

## ECONOMIC INSTITUTIONS HUB—RESEARCH FUNDING CALL

### *ARE OUR ECONOMIC POLICY INSTITUTIONS FIT FOR PURPOSE?*

[Rebuilding Macroeconomics](#) (RM), funded by the Economic and Social Research Council (ESRC) and hosted by the National Institute of Economic and Social Research (NIESR), is inviting calls for research proposals under its hub on Economic Institutions led by Professors Laura Bear and Gary Dym ski. Our research hub focuses on how macroeconomic policy is made, and how it is linked to academic economics and to the broader public.

The long-term aim of the RM project as a whole is to transform macroeconomics back into a policy-relevant social science; an intermediate step is to provide recommendations to the ESRC as to the future shape and direction of research in Macroeconomics. Project proposals should thus aim to identify promising areas for future research (on a “proof of principle” basis), rather than seeking to obtain definitive results from what will be limited project budgets.

RM will consider proposals which are genuinely innovative; which are oriented towards policy-relevant problems; which are rigorous; and may open-up new promising avenues for investigation but may be overlooked by traditional funding sources. We are particularly interested in interdisciplinary proposals and the introduction of new methods.

#### **Process**

The application procedure will consist of two stages.

- For Stage 1, applicants should submit an outline statement of up to 1,000 words, using the form provided below. An indicative outline cost level should also be supplied, though a formal costing is not required at this stage. The application form is available [here](#). Stage 1 applications should be submitted to [r.arnold@niesr.ac.uk](mailto:r.arnold@niesr.ac.uk) by 26<sup>th</sup> November.
- Successful applicants from Stage 1 will be invited by Hub Leaders to proceed to Stage 2. They will be required to submit a more detailed version of their proposals, including: a Case for Support; a Justification of Resources; a Timetable; an Impact and Communications Plan; and a formal Budget.

The budget limits for projects are £25,000 to £150,000, at 100% fEC. Successful applications will be funded at 86% fEC.

We hope to fund between two to four projects. The funding allocated to the Institutions Hub (depending on the quality of the research proposals) might be in the neighbourhood of £250,000. Please plan accordingly. We ask applicants to provide a flexible budget. Tell us how you would spend £60,000 over two years if you are successful. But also tell us how you would spend £100,000 or more. If we have four promising applications, they will all be funded at the lower level. But if two or three proposals stand out, we may choose to fund a small number of projects on a higher scale.

The management team stresses that they put high weight on proposals that are interdisciplinary, and which introduce new methods. Above all, the project proposals should be new and ambitious and open-up promising avenues for future investigation. By funding different projects from different approaches, we are seeking to generate a genuine dialogue across groups and across disciplines. We look forward to your application.

### **Criteria for Research Funding**

Overall our research hub aims to explore how macroeconomic policy emerges in UK institutions and whether these institutions are fit for purpose. It will also build scenarios for changes that could be made to the Bank of England, HM Treasury, OBR and the FCA to enable them to act for the public good. Macroeconomic policy is created from three linked activities: measurement and academic modelling; institutional knowledge practices; and public debates about the social goals of economic management. Focussing on the period during and since the Global Financial Crisis (GFC), our hub explores how cultures of expertise and social networks influence this policy process.

The ESRC and several noted economists have raised the question of a 'monoculture' in macroeconomics and the possible negative consequences of its orthodoxies on social outcomes. Within history, sociology and anthropology there is a rich seam of research on these issues that has many themes in common with economists' studies of decision-making. These disciplines have shown how the ethos, social hierarchies and networks of economists can narrow the forms of policy.

Academic institutions and journals can restrict debate and/or amplify a single orthodoxy. Established procedures can prevent the rethinking of economic dynamics, government economic policy and central bank interventions. Technocratic devices for measuring can carry orthodoxies into institutions limiting the range of decision making. Social networks and concepts of expertise can prevent challenges to faulty assumptions limiting the possibilities of better public policy outcomes. Decisions are sometimes made on the basis of group culture reflected in norms and narratives of a limited and exclusive social network. There may be a bias to downplay the inevitable distributional consequences of economic management by different institutions.

Most recently we have explored these issues in a research call workshop on Cultures of Expertise at LSE. We discussed how to create novel knowledge practices; equitable policy-generation; inclusive institutions and how to consider redistributive outcomes. We now seek projects to take this agenda forward on the following questions:

#### **1. Economic Policy and Academic Networks:**

What are the links between dominant forms of academic economics and the policies of the Treasury, Bank of England, OBR and FCA? How do social networks between universities and policy makers shape cultures of expertise and orient decision making? What are the links between senior officials within these institutions? What are the explicit and implicit schemata of the economy and do we need to expand these? How have the events of 2008 and their interpretation shaped decision making in our economic institutions? How are current institutional orthodoxies affecting macroeconomic and distributional outcomes? Are there unintentional negative effects from these policies? What alternative academic networks and knowledge practices could lead to more equitable outcomes?

## **2. Changing Academic Macroeconomics:**

Are there barriers to cross-disciplinary work and innovation in UK macroeconomics? How do the financial structures of universities and funding of research affect their academic output? Do inequalities in promotion and forms of evaluation such as REF and TEF prevent innovation? Do macroeconomists engage enough with public policy and is there a gap between academia, policy makers and wider society? How do barriers differ comparatively with other nation states? What limitations in the evaluation of knowledge are created by the dominance of a few journals? What new kinds of funding, evaluation, research, publishing and teaching would create more pluralism in the advice given by macroeconomists?

## **3. Democratising Economic Institutions:**

How could we build more democratic and/or decentralised economic institutions to create greater economic and social equity? Are there any past or current experiments that could provide a comparative case for the UK? Could we envisage new roles for the Bank of England, Treasury, OBR or FCA? If so, how might we need to alter their form, relationships with International Financial Institutions, financial markets and approaches to regulation of the economy? Do we need to create new centralised political institutions that would scrutinise democratically the decisions of economic institutions and/or coordinate their actions? Or do we need decentralised forms of local economic governance, one that creates genuine attachment between citizens and their location? How can we create a popular macroeconomics in the true sense of that term – democratic engagement with the impact and goals of economic policy?

We welcome cross-disciplinary proposals that combine history, anthropology, sociology, psychology and economics. Or projects that use mixed quantitative and qualitative methods perhaps combining modelling and/or ethnography and archival research. Although, a project providing radically innovative insights into UK macroeconomic institutions and is within one discipline will be considered favourably, too. All projects should have direct policy relevance.