Epistemic worries about economic expertise[i]

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I. Introduction

Economists play a pivotal role in economic governance, and their influence has arguably increased – and not decreased, as predicted by some[ii] – after the economic crisis of 2008. The rising power of economists in contemporary policy-making is connected to what Frank Vibert (2007) refers to as "the rise of the unelected": the increasing role of central banks, agencies and other expert bodies inhabited by academics – including a large share of economists – with substantive discretionary powers. Another sign of economists' rising power is the ascent of economics professors to high bureaucratic and political positions (Markoff and Montecinos, 1993; Fourcade, 2006). We can add to this the high and arguably increasing significance of economics-derived arguments in parliamentary processes and the public sphere, as civil society organizations and political parties exceedingly feel the need to support their proposals with references to economic research and reasoning (Earle, Moran and Ward-Perkins, 2017; see, also, Porter 1996). Expressions of this can also be found when governments seek policy advice from "experts" and "expert groups" to make policies more "knowledge based," "science based" or "evidence based" (Douglas, 2009; Cairney, 2016; Grundmann, 2017; Gornitzka and Krick, 2018), and often, and in some settings increasingly (Christensen and Hesstvedt, 2018; Christensen 2018), consult economists.

Unsurprisingly, these developments have come under criticism. Extra political power to the most knowledgeable, what has been called "epistocracy"[iii] – or, in the case of economists, "econocracy" (Earle, Moran and Ward-Perkins, 2017) – raises obvious democratic concerns. How can it be "a rule by the people" if public policies are left in the hands of professional economists and other experts? Critics see severe participatory and representative deficits developing, and a contemporary democracy that is becoming increasingly "disfigured" (Urbinati, 2014).

However, concerns are also raised from an epistemic perspective. The involvement of economists in policy-making is justified with reference to outcome improvements: economic and other expertise is supposed to be the "filter" that ensures the "truth-sensitivity" of policies and legislation (Christiano, 2012). Yet, critics worry that the increasing role of economists in policy-making does not contribute to enlightenment and problem solving. The involvement of economic experts, they claim, may even make decisions and policies come out worse.

The focus of the chapter will be on this epistemic worry. On the one hand, epistemic concerns are often underplayed, if they are considered at all, by those who defend the increasing role of economic expertise in policy-making (see, for example, Pincione and Tesón, 2006; Caplan, 2007; Brennan, 2016; Sunstein, 2018). Scholars in this camp typically fear "irrationality," "deliberative failures," "economic illiteracy" and disregard for "evidence" when decision-making is left to politicians, while paying less attention to disagreements, biases and mistakes among economists and other experts. On the other hand, when epistemic critique of the role of economic expertise in policy-making is raised explicitly, it tends, first, to be embedded in a rather sweeping critical discourse that does not distinguish between the different concerns involved. Second, it is often assumed – we will argue, misleadingly – that the epistemic problems connected to the use of economic expertise in governance and that policy-making cannot be addressed effectively through institutional measures. The implication seems to be that we have either to make public policies without economic expertise or live with its supposed dysfunctional effects on policy and decision quality, hoping that the epistemic benefits of our reliance on the decisions and advice of economists will outweigh the costs.

In what follows, we show that the substantive involvement of economic experts in policy-making raises some real epistemic concerns. However, we move beyond the uneasiness that many critics articulate, and present a list of ten discrete claims: (1) that we cannot know who the "real" or "best" economic experts are; (2) that all political decisions, including those on economic policy, have moral dimensions and that there is no moral expertise; (3) that proper economic expertise is only possible under conditions of "normal science" and political "well orderedness"; (4) that economists, like laypeople, make cognitive errors; (5) that economists, representing a particular disciplinary perspective and epistemic cultures, are one-eyed, overstretch their competence and fail to see their own perspective as one of many relevant perspectives; (6) that economists may be influenced by self-interest, or (7) have ideological commitments that bias their judgements; (8) that we cannot be sure that economic experts speak truth to power; (9) that economists often lack the competence (or willingness) to translate their expert knowledge to make it understandable for policy-makers and concerned citizens; and, finally, (10) that economic experts do not understand the logic of politics and lack good political judgement.

The list gives more flesh to the ideas of "cognitive and ideological closure" and "segmentation logics" outlined in the introductory chapter to this volume. It also makes visible the considerable complexity of the epistemic challenge that arises from the use and reliance on economic expertise in policy-making – and, as far as we know from the existing literature, our systematic overview represents a novelty. We argue, furthermore, that the problems that occur are not marginal, but problems that may confront us frequently, if not regularly, in real-world governance settings. In this connection, we draw examples from European Union (EU) economic governance. Our treatment on this point is very far from being a full-fledged explanatory analysis but does, we believe, shed light on how it can be that the EU has not succeeded in transforming its "structural openness" into a similar openness when it comes to agenda-setting and policy-making.

However, the fact that problems with expert disagreement, biases and mistakes are noteworthy, including in EU economic policy, does not imply that the reliance on economic expertise in policy-making is ultimately misguided, or that it is impossible to institutionalise expert bodies so they deal better with our listed problems. Economic analysis is no doubt a powerful tool in policy-making; it gives an understanding of economic trends and relationships and the effects of political measures. The concerns over "econocratic" tendencies in governance need to be recognised but should not be overstated or conceived of as non-addressable. In this connection, we introduce three mechanisms tailored to tackle the epistemic uneasiness that the involvement of economic experts in policy-making has spurred. The mechanisms target (1) the behaviour of economic experts, (2) their judgement and (3) the conditions of their behaviour and judgement. Our approach adds to the existing proposals of EU economic governance reform that, as we will show, have given rather limited attention to epistemic parameters.

In the next section of the chapter, we present a more extensive version of our ten-point list with examples from EU economic governance. We go on to give an overview of the types of economic reform approaches and proposals that have been central in European Studies scholarship. We then outline our alternative reform approach, focusing on the three proposed mechanisms for ensuring the epistemic quality of economic expertise. The fourth part sums up and spells out some implications.

II. Ten epistemic worries

(1) We cannot know who the economic experts are

Generally, experts are persons who know things that other people do not know within a certain domain, for example, about how the economy and economic policies work. Due to this epistemic asymmetry, non-experts or laypeople with regard to economic issues are often not in a position to know who among the putative economic experts are the "real" or the "best" experts, or to judge between competing claims when these experts disagree (for example, Hardwig 1985, 1991; Walton, 1997; Goldman, 2011; on disagreement among economists, see Machlup 1965 and Fuchs *et al*., 1997)). In the absence of direct evidence, laypeople thus have to rely on trust in experts. This may be fair in many contexts – consider, for example, the interaction between patients and doctors – but there is an inevitable tension between the use of economic and other expertise *and* democratic politics, since the latter is based upon political equality. Hence, when democratic bodies authorise economic experts to influence political decision-making, they, at the same time, risk being subject to an authority that they themselves are unable to review and hold accountable. Delegating power to economists and other experts may then result in what has been referred to as "political alienation" (Dahl, 1985: 6–7).

It is not hard to detect cases from the EU economic governance context in which epistemic asymmetries are salient. For one thing, the expert knowledge provided is often technically complex. We see this, for example, in European Commission expert group reports in policy areas such as economic and monetary affairs, internal market, competition, external trade and taxation,[iv] or in the working paper series of the European Central Bank (ECB)[v] . Recent examples are papers such as "Sources of Borrowing and Fiscal Multipliers," "Trading ahead of Treasury Auctions," "Fiscal Equalization and the Tax Structure" and "The New Area-Wide Model II: An Extended Version of the ECB's Micro-founded Model for Forecasting and Policy Analysis with a Financial Sector." It is no doubt hard for non-experts to evaluate the quality and soundness of the discussions and analyses of several of these reports and papers, and to make direct judgements as to whether the experts involved are truly knowledgeable in the relevant domains. Similarly, were putative economic experts to disagree on some of the conclusions made, it would require considerable expertise on the topics in question to formulate an informed and independent opinion on which of the competing claims to support. Consider for example the following questions recently discussed in an ECB working paper: the more exact relationship between monetary policy and inequality in income and wealth,[vi] the implications of introducing a New Keynesian model in an argument on "interest-rate spreads and forward guidance"[vii] or the risk of negative policy rates.[viii]

(2) There are no moral experts

A democratic polity is characterised by pluralism; inevitably, there is disagreement about which political ends to pursue, and how to interpret and rank them. Questions about facts and the efficiency of means to ends are, of course, important. However, factual and technical considerations are often intertwined with norms and values. So, even if experts may tell us something about "*is*-questions," for example, about economic facts and mechanisms, and the effects of different economic policies, and if we, as novices, were able to identify the real or best experts with regard to such issues despite epistemic asymmetries, the question remains as to whether these experts would be able to deliver expertise on all the "*ought*-questions" involved, as well.

The default position in the literature on the question of moral expertise seems to be that there is no such thing. In democratic theory, this position has, for example, been put forward by Robert Dahl, according to whom (1989: 66) there is no moral knowledge, and hence no moral expertise, because there are no methods for demonstrating the intersubjective validity of moral judgements. Nevertheless, Dahl admitted that moral questions cannot be reduced to "subjective" questions pertaining simply to different "tastes"; there is scope for "argument drawing on human reason and human experience" (Dahl 1989: 67). This raises the question of whether there can be moral experts after all. Arguably, all accounts that consider normative questions to be possible objects of rational discourse open up, in principle, to the existence of moral expertise: if some moral arguments are more qualified than others, then some may be better able to make qualified moral arguments than others. On this premise, one could think of moral expertise, for example, in the following way (see, also, Gesang, 2010):

> Someone familiar with moral concepts and with moral arguments, who has ample time to gather information and think about it, may reasonably be expected to reach a soundly based conclusion more often than someone who is unfamiliar with moral concepts and moral arguments and has little time.
>
> (Singer, 1972: 117)

To talk about moral experts along these lines does seem to make it possible to identify someone as more competent in answering moral questions than others.

The problem of epistemic asymmetry would then reappear. For example, how should citizens approach arguments based upon highly complex theories of distributive justice? If they cannot assess them directly, they would again be dependent on trust in the epistemic communities to which the experts belong – be it, in this case, the community of moral and political philosophers or the more specialised epistemic communities connected to economic or other policy areas. Upon what basis can one as a non-expert deem whether this or that community should be recognised as having the competences that they claim to have?

If we return to the expert bodies of EU economic governance, a key observation that can be made is that several of them have, as a part of their mandate, to address not only questions of facts and the technical efficiency of policies, but also normative questions. We see this on several occasions in the European Central Bank and Eurosystem mission statements, and elaborating statements on "strategic intents" and "organisational principles."[ix] For example, to ensure the "main objective" of the ECB and the Eurosystem – "the maintenance of price stability" – the ECB is mandated discretionary space to define "price stability for the common good," distinguished from price stability that is less "sound," and to interpret what it implies to show "due regard" to principles such as "independence," "decentralisation," "accountability" and "equal treatment." Similarly, we see in European Commission expert group mandates how economic and other experts are called upon to make judgements on distributive and other value-laden issues, for example, when the High-level Group of Experts on Pensions is asked "to identify and assess the main challenges related to the provision, adequacy and sustainability of supplementary (occupational and personal) pensions" in the light of "intergenerational balance" and other parameters, and to "develop policy recommendations at Union level and a potential roadmap for implementation,"[x] or when the Scientific, Technical and Economic Committee for Fisheries is to be "consulted, where appropriate, on matters pertaining to the conservation and management of living marine resources, including biological, economic, environmental, social and technical considerations."[xi] The result is often discussions and recommendations that deal not only with issues which are technically complex, but also include complicated normative considerations, relying, for example, on arguments from welfare, environmental or development economics. We can add to this the many papers and reports produced by EU economic experts upon the basis of mandates which are seemingly purely technical, asking for "evidence," "mappings," "descriptions," "comparisons," "explanations" and/or "forecasts," but which will frequently involve deliberations on aims and goals and interpretation and ranking of standards and parameters, since the latter, as they occur, for example, in the EU treaties and regulations, will typically be under-specified and under-determined. In all these cases, it can quite easily be very hard for the untrained to grasp and assess the technical – and normative –

claims involved, and even harder to review the relative merits of competing claims when putative experts disagree.

(3) Proper economic expertise requires "normal science" and political "well orderedness"

Even if we were able to know who the experts are, be they technical or moral – insofar as there are ways to identify relatively credible epistemic communities – there is the additional worry that this only applies under "normal' circumstances. We often see how fields or disciplines are characterised by competing paradigms or research programmes, and how, after periods of production of expert knowledge within the parameters of a certain cognitive framework, they undergo epistemic shifts that change the notions of what qualifies as expert knowledge. The sources of such shifts can be more or less internal to the epistemic community, spurred by theoretical or conceptual innovation, methodological breakthroughs or new technologies, but they can also be external and related to social and cultural changes, economic crisis or political ruptures. An example within economics is the rise and fall of Keynesian economics, as well as the renewed interest that it has attracted after the 2008 financial crisis (see for example Akerlof and Schiller 2009).

EU economic governance has been debated on the background of the different, and sometimes starkly opposed, accounts of what spurred the 2008 crisis, the role of the advice, models and predictions of economists and of the viable ways ahead On the one hand, some analyses connected the Euro crisis to a shift in EU economic policy discourse "from pragmatism to dogmatism" rooted in "regulatory liberalism" and "monetary orthodoxy" (Mügge, 2011: 201; see, also, Jabko, 1999; McKay, 2005; Posner and Véron, 2010; Broome, 2013; and Heipertz and Verdun, 2004: 772, on the shift from Keynesianism to monetarism), and to institutional asymmetries and dysfunctional fiscal, monetary and finance regulation policies resulting from this orthodoxy (Jabko, 2010, Blankenburg *et al*., 2013; Mügge, 2013), rooted in deep trends and flaws in hegemonic economic thinking (for general arguments on the latter, see Reiss, 2008; Quiggin, 2008; Palley, 2012; and Schlefer, 2012). In short, according to this approach, economists and economic expertise were hugely responsible for the economic, social and political problems that Europe faced in the aftermath of the crisis. On the other hand, competing accounts emphasised how EU economic expertise, institutions and governance adapted and re-adapted in a relatively functional way before, during and in the aftermath of the Euro crisis (for example, Salines *et al*., 2012). Others focused more generally, arguing that it was not economics and economic expertise as such that were to blame for the bad policy choices which preceded the 2008 crisis, but possibly certain flawed economic models (on the pluralism of perspectives and positions among contemporary economists, see, for example, Stiglitz *et al*., 2008; Blanchard *et al*., 2012) and particular epistemic communities of economists, powerful stakeholders and politicians dogmatically relying on these models, or on academically sound models that were, however, applied selectively or mechanically, without a proper understanding of the models' assumptions and conditions (see, for example, Schlefer, 2012). Adding to the complexity, economic experts differed in their policy recommendations, where some spoke in favour of the austerity approach and "market conforming" measures, whereas others criticised austerity and emphasised the need for more "market shaping" measures (Jabko, 2010). In such situations, which of the experts and economists should the non-expert trust? How can the novice assess directly and independently which camp to side with? When competing epistemic cultures and approaches occur and expert standards and constellations shift, as we saw happening when the economic crisis hit, the question of who the "real" experts are, becomes, arguably, even harder.

(4) Ecomomic experts make cognitive errors

It is generally reasonable to assume that experts, *when* they are using well-established scientific methods and follow the rules of scientific reasoning, are less prone to making errors than laypeople. Nonetheless, the fact that experts do make errors is well known, and research in cognitive psychology has shown that expert judgements are more exposed to elementary fallacies stemming from the use of the intuitive "System 1" than we would like to think (Tversky and Kahneman, 1974; Tetlock, 2005; Kahneman, 2012). Experts have, for example, a dubious reputation as forecasters. In *Expert Political Judgment*, Philip Tetlock (2005) presents results from studies of the ability of experts to make economic and political predictions. The experts turned out to be overconfident; their answers to questions scored badly on accuracy, especially if they were "hedgehogs" who "know one big thing" in contrast to "foxes" who know "many things."

The problem of bad forecasting is generally a challenge for the many economic experts who develop and use models to produce predictions about economics and the effects of economic policy. Controversies surrounding the EU's economic forecasting endeavours, for example, the European Commission Economic Forecasts[xii] or the ECB's Macroeconomic Projections,[xiii] are illustrative, and we see them occurring repeatedly, for example, in European news media. Forecasts and projections of the EU economic area and the Eurozone are criticised for being based upon uncertain, unlikely or even random estimates, resulting in poorly founded scenarios and recommendations, and, in the end, failed policies that affect business, public finance and the welfare of citizens all over Europe. One line of this criticism is addressed rather directly against economics and the economists who deliver "bad" advice. Another line of criticism is more indirect: the problem coming to the fore is maybe not so much that expert predictions are decisively false or flawed, but that economic experts tend to operate too confidently and exaggerate the certainty of estimates that are key to their problem framing and recommendations.

(5) Economists are one-eyed

There is an old saying that, for one who possesses a hammer, everything is a nail. Experts are, no doubt, often too confident of their own competence (Angner, 2006); they identify with their disciplines and are prone to frame problems so that they fall within their disciplinary matrices, paradigms or "epistemic cultures" (Buchanan, 2004; Lamont, 2009). For example, studies of environmental policy show how engineers, lawyers and economists tend to approach this policy area differently, focusing on technology, regulation and taxes/dues, respectively (Tellman, 2016). Not least in the aftermath of the 2008 Euro crisis, this line of critique against disciplinary bias has been frequently raised against economists in particular. Critics argue that what they see as key features of the epistemic matrix of economics – model building based upon idealised assumptions, unfounded forecasting, *etc*., – unduly coloured the economic experts' advice before, during and after the crisis. This, for example, is a central line of argument among academic anti-econocrats (see, in particular, Earle, Moran and Ward-Perkins, 2017), who list the narrow problem-framing, along with the methodological rules and toolbox of economics, as one of several problems with this discipline's hold on policy advice. It was also one of the concerns for critics in the European Parliament and civil society when in 2013 and 2014 they accused the European Commission of composing its expert groups with biased and "unbalanced" expertise (Holst and Moodie, 2015).

(6) Economic experts operate out of self-interest

Another general objection against experts is that they may be more or less biased by their self-interests. A statement from the philosopher Robert Spaemann in a 2008 German parliament commission on the permissibility of using human embryonic stem cells in research can exemplify this:

> I take the liberty of a final remark on the status of the 'experts' questioned. As an independent authority can only be considered whoever is not committed to a

> particular interest by his professional status. Thus, not researchers working with embryonic stem cells or representatives of research institutions under whose ceiling such research takes place. They are an interested party and must be viewed as competent lobbyists. Their (…) advice must be relativized and deserves no more hearing than that of a reflective nurse.
>
> (quoted in Zenker, 2011: 362)

In a well-functioning political system, conflicting interests are normally taken care of by the procedures for the selection of experts. Suspicions that the EU has not properly safeguarded against "corrupt" experts have, however, fuelled public demands for more transparency and better guidelines for expert selection. Moreover, even if there are no direct ties to parties who are interested in a certain outcome, experts may favour outcomes that are to their own advantage – for example, those that confirm positions which they have defended, be it in academic or more public settings, and so bolster their professional reputation. This worry arguably haunts EU debates and the role of experts in these debates all over Europe (see Holst and Molander, 2018, on this worry among Norwegian eurosceptics), and recently it has once more played out in the heated Brexit controversy. In this case, the Leave campaign accuses economic and other experts that they associate with the Remain camp of being unfit to give a balanced assessment of implications of Britain leaving the EU in the light of their previous analyses, research and advice which, according to Brexiteers, have been unduly EU-friendly.

(7) Economists are ideologically biased

A related and frequent charge about bias is that economic and other experts have ideological commitments or other deeper normative orientations that influence their judgements. We see this when experts explicitly embed their decisions or advice in a particular ideological or moral outlook. In addition, there are not so easily detectable cases. Numerous examiners of economics from Gunnar Myrdal's classical examination of the value impregnation of classical and neoclassical economics ([1930] 1953) onward have noted how theoretical approaches may frame the problem in hand in such a way that some value options are tacitly favoured. For example, neoclassical economics is said to frame problems in a way that favours market solutions. In the EU economic governance context, we see this when EU expert bodies and economic advisors are repeatedly accused of introducing market-conforming measures and "neoliberalism" with their recommendations and interventions. Sometimes, the charge is that the economists involved are politically conservative or committed "neoliberals." However, the more fundamental problem, according to many critics, is that the dominant approaches within economics have a systematic and inherent pro-market bias.

(8) Economic experts fail to speak truth to power

Yet another worry is that economists, along with other experts, belong and identify with the societal or power élite, and that their élite position and frame of reference compromise their independence; experts are supposed to "speak truth to power" (Wildavsky, 1979), but their connections to the "establishment" tend to make them more affirmative than critical of the powers that be. This suspicion is a common ingredient in populist politics – debates over Brexit provide several examples – but is also fuelled by sober sociological scholarship on elite recruitment, formation and networks. Furthermore, despite its crudeness, the populist suspicion points to the circumstance that the duty of truth-telling (what the Greeks called *parrhesia*) requires courage because it may involve personal risks (Foucault, 2001).

Moreover, this worry is, no doubt, part of the criticism against EU "technocracy" and "expertocracy," for example, in the critique of the biased composition of the European Commission expert group system. Behind this criticism lies not only a democratic concern, but also a worry that élites of economists and other experts will reproduce convenient élite conceptions and prejudices ultimately in line with "corporate interests" instead of speaking up and speaking "the truth" in the interest(s) of ordinary people (Holst and Moodie, 2015: 39).

(9) Economists are bad at communicating their knowledge

Without doubt, experts are often bad at stating arguments in a comprehensible way:

> People have a hard time taking the perspective of a less knowledgeable individual, and the gap is only wider for experts addressing laymen.
>
> (Mercier, 2011: 321)

Because of élitist or arrogant/uncivil attitudes, experts may also be unwilling to communicate in ways that reach out more broadly to stakeholders and those affected. Such translation problems, be they due to experts' limited abilities or lack of adequate motivation, add to the already troublesome situation of epistemic asymmetry between experts and non-experts. Due to cognitive inequalities, it is hard for non-experts to hold experts to account. If experts are also bad communicators, then the situation will only worsen. This is also an issue in the EU economic governance context where economic policy expert reports are accused of being unnecessarily technical, and framed in ways that exclude the average citizen from their readership.

(10) Economic experts lack political judgement

The last objection is that experts lack an understanding of political processes and the ability to make political judgements, since they tend to view political questions as if they were questions of facts and logic. On the one hand, this may result in recommendations that are "right," in the sense that they are supported by solid evidence, but that lack political feasibility, at least in the here and now. A variant of this is when experts give unfeasible recommendations because they ignore the institutional political conditions for their implementation (Swift and White, 2008). On the other hand, experts may exaggerate the extent to which the space for political action is constrained by *Sachzwang*, by given circumstances and parameters. The result in the first case is some kind of utopian engineering; in the other, the result is adaptive, technocratic engineering that considers revisable facts and questionable concerns as "necessities." In the contexts of economists and EU economic governance, technocracy, in the latter sense, represents a rather persuasive problem. In particular, we often see how considerations that necessarily involve normative interpretation and ranking (for example, when an expert group recommends one policy over others) are presented as if they were purely technical or scientific questions.

Concluding, firstly, we believe to have shown that these ten outlined worries are real and not trivial in an EU context. To be sure, our claim is not that the selection of examples that we have provided is, in a strict sense, representative for how economic experts in the EU generally operate. However, our examples illustrate, we believe, that there are some genuine problems of an epistemic nature in this governance setting, and that these problems tend to occur and re-occur. Consequently, to address the puzzle stated in the introduction of this volume – why does segmentation take place, despite the EU's initial structural openness? – closure mechanisms of the kind that our list indicates should be investigated more systematically. Our claim is also not that the criticisms that are raised in the concrete controversies to which we refer, be it the controversy surrounding the European Commission expert groups or about Brexit, are altogether valid and beyond dispute. Nonetheless, we do not find any of them to be immediately unreasonable. Secondly, we should note how objections 4–10 are all about expert failures and inappropriate use of economic and other expertise, while objections 1–3 are of an epistemological nature and apply even under ideal conditions; if there is something akin to flawless expertise, objections 1–3 will still remain, since epistemic asymmetry represents an inherent problem in all use of expertise in policy-making. It follows from this that the challenge for non-experts to distinguish "real" EU economic experts from "fake" or quasi experts, or the "best" experts from the mediocre, is, to a certain extent, ineliminable. Yet, and thirdly, this does not imply that nothing can be done, that we either have to reject the use of economic and other expertise, or are completely subject to it in whatever shape it comes. There is room for taking measures in the design of export bodies and procedures so as to make the use of expertise compatible with requirements of epistemic trust and democratic delegation. As for objections 4–10, it would generally be a mistake to draw the conclusion that laypeople are as likely to be right as experts on issues of economics, or that relying on economic experts inevitably disturbs the logic of political discourse rather than enhances its quality due to the risks of expert biases and errors. What are called for, instead, are mechanisms that can prevent expert failures – and the "segmentation logics" that easily result from them – and secure against the misuse of expertise. The central question is thus how EU economic governance and similar institutions can be designed to ensure better that identified experts will perform their democratically entrusted tasks in an acceptable way, and, preferably, in the best way possible.

III. Approaches to EU economic governance reform

Interestingly, the academic community – and European studies in particular – produced a set of proposals for reforming or adapting EU economic governance in the years before and after the 2008 shock and the economic stagnation and social crisis that followed. However, a review of the literature shows that the epistemic concerns raised played a rather limited role in these contributions.

In our search, we found, firstly, proposals with a *technocratic* orientation. The aim of these proposals is mainly to facilitate efficient political and administrative processes success on central macroeconomic variables and. An example can be found in Andrew Hallett and Svend Hougaard Jensen (2012), who propose recommendations for smoother and more flexible fiscal co-ordination among EU member countries. They argue that "soft debt targets" should replace regulations based upon absolute limits of debt and deficits as those stated in the Stability and Growth Pact and the Fiscal Compact, and they propose a new fiscal policy commission that together with, among others, the European Central Bank (ECB), should have the central responsibility for the co-ordination of both Member State fiscal policies and the EU's fiscal and monetary regulation. Another example can be found in Marion Salines, Gabriel Glöckler and Zbigniew Truschlewski (2012). From the perspective of historical institutionalism, they analyse how the Commission, the Council, the ECB and other EU bodies involved in EU economic governance have adapted – functionally and gradually – to a crises-ridden environment, in accordance with institutional path-dependencies and with the aim of increasing both effectiveness and output. The point of these authors is not so much to recommend grand reforms as to make visible how EU institutions work, and how relatively well they work, even in times of crisis. Uwe Puetter's (2012; see, also, Puetter 2004 and 2007) technocratic reform agenda is also not so outspoken; he analyses EU economic governance as moving steadily towards "deliberative intergovernmentalism" with the Eurogroup, an informal forum for Eurozone finance ministers, in the front seat. Still, the virtues of this way of moving ahead in economic policy-making are emphasized. In particular, the Eurogroup, as a soft deliberative co-ordinating forum, is presented as enhancing decision quality and political stability in the Eurozone area.

These proposals and suggestions have a different flavour than those of our second category: reform proposals with a *social* focus. These proposals stress how economic regulation and institutions are supposed to serve a wider set of societal goals such as collective trust, equality and social justice. A clear example of this kind of proposal occurs in Dermot Hodson and Imelda Maher (2002). They argue that the ultimate success criterion of the Monetary Union (EMU) cannot be low and stable inflation. Rather, the EMU has to be transformed and re-institutionalised to ensure legitimacy more broadly speaking, and take into account a set of different standards linked to both "input, output, values and process," not only in the field of monetary policy but also in interconnected policy fields. A decisive factor to enhance legitimacy in this broad sense, according to these authors, is also to democratise decision-making procedures. In one of his articles, Nicolas Jabko (2010) argues along similar lines when he analyses the "duality of the euro," meaning both its "market conforming" and "market shaping" characteristics, and assesses the possibility and the possible virtues of an EU more concerned with "market shaping" and social concerns. Daniel Mügge (2013) also takes a closer look at the characteristics of EU finance regulation from a political-economic perspective, emphasising the similarities of European and US capitalism and regulatory regimes. Preferring a different and more social path, Mügge analyses how the characteristics of this regime contributed to the economic crisis in Europe, and accentuates, in particular, how a deeper democratisation of EU institutions is required to achieve this.

Finally, we can talk of the *democratic* reform proposals. As indicated, they sometimes overlap considerably with the reform proposals with a social focus. However, they primarily address the need for a basic democratic re-structuring of economic institutions, regulation and policy-making in the EU. In another article, Jabko (2003), for example, focuses more closely on democratisation, and argues that the relationship between the ECB and the European

Parliament is insufficiently democratic, not least because the Parliament in different respects accepts a flawed conception of central banking as a purely technical, value-free endeavour. Jakbo's concerns overlap here with Robert Elgie's (2002) proposal to make the ECB more democratically accountable by introducing measures elaborated in principal-agent theory as "police patrolling" and "non-standard measures." Finally, Christopher Lord (2012) can exemplify a democratic proposal of reforming EU economic governance. He analyses the implications of the Eurozone crisis, the European Semester and the Fiscal Compact for democratic accountability and democratic equality. There is the increased use of the discretionary powers of – compared to other central banks – the extremely independent ECB, but also the transformation of "the European Commission and the Council of the EU into something of a common budgetary authority of the Euro-area. (…) On top of that, the European Council has assumed a role as an emergency decision-maker" (Lord, 2012: 46). All this paves the way for an unprecedented use of the community method in the fiscal area, according to Lord, something which calls for a much more committed democratisation of EU monetary and fiscal policy-making, including ensuring the European Parliament and the national parliaments have a pivotal role.

Yet, if we take seriously the epistemic worries spurred by the political role of economic experts and the pro-claimed rise of an "econocracy" in the EU, what is needed, in addition to these valuable technocratic, social and democratic reform proposals, is a conscious epistemically oriented approach; without an eye to the closure logics indicated by our ten-point list, attempts to effectively replace "segmentation" with "de-segmentation" will easily fail. Considering what commentators often argue about the key role of "output legitimacy" in the EU (see Scharpf, 1999, for the classical formulation), it is maybe somewhat surprising that scholarly contributions have had such a limited focus on epistemic parameters and the organisation of expertise (with some exceptions; see, for example, Mügge, 2011: 201–202),[xiv] factors that are known to influence decision and policy quality substantively. Given that expert arrangements in the area of economic policy need not only to be effective, democratic and integrated within a broader social agenda, but also to handle better the biases and mistakes of economic experts and take the problem of epistemic asymmetry into account, what requirements need to be in place?

IV. Institutional mechanisms: An epistemic approach

With this in mind, we will sketch here some of the fundamentals of an epistemic approach to the reform of expert organisations, focusing on three sets of institutional mechanisms with different targets. One group of mechanisms targets expert *behaviour*, a second group is the *judgements* of experts and a third group is the *conditions* for expert inquiry and judgement.

To the first category belong the "dos and don'ts" of scientific communities aimed at guaranteeing the pursuit of truth through a fair competition between arguments. The adherence to such epistemic norms (on "the scientific ethos" see Robert Merton [1973]) is pre-supposed when political authorities and citizens appeal to expert opinion. In the end, the latter have to rely on the functioning of scientific communities (*i.e.*, that the norms of inquiry are enforced through mutual scrutiny and criticism). This is the predicament of epistemic asymmetry, but political authorities can have an influence on the conditions for their own trust. Decisions taken about the external organisation of science and research, and about the funding of research and the distribution of funds between different branches of research – for example, within different branches of economics, and between economics and other disciplines – may have considerable effects on the internal functioning of scientific communities. The way in which expert bodies and expert groups are organised may also be important for making the scientific *ethos* effective. In this connection, specific measures can be taken, such as checking scientific merit and past records (if the economic experts relied upon are supposed to contribute with a research-based view; what are their academic credentials?), but also their vested interests and political affiliations, in order to exclude unsuitable persons from assignments.

The second group of mechanisms aims at holding experts accountable by putting their judgements under review in different fora (Reiss, 2008: 38 ff). The primary forum for testing judgements and detecting fallacies and biases is the forum of peers; competent economic experts, for example, should review and control what other economic experts are doing. However, in a process of democratic decision-making, the testing of judgements and arguments must be extended from this forum to experts in other relevant disciplines to the legislature and other political bodies, and even to the public sphere at large. In these *fora*, economic and other experts can be asked to account for critical assumptions, explain the models used, specify their limits and present alternative models (see Schlefer, 2012: 280–281). Of special importance is to demand that they account for their specific area of expertise, that is, that the tasks with which they are entrusted lie within their domain of expertise. Mechanisms of this kind may influence to what extent experts are considered trustworthy, but may also counteract expert failures, for example, when experts fall victim to overconfidence or are insensitive to the evaluative, non-scientific dimensions of a problem.

The third group of mechanisms targets the conditions for expert inquiry and judgement. Epistemic self-constraint is closely related to the existence of cognitive diversity and an adequate intellectual division of labour. Experts who reason alone are exposed to *confirmation bias*, which is the tendency to look only for arguments that confirm their own ideas; and to *reason-based choice*, which is the tendency to pick the option for which reasons can be most easily gathered. Deliberating groups are less prone to these fallacies, and they may also enlarge the pool of ideas and information as well as weed out bad arguments (Mercier, 2011). However, the positive epistemic effects of deliberation are dependent on diversity. Without diversity – for example, when expert groups and agencies are crowded with like-minded economists alone – deliberation may work in the opposite direction and create groupthink (Sunstein, 2006; Sunstein and Hastie, 2015). Hence, organising expert work along team lines and deliberative lines, and providing for the necessary diversity and exposure to criticism from the wider epistemic community, are important ways of fostering epistemic modesty and improving the quality and conditions of expert inquiry and judgement. Crucially, cognitive diversity also involves co-operation between different disciplines and fields brought in to explain a subject matter from different angles.

V. Conclusions and implications

In the end, the ten worries that we have presented and illustrated with the role of economic experts and examples from EU economic governance are, unfortunately, not unfounded. Our ten-point list refers to real challenges and drivers of "segmentation" that hearken back to the problem of epistemic asymmetries: how non-experts can trust that putative experts are real experts when these non-experts are not themselves in an epistemic position to assess the statements and justifications of experts directly. Given "the fact of expertise" in contemporary democracies (Holst and Molander, 2017), that is, that reasonable political decisions have to rely extensively on expert knowledge, epistemic concerns must be dealt with at the level of institutional design. What is called for are mechanisms that ensure that the performance of putative experts adheres to epistemic standards. We have tentatively sketched three groups of such mechanisms and showed how the epistemic approach from which they are derived supplement the dominant approaches in literature on economic governance reforms in the EU that have focused mostly on technocratic, social and democratic parameters. We believe this added approach, and the more stringent focus on the performance, interactions and organization of expertise that it inspires, is crucial for the triggering of "de-segmentation" logics. A fuller account of what this would imply more concretely in terms of reform for the economic policy area in the Union must, however, be left to another occasion.

Furthermore, even if mechanisms to check on the epistemic credentials of economic experts and improve on their performance can be put in place and made more effective, a problem remains that is not about epistemic trust. It is well known how politicians and officials often use expertise, not in the service of enlightenment and problem-solving, but selectively to consolidate organisational preferences or to legitimise pre-determined policy decisions, or symbolically to demonstrate competence and "epistemic authority" (Hunter and Boswell, 2015). This chapter has discussed and addressed epistemic concerns about the disagreements, biases and mistakes of economic experts. However, to address the larger problem of ensuring the epistemic quality of political outcomes, we not only need well-functioning expert bodies and experts who behave as good experts are supposed to, but also fully-fledged political systems – be they at national or EU levels – in which all central actor groups, from citizens, spokespersons and opinion leaders to party politicians, interest-group representatives, civil servants and ministers, show a concern for ensuring truth-sensitive decisions and policies.

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i This book chapter builds on two other co-authored articles by Holst and Molander: “Epistemic Democracy and the Role of Experts”, (2019) *Contemporary Political Theory*, https://doi.org/10.1057/s41296-018-00299-4, and “Asymmetry, Disagreement and Biases: Epistemic Worries About Expertise”, (2018) *Social Epistemology*, 32 (6): 358–371. Some sub-sections overlap across these pieces. This chapter’s analysis of the role of economic expertise and the case of EU economic governance is, however, unique. The analytical framework relied on in the two journal articles is also reframed and connected to debates on the role of economists in public policy, the idea of a “segmented political order” (see the introduction to this volume) and EU reform discourse in the aftermath of the 2008 crisis.

ii According to a popular argument, the power of economists would wither, since the economic crisis – assumed to be a direct result of the advice of economists – exposed the limitations of the competence of economists and the flaws of models of financial markets.

iii For the original formulation of an “epistocracy of the educated,” see Estlund (2008).

iv The reports can be found in the Register of Commission Expert Groups, see http://ec.europa.eu/transparency/regexpert.

v https://www.ecb.europa.eu/pub/research/working-papers/html/index.en.html.

vi The ECB working paper “How does monetary policy affect income and wealth inequality? Evidence from quantitative easing in the euro area” (No. 2190) studies the effects of quantitative easing on income and wealth of individual Euro-area households. It finds “that the earnings heterogeneity channel plays a key role: quantitative easing compresses the income distribution since many households with lower incomes become employed. In contrast, monetary policy has only negligible effects on wealth inequality.”

vii The ECB working paper “Interest rate spreads and forward guidance” (No. 2186) introduces “a basic New Keynesian model” to replicate its finding. “This model predicts that output and inflation effects of forward guidance do not increase with the length of the guidance period and are substantially smaller than if liquidity premia were neglected,” which “indicates that there are no puzzling forward guidance effects when endogenous liquidity premia are taken into account”.

viii The ECB working paper “Life below zero: Bank lending under negative policy rates” (No. 2173) argues that “the introduction of negative policy rates by the European Central Bank in mid-2014 leads to more risk taking and less lending by euro-area banks with greater reliance on deposit funding,” which suggests “that negative rates are less accommodative, and could pose a risk to financial stability, if lending is done by high-deposit banks.”

ix https://www.ecb.europa.eu/ecb/orga/escb/html/index.en.html.

x http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetailDoc&id=36987&no=1.

xi https://stecf.jrc.ec.europa.eu.

xii https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts_en.

xiii https://www.ecb.europa.eu/pub/projections/html/index.en.html.

xiv Mügge is stressing the importance of including dissenting voices from “academia and the financial industry itself” in debates on future EU financial regulations, and “counter-expertise” that policy-makers should be “obliged” to address.