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***Changing Party Political Constellations and
Public Policy Reform in Southern Europe***



***Public Policies and Reform Failure in Greece,
in the Comparative Context of Democratization
in Southern and Southeastern Europe***

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Abstract

Despite successful democratization and economic improvement in the context of Europeanization, countries of Southern and Southeastern Europe, including Greece and Turkey, often witness reform failure in domestic politics, in various policy sectors. Such failure is not only a technical matter of inefficiency, but is linked to the low quality of democracy. Available theories of policy failure, such as historical institutionalism, rational choice, and political economy approaches, offer useful concepts but do not focus on the specific causes of unsuccessful reforms. A reform may be considered a failure not only when the relevant legislation is voted down, but also when reform is voted but not implemented, does not have any impact on the policy area in which it is applied, and/or is quickly reversed by a new reform. As a brief look at the case of contemporary Greece shows, the causes of policy failure are multiple and complex and can be traced at three interconnected levels, namely, the political system, the administrative system, and state – society relations.

Introduction

The literature on democratization in Southern Europe (Greece, Portugal and Spain since the mid-1970s), Italy (after the Second World War and particularly after the mid-1970s), Turkey (after 1983), and Eastern and Southeastern Europe (since 1989) shows that citizens support democratic regimes not only because they enjoy individual and collective freedoms, but also because they associate transition to democracy with an expected rise in their living standards (Maravall 1997). At the same time, in most new democracies the state on the one hand seems to be incapable to fulfill citizens' expectations for improved performance in a number of policy sectors and on the other hand rapidly loses the trust of the wider public. Part of the disaffection with newly democratized states is owed to low economic performance (e.g., uneven economic growth and spreading inequalities). However, falling out with new democratic regimes may also be attributed to failures in policy areas related to daily life and concerns for future individual and collective prosperity, such as public administration, welfare, education, and environmental protection.

The lack and/or failure of policy reforms is not just a technical issue, couched only in terms of administrative inefficiency, but also bears consequences for the quality of democracy. One may also consider whether the low quality of democracy is conducive to policy failure. As it is well known, the quality of democracy decreases when political participation is low, political cynicism and alienation spread, and lack of transparency in and accountability of political and administrative institutions are common. These trends are related to pressures to delegitimation of the political system, not so much at the level of the democratic regime itself as at two other related levels, namely the level of government and the level of institutions (justice system, welfare system, public administration etc.). While democratic elections leading to government turnover may be a provisional means to re-legitimize government, the inability of the rest of institutions to perform, successfully meeting domestic challenges and/or external pressures to change, may be more grave as a problem. De-legitimation and low performance at one level of the political system may adversely affect other levels of the system (Linz 1988, Gunther, Diamandouros, and Puhle 1995).

And yet new democracies are not destined to be associated with partial de-legitimation and policy failure. In Southern Europe and the Balkans, one may observe institutional and policy successes since the time of transition to democracy. For instance, in the case of Southern

Europe, one notes the creation of a semi-federal state in Spain (accommodating different regional identities) and the gradual building of regional governments in Italy; the completion of large public works projects, including the successful staging of the Olympics in Barcelona (1992) and Athens (2004); the creation of new institutions such as the Ombudsman in Greece, Portugal, and Spain; and the integration of South European economies first in the European Communities and then in the Eurozone. Successes in Southeastern Europe have been less visible, primarily owing to wars related to the disintegration of Yugoslavia. However, Bulgaria and Romania have built democratic institutions, including a functioning multi-party system, and have made progress in the economy to the point of being admitted to the European Union (EU) in 2007.

Of course, the image is much more mixed, as particularly in Southeastern Europe, problems such as regional underdevelopment, environmental degradation, poverty, corruption, and organized crime persist. The persistence of nationalism and state incapacity weaken democracy in the Balkans (Crampton 2002, Centre for Liberal Studies and Institute for Market Economics 2003, Mungiu-Pippidi and Krastev 2004). The failure to address such problems clearly impacts the quality of democracy in the Balkans. A similar argument can be made for the policy failures in the not-so-young democracies of Greece, Portugal, Spain, Turkey, let alone in Italy, the comparatively oldest democracy in the region. Examples of failures include the reform of central public administration in Greece, Italy, and Portugal (despite several noble reform attempts since the 1990s); social security in Greece and Turkey; higher education in Greece, Italy, Portugal and Spain; social assistance and anti-poverty policies in Greece, Italy, and Turkey; and environmental protection in all these countries.

Typically, reform failure is associated with lack of implementation (e.g. Pressman and Wildavsky 1973, Hood 1976). This is often an important aspect of reform failure in Southern and Southeastern Europe (e.g., Gunther, Diamandouros, and Sotiropoulos 2006 for Southern Europe, Sotiropoulos and Veremis 2002 for Southeastern Europe), but begs the question why the implementation gap appears in the first place and why does it appear rather frequently in otherwise stable new democracies such as the South European and some of the Southeast European ones. Yet, the relevant academic literature has mostly discussed reform failure in advanced industrial democracies of Western Europe and North America (e.g., Bovens, Paul 't Hart, and B. Guy Peters 2001 for various policy sectors). The literature has rarely focused on Southern Europe and the Balkans in a comparative fashion, while there is some work on a

case study basis (e.g., Allison and Nicolaidis 1997, Pelagidis 2005, Featherstone and Papadimitriou 2008 for the case of Greece). On the other hand, studies on the quality of democracy exist for new democracies in Latin America (O'Donnell, Cullell and Iazzetta 2004) and in Eastern Europe (Hutcheson and Korosteleva 2006, Morlino 2006). This should provide a framework and an impetus for comparative research on reform failure and the quality of democracy in Southern Europe and the Balkans.

The main research problem and the theoretical framework

In view of the above and with particular reference to Southern and Southeastern Europe, our main research questions are why some policy reforms succeed and other reforms fail; what are the causes of failure; and how is reform failure linked with the quality of democracy in these new European democracies. In the remaining of this very preliminary paper, we are going to focus on the second of these questions (causes of failure).

Obviously South European and post-communist Balkan democracies, while sharing some of the aforementioned reform challenges, differ both in terms of their departure point (origin and type of transition to democracy) and in terms of their recent course (comparatively rapid democratization and integration of South European economies into the EU, long accession negotiations between EU and Turkey since the early 1960s, delayed and less successful political and economic development of countries such as Bulgaria and Romania, let alone the Western Balkans).

The common context shared by South and Southeastern European countries, consisting of the process of democratization and the drive to join the EU, as well as the obvious variation among the South and Southeastern European cases may help provide a more focused and differentiated response to the question why some reforms fail and how such failure is related to the quality of democracy.

From a theoretical point of view, the available responses are at the same time useful and inadequate, as they only supply the researcher with abstract analytical tools. Consider, for example, the rational choice approach emphasizing veto players (Tsebelis 2002), the historical institutionalist approach emphasizing 'locked-in' decisions, legacies and historical

trajectories (Pierson 1994 and 2000), and the political economy approach emphasizing fiscal and other economic constraints (Kaufman 1997 for a concise overview). These approaches are more helpful in explaining why policy change is obstructed than why reforms may succeed. The approaches need further elaboration, seeking variations and nuances, since ideally the causes and consequences of reform failure should be linked in more than one ways, depending on the historical, political and cultural context of the case (or the cases) under study.

Our assumption is that an analysis of policy failure may be a continuation of recent efforts to address change in institutions (Streeck and Thelen 2005). There should be an effort to discuss in more detail and in a comparative-historical perspective why institutions and policies change or fail to change, taking into account variables such political culture, mentalities, organizational aspects of institutions, and the conflict of social and economic interests. To proceed in such a manner, it may be useful to take one example of failed change in institutions and policies, for instance reform failure in contemporary Greece.

Causes of reform failure and the case of Greece

Clearly, the study of one case cannot be generalized, but it can be instructive. To start with, one has to define exactly when a policy change or a reform should be considered a failure. Then, one should distinguish among possible causes of failure, which may not be exclusive but complementary to each other.

In modern democracies, it is sometimes thought that a policy reform fails if it is not voted by the legislature. However, to focus on the fact that a bill of law, containing wholesale or piecemeal reform, has not been adopted as a law of the country by the competent authorities is to assume a very legalistic and generally formalistic perspective of policy failure. Voting down a reform is obviously a significant case of reform failure, but is a case of limited explanatory power in the case of majoritarian democracies with single party governments (such the democracies of Greece, Spain, Portugal, and Turkey at various recent historical periods).

Why a government, which enjoys a comfortable absolute majority of parliamentary seats and is able to discipline its parliamentary deputies, by enforcing the ‘party line’ when the hour of voting a new bill of law arrives, eventually proves unable to bring about reform *after* a law has been passed by parliament? Let us not forget that in the experience of decision makers as well as reform supporters in countries of Southern and Southeast European societies a reform may pass by parliament, but never be implemented. Non-implementation is so common in the young post-authoritarian and post-communist democracies which interest us in this paper, that its significance cannot be underestimated.

In addition to the first two instances mentioned above (voting down of a reform, lack of implementation of the new policy), policy failure can be discerned in additional instances. For example, a new reform may indeed be implemented, but - after the passage of certain time period – policy evaluation may take place. Such evaluation often shows that the situation (e.g. in schools, hospitals or prisons undergoing reform) has not changed at all and is exactly the same, if not worse, as in the time period preceding the passage and implementation of the reform under study. This is typically expressed through the motto ‘the more something changes, the more it remains the same thing’ (a French motto) or through the claim that everything should change, so as to remain the same (a famous thought of the old aristocrat in the novel of Giuseppe Tomasi di Lampedusa, *Il Gattopardo*).

Another instance of reform failure is the passage of new legislation, sometimes briefly after the adoption of a reform law, which partially modifies or completely reverses what the original reform stipulated.

In other words, policy failure may take at least four forms (voting down of a reform, lack of implementation, no real change even after implementation, and policy reversal).

How could we account for policy failure? For the last fifteen years, it has become common in the academic bibliography to explain policy failure either by referring to veto-players in the context of the rational choice approach or to locked-in decisions and path dependencies in the context of the historical institutionalist approach. The importance of such analytical concepts notwithstanding, it would be useful to list, in a less abstract fashion, a long series types of causes underlying policy failure. One may discern at least ten (10) such types.

1) First, a policy may fail because it clashes with dominant political and social values. The ideological hegemony of a coalition of political and social forces in a certain period may not allow a reform policy to progress. Decision makers and/or the public may not consider the change ‘mature enough’ or indeed the change may be rightly interpreted by many citizens as a blow to their rights and freedoms. Take, for instance, the failure of instituting the first job contract (*Contrat du Premier Embauche* – CPE) in France a few years ago; or the failure to introduce civil marriage (as an alternative to the religious ceremony of marriage in the church) in Greece until 1982.

2) Second, a reform may be struck down by the courts. One may think of the attempts of the Turkish system of justice to intervene and reverse policies formulated by AKP governments; or in the case of Greece the decision of the Council of the State (a higher administrative court) to render higher education and social assistance reforms unconstitutional.

In detail, in Greece in the late 1990s, a new university curriculum was designed, in order to give a second chance to adults who had not succeeded in the university entrance examinations. The idea was that these people could follow a four-year long undergraduate programme with a specific vocational training character (elective studies programmes – *Programmata Spoudon Epiloghis*, PSE), without going through the annual nationwide entrance examinations. The new programmes were fiercely resisted by students in various university campuses. They were finally struck down by the aforementioned court as unconstitutional, because the new policy gave access to the same four-year degree that only successful applicants to universities were entitled to, after succeeding in the entrance examinations.

Another example of the same type was the failure of a new social assistance measure to provide financial aid to low-income families with many (over three) children. This was a targeted policy measure which was taken in Greece in the late 1990s, with the aim of helping not all, but the most needy among the families with many children. The reason for policy failure was that associations of families with many children mobilized against the new law, demanding that all such families be entitled to the new allowances, regardless of income level. The Council of the State decided in their favour.

3) Third, a policy reform may be resisted by a wide coalition of parties, interest groups, voluntary associations and the press, which may turn the tide against the government's reform initiative. For example, in 2001 the Greek government attempted to pass a social security reform which might have included limited benefits for the currently employed and upcoming generations of old age pensioners, but was taking the rights of women and future generations of pensioners into account (the Giannitsis reform). Very large demonstrations in the streets of major Greek cities, negative publicity, and even the doubts expressed by some cabinet ministers (after they had agreed to the reform) obliged the government to back down from the reform which was never introduced to parliament, not even as a bill of law.

4) Fourth, a reform may be voted by parliament, but may quickly fall in disrepute or be let to evaporate or to rot in a realm of indifference and inertia on the part of potential users of the reform. For example, in 2000, the Greek government passed a law to reform labour relations with the aim of battling unemployment (at 12 per cent in the late 1990s). The law stipulated that if business owners desired to increase production, they had to pay very high overtime compensation for their employees called-in to work additional hours. Alternatively, employers could hire new, part time employees to cover for the needs of increased demand for the products of their business enterprises. The measure proved ineffective, as business owners trusted their own employees and did not opt out to hire new personnel (which they would have to train). They preferred to pay a higher labour cost and make arrangements with the people already working for them, who of course – given the additional compensation – was happy to oblige.

5) Fifth, a reform, which has been passed by parliament, may be simply obstructed by bureaucracy, namely by civil servants and public employees at all hierarchical levels. Indeed, in some cases bureaucrats may neutralize a reform before it even sees the light of the day, by putting forward all sorts of technical or legal arguments. Such argumentation may prevent the reform-minded minister or other political official from finalizing the bill of law. This may also happen after the reform has become a law, as bureaucrats are able to delay and/or interpret the new regulations in such a manner that the whole thing collapses, and no change is brought about. Consider, for example, two laws advocating decentralization of the Greek public administration in 1984 and 1986. They were not implemented, as bureaucrats of the Ministry of Interior, aware that they might lose part of their power, made sure that no important competences and funds were transferred to sub-national administrative units

(prefectures and the local government). Decentralization did not actually start but ten years later, in 1994, when prefects were not appointed, but elected by local electorates for the first time in modern Greek history.

6) Sixth, a reform may be finalized by becoming a law of the country, but never lead to any change owing to the lack of funds. This is a very typical and common case of policy failure, owed either to the lack of financial means in the first place (which means that the new law was nothing else but a decorative exercise); or to the quick depletion of funds after the new law was first implemented. An example is the decline of the de-institutionalization reform of mental illness in Greece. This began with the closing down of asylums in the previous decade, but never really flourished. The reform is quickly coming to an end, as public organizations and NGOs taking care of the mentally disabled are under acute financial crisis. The Greek state does not provide them with either funds or personnel any more, which means that they may have to send their clients back to mental health clinics or to the remaining asylums.

7) Seventh, obviously a reform may be voted down by the parliament. This is particular the case if - in federal states - there are two houses of parliament and one of the two blocks the decision of the other; or if the government which attempts to pass a reform is based on an unstable coalition of political parties, which collapses upon the introduction of a certain reform to parliament.

8) Eighth, a reform may be obstructed by strong ‘veto-players’, such as powerful groups of businessmen, who may threaten to disinvest in a particular country if a new law is passed; or by powerful trade unions whose mobilization, if long and enduring, may have a disproportionate political cost for the incumbent government. For instance, in Greece the Greek Orthodox Church has been able at least once to counter reforms aiming at controlling and taxing its landed property, and Greek ship owners have apparently blocked attempts to merge or reorganize the Ministry of Naval Commerce (which caters to their interests.)

9) Ninth, a reform may be voted by parliament and may even be well-funded, but it may fail at the stage of implementation owing to lack of expertise. In Greece, for instance, the civil service personnel rarely possesses skills other than elementary legal and economic knowledge or secretarial skills. It is not uncommon that a reform, e.g., in the policy areas of new technologies or environmental protection, cannot be carried out because the competent

personnel is not available. An example is a policy of the late 1990s in Greece, which aimed at developing the cultivation of sea shells in Greek coasts, which fell through, as neither local officials nor Greek fishermen knew how to proceed.

10) And tenth, a reform which has been adopted by parliament may be abandoned owing to management turnover. This is common when one government succeeds another in power after general elections. In Greece, the same effect is often produced not only with government turnover, but also after each reshuffling of the cabinet. The new minister or new head of a state agency rarely continues a reform started by his or her predecessor, even though they both belong to the same governing party.

Conclusions

In this paper, we have argued that academic literature and social surveys confirm that in Southern Europe (Greece, Portugal, Spain, Italy, Turkey) and in the countries of Southeastern Europe integrated in the European Union (Bulgaria and Romania) reforms frequently fail, despite improvements in terms of democratic consolidation and the benefits of Europeanization. Reforms of public policies and institutions are often stalled, the quality of democracy is generally low, and satisfaction from the performance of the relatively new democratic regimes is very uneven.

Problems with reforms have a negative impact on the quality of democracy, as citizens associate democratization not only with the possibility of government turnover and political freedoms, but also with the prospect of seeing their living standards improve.

On the other hand, despite shortcomings, some reforms in the new democracies of Southern and Southeastern Europe have been successful, including changes in political institutions and the gradual integration of the region's economies into the European Union.

What distinguishes successful from failed reforms in new European democracies and how do reforms influence the quality of democracy? The usual resort to the comparatively low economic performance of South European and Southeast European countries is not a sufficient explanation for reform failure, while the policy implementation gap does not tell the whole story. In addition, large-scale theories, such as the historical institutionalist, rational

choice and political economy approach, illuminate the larger picture, i.e. the context which has not been conducive to reform, but often do not focus on the particular constraints and obstacles to policy change. This preliminary paper has attempted to map types and causes of policy failure. This was done by listing different causes which have prevented policy change in Greece, over the last thirty years.

The conclusion is that explanations of policy failure are much more differentiated and more complex than is often thought and that such failure should be analyzed with reference to three dimensions, namely, the political system, the administrative system, and state-society relations in the specific historical context of the country under study.

As the aforementioned, provisional list of ten possible causes of policy failure has shown, the particular reasons for reform failure in Greece may be traced at three levels: the political system, the administrative system, and state-society relations. Further research is necessary to synthesize and expand this list and illuminate policy failure through the use of explanatory variables at all three levels mentioned above.

Explanatory variables at the level of the political system may include polarized party competition and the remainings of a dichotomic political culture; short and unpredictable electoral cycles; absence of enduring political will to bring about policy reform; lack of fully spelled-out reform strategies on the part of incumbent governments; a tension between an over-centralized peak of the government and the centrifugal tendencies of ministers and their ministries; low quality of the political personnel; clientelism and corruption.

Similar variables at the level of administrative system may be historical legacies of policy making inertia and fragmentation; lack of an administrative elite; lack of relevant policy expertise; negligence of follow-up mechanisms; lack of technical and financial resources and inadequate infrastructure.

Finally, explanatory variables at the level of state – society relations may refer to clientelist bonds among political parties and elites on the one hand and individual voters and whole groups on the other; the favorable treatment of certain professional groups and other categories of the population; interest group resistance; absence of organized reform pressure “from below”, including from among the collective actors representing low-income strata;

and indifference, if not reluctance, of the private business sector and the liberal professions towards policy reform.

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