'one-size-fits-all' austerity would have been too simplistic to achieve this continuity of mission, hence the nuance discernible in the most recent in a series of IMF Research Notes. Broome (2015) sees consistency in the prescription of fiscal consolidation as a post-crisis strategic narrowing of IMF focus, rather than an organisational paradigm shift. Moreover, the IMF's strategies, analysis and recommendations after 2007 were important to re-establishing its cognitive authority (Broome and Seabrooke, 2012). Based on the speeches considered here, the consistency of message in the retention of fiscal consolidation albeit based on 'slower' and 'smarter' cuts to public spending might evidence 'unorthodox' signifiers of adaptive change (Ban, 2015) resulting from shifts in thinking on the effects of fiscal multipliers and capital controls. However, set against the wider economic backdrop, these are simply incremental and political measures permitted by orthodox assumptions. Thus, the incoherence or 'variety' of IMF advice may be more akin to the illusory 'variety' in evidence in Poverty Reduction Strategy Papers (PRSPs) (Vetterlein, 2015a; WDM, 2005a), indicating a change in political strategy, rather than technocratic epistemology, and one that has not been accompanied by an intelligible revision to thinking on social spending or the wider purpose of social policy in global stability.

One of the contents of the Fund's analytical crisis-response toolkit was a circumscribed conceptual framework for understanding the nature and outcomes of crises, and it is one which is contained in institutional memory and scripted responses (Barnett and Finnemore, 2004: 55; Woods, 2006: 40-43). Thus, a shift in the position of the IMF from a residualised and instrumental understanding of social policy towards one that recognises its societal and transformational purpose may be too 'contingent upon the disruption of old

institutions' (Moschella, 2015: 448), including academic macroeconomics, to alter the position on fiscal consolidation. The term 'austerity' is too socio-political, imprecise and emotionally charged for use by the IMF, and in its own discourse, is economically sanitised and separated out into more specific economic 'problems'. The data analysed here do not indicate a move away from an approach to social policy that reduces it to its basic economic function. Even where a more progressive stance is evidenced in the words (e.g. Ostry et al., 2016) or even the deeds (e.g. loan arrangements) of an organisation like the IMF, the driver may be 'crafty' politics (Jessop, 2015).

The absorption of counter-hegemonic ideas discussed by Mueller (2011) might best explain the variety of position, that is, fundamentally the same position, and is arguably more concerned with the presentation of organisational self in the face of popular discontent than an epiphany among senior staff, the strength of the ideas they, or their research staff propound, or more dramatically, 'the start of the long death of an ideology' (Chakraborty, 2016). Masson (2007) highlights the greater 'transparency' of the IMF in terms of data release and public access to discussion papers, but this has to be seen in context of the changing ways in which discourse is shaped. In the contemporary world of policy-making, the shaping of 'public understanding' of economic 'problems' (and by association, 'social problems') may simply require a more direct and less elite-focused strategy than in the past. Thus, enabling transparency or alternative ideas, for example, through the regular publication of austerity-sceptic reports by IMF Staffers, including Jonathan Ostry and colleagues, may not be a benign or neutral act. It can be linked in more complex ways to the operation of the IMF as a politicised bureaucracy, as part of a strategy to maintain its place and values in the global policy architecture (see also Klein, 2008; Woods, 2006). In sum, neither the crisis, nor nationally nuanced austerity advice nor internal 'revisionist' voices advocating less fiscal consolidation actually signal a pivot to social policy expansion.

### Acknowledgements

We thank Matthias Kranke for comments on an earlier draft, and also our anonymous referees for suggested improvements. Earlier versions of this article were presented at the UK Social Policy Association Conference, Belfast, 2015 and the SPERI Conference, Sheffield, 2016.

### Funding

The author(s) received no financial support for the research, authorship and/or publication of this article.

### Notes

1. <http://www.imf.org/external/about.htm/>
2. UK Prime Minister Gordon Brown's speech following the G20 summit in April 2009, [http://news.bbc.co.uk/1/hi/in\\_depth/business/2009/g20/7979746.stm](http://news.bbc.co.uk/1/hi/in_depth/business/2009/g20/7979746.stm)
3. World Bank officials were also broadsided by the fundamentally contrary terms of the US' Troubled Assets Relief Programme, see [http://www.nytimes.com/2008/10/11/business/11scene.html?\\_r=0](http://www.nytimes.com/2008/10/11/business/11scene.html?_r=0)
4. <http://www.imf.org/external/np/exr/facts/pdf/quotas.pdf>
5. International Monetary Fund (IMF) negotiators walked out of talks and flew home; Christine

- Lagarde (CL) reportedly stated that she wanted to talk with ‘grown-ups in the room’, <http://www.theguardian.com/business/live/2015/jun/18/greek-crisis-eurozone-finance-ministers-merkel-live#block-558307b5e4b0d1f45dc984cb>
6. <http://uk.reuters.com/article/2015/07/14/uk-eurozone-greece-imf-report-idUKKCN-0PO1C920150714>
  7. There is a risk that this method missed some speeches, but it captured all major speeches that the IMF deemed worthy of publication and representative of important views held by the organisation at the time.
  8. The individual staff members were identified from the list of Senior Officials of the IMF provided on the organisation’s web pages.
  9. Speeches by CL represented 20% of the total sample.
  10. The cluster words are identified in upper case.
  11. First Deputy Managing Director 2011-present.
  12. Director, European Department.

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Zoë Irving is a senior lecturer in comparative and global social policy at the University of York, UK. Her research interests include the international social politics of economic crisis and austerity, and with Kevin Farnsworth, she is co-editor of *Social Policy in Challenging Times* (Policy Press, 2011) and *Social Policy in Times of Austerity* (Policy Press, 2015). She has also published work on the social policy of small island states, including Iceland, and her current work concerns the development of comparative welfare state analysis that accounts for population size and its influence on the shape of social policy.

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Appendix 1. Speeches and statements included in the sample by name of IMF representative

Abdoulaye Bio-Tchane	2
Adelheid Burgi-Schmelz	2
Agustín Carstens	33
Ajai Chopra	1
Alex Weber	1
Anne O Krueger	51
Anoop Singh	10
Antoinette M Sayeh	2
Bob Traa	2
Carlo Cottarelli	8
Christine Lagarde	103
David Burton	3
David Lipton	19
Delia Velculescu	1
Dominique Strauss-Kahn	28
Gerd Hausler	1
Graham Hacche	1
Jack Boorman	1
Jaime Caruana	4
Javier Silva-Ruete	1
John Lipsky	44
José Fajgenbaum	1
José Viñals	10
Jules Erik J De Vrijer	1
Mark Lewis	1
Masood Ahmed	2
Michael Deppler	1
Min Zhu	16
Mohamed A El-Erian	1
Mr Shinohara	1
Murilo Portugal	13
Naoyuki Shinohara	3
Naoyuki Shinohara	50
Nemat Shafik	8
Paul Thomsen	1
Prakash Lougani	1
Raghuram G Rajan	19
Ratna Sahay	1
Reza Moghadam	3
Rishi Goyal	1
Rodrigo de Rata	1
Rodrigo de Rato y Figaredo	112
Salah M Nsouli	2
Saleh M Nsouli	1
Steven Dunaway	1
Takatoshi Kato	25
Vitor Gaspar	2
Wanda Tseng	1
Grand total	597

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