Reform that! Greece’s failing reform technology: beyond ‘vested interests’ and ‘political exchange’

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**Reform that! Greece’s failing reform technology:**
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Vassilis Monastiriotis* and Andreas Antoniades*

**ABSTRACT**

Despite significant progress in its path towards Europeanisation over the last two decades, Greece’s reform record remains highly problematic. Persistent reform failures and a continuum of half-way reforms have characterised much of the country’s recent history. In this paper we depart from dominant explanations in the literature that focus predominantly on the political and social context (lack of political will, fragmentation of organised interests, extent of rent-seeking, etc) and instead focus on the processes shaping the content of reform proposals. We identify an inherent deficiency in the country’s reform technology, linked to a deficient engagement of policy-making with expert knowledge (encompassing all aspects of knowledge production, processing and utilisation), which results in continuous policy-learning failures and, ultimately, inefficient reforms. Our analysis calls for a re-direction of emphasis from the study of how actors contest reforms to the pathologies that lead to the production of contestable reform proposals.

Keywords: reform technology; reform failures; evidence-based policy; engagement deficiency; policy learning.

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1. Introduction

It is widely recognised in the literature that Greece’s reform record is highly problematic, with failures encompassing all facets of the reform process: the conception and design of reforms; the processes of consultation (public dialogue) and concertation (social dialogue); the process of consensus-building; and the process of implementation and enforcement. A number of explanations have been offered in the literature. These range from explanations highlighting the lack of political will, the fragmentation of organised interests, the extent of rent-seeking and the absence of positive-sum exchanges between the interested parties (Ioannou, 2000; Featherstone et al, 2001; Pagoulatos, 2003; Sotiropoulos, 2004), to ones focusing more on socio-cultural and socio-political characteristics such as the history of clientelism, corruption and ‘inefficient bureaucracy’, and the low social capital (Lyberaki and Tsakalotos, 2002; Lavdas, 2005; Zambarloukou, 2006; Featherstone, 2008). Interestingly, the literature (and, with it, wider public debates) has paid much less attention in two other, in our view crucial, factors (for an exception see Featherstone et al, 2001; Ladi 2005): the limited role of experts in informing policy-design and the poor content of many reform proposals.
Departing from more traditional explanations of Greece’s weak reform performance, in this paper we focus on the stage of conception and design of reforms, assigning an elevated significance to the role of research and expert knowledge for policy formation. We are driven to this choice by an observation that has been rather overlooked in the political science literature. Namely that reform proposals and policies often appear to be strictly inefficient (rather than contested and stagnated), either in the sense of not addressing the actual problems that they aim to resolve, or in the sense of addressing them in incomplete and fragmented ways (thus, again, not resolving them). This suggests an inherent deficiency to designing efficiency-enhancing, positive-sum reforms which, we argue, is largely unrelated to Greece’s lack of tradition in social dialogue and consensus-building or to its institutional capacity regarding the implementation of reforms – the two factors that dominate in the literature dealing with reform failures in Greece.

We argue that what is at issue here is the deficient engagement between the policy-making and experts communities, which appears to be particularly pervasive in Greece. As evidence for this, we review numerous examples where the expert advice of scientific and policy bodies (both government-sponsored and independent) has not been sought for or utilised and where the proposals of Expert Committees (Επιτροπές Σοφών), specifically set-up to advise government, have been abandoned or even discredited. Our review suggests two facets of the identified ‘engagement deficiency’: (a) politicians / policy-makers appear to have pre-set agendas and not to engage in a systematic
way with expert advice, independent or commissioned; while (b) even in cases where a consultation processes with experts takes place, the resulting policies are often in disagreement with the expert advice. We argue that these two facets constitute a specific pathology of Greece’s reform technology, which is located specifically and solely in the first stage of policy formulation, that of policy conception and design.

Moreover, we argue that this ‘deficient engagement’ generates significant stumbling blocks in the policy-learning process (Hall, 1993) and thus in the design and implementation of reforms. Interestingly, in contrast to explanations based on ‘vested interests’, ‘political exchange’ and ‘institutional capacities’, this appears capable of explaining a paradox in Greek reform history, that of reform activism with little change in policies and outcomes. But, importantly, it also allows us to see how contestation and political exchange, by taking place after the formulation of policy proposals (‘adoption of new ideas’ – see Oliver and Pemberton, 2004), is actually pre-set to failure – despite or irrespective of the particular alignments of interests that may be present in any given conjuncture.

Overall, we argue that our analysis makes a robust case for re-directing our emphasis from the identification of ‘vested interests’ and ‘reform resistance’ (i.e., actors that block reforms) to actually seeking to understand the specific

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1 There are in fact two facets to this. On the one hand, a paradox of continuing reform activism in the presence of continuing reform failures (persistence in the contestation between presumably conflicting interests); on the other, a paradox of continuing reform failures despite reform activism (failures in the adoption and institutionalisation of new ideas).
pathologies that lead to the production of inefficient reforms that do not allow concerned actors to accept them. We believe that this has the potential to make a significant contribution towards a paradigmatic shift in policy-making that can reform the reform technology of the country.

2. Reform failure in Greece: waves of explanations

The last decade has seen the development of a large and thoughtful literature that attempts to explain why reform efforts in various sectors of the Greek political and economic system have been unsuccessful. The first wave of this literature was dominated by contributions that were focusing on ‘historico-cultural’ and/or socio-political arrangements that have their origins in the foundation of the Greek state. Dominant factors in these explanations were the enduring clientelism and patronage relations that have dominated Greek political life, as well as the omnipresent and all-pervasive role of political parties and party mentality in all aspects of political life. Civil society and other organised interests that in other western societies have balanced the role of the state, in Greece have traditionally been subsumed by the state, which in turn was subsumed by political parties (seminal contributions here include works by Tsoukalas, 1993; Mouzelis, 1978; Diamandouros, 1994; Mavrogordatos,

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2 In this context, reforms are understood as ‘deliberate changes to the structures and processes of public sector organisations with the objective of getting them (in some sense) to perform better’ (Pollitt and Bouckaert, 2000: 17).
Thus Greece has never experienced an independent state administrative apparatus, along Weberian lines (see also Ferrera, 1996, 1998).

Building on this literature, a second wave of literature focused on the ‘path-dependence’ implications of the above socio-political and cultural characteristics in social change and reform efforts in contemporary Greece. Calliope Spanou and Dimitris Sotiropoulos have focused on the defining characteristics of Greek public administration and their implications for Greek political life (indicatively, see Sotiropoulos, 1994; Spanou, 1996). Sotiropoulos (1993) developed the thesis of ‘a colossus with feet of clay’. Attempting to re-evaluate the structure of interest intermediation in Greece, Kostas Lavdas (1997) and George Pagoulatos (2003) developed the concepts of ‘disjointed corporatism’ and ‘parentela pluralism’. Yet the defining aspect of this second wave of publications was an explicit concern with the phenomenon of Europeanisation, i.e. the impact that EU membership had on the Greek state and its structure, organisation, practices and policies (see Ioakimidis, 1996, 2001; Tsoukalis, 1999, 2001; Featherstone, 1998, 1998a, 2005; Kazakos, 1999, 2004; Mitsos and Mossialos, 2000: parts III and IV; Pagoulatos, 2001; and Allison and Nicolaidis, 1997). Therefore most of this literature focused on externally-driven reforms, i.e. how Greece responded to pressures and convergence policies ‘coming from’ the EU. Most scholars suggested that

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3 Concepts such as ‘state corporatism’ (Schmitter, 1977), ‘Napoleonic tradition’ (Peters, 2008), ‘state capitalism’ (Schmidt, 2002), ‘Latin model’, ‘Sultanic state’, have been used to capture aspects of these characteristics, which have been historically observed mostly in countries of ‘late development’ in the semi-periphery (Mouzelis, 1986).

4 The literature is too large to do any justice to it here.
although significant progress has been made, and although ‘Europeanisation’
has been clearly visible in some public sectors – e.g. foreign policy (see
Tsardanidis and Stavridis, 2005; Ladi 2007) or employment policies
(Sotiropoulos, 2004) – Greece has remained one of the least responsive and
least effective member-states in implementing EU-initiated policies and
strategies (see Featherstone, 2008; Spanou, 2008)\(^5\). To explain this reform
pathology some authors looked back into the socio-political and cultural factors
mentioned above, while others used new theoretical or conceptual tools in
political science literature, pointing for instance to factors such as ‘trust’ and
‘social capital’ (see for instance Paraskevopoulos, 2001; Featherstone, 2005;
Tinios, 2005; Zambarloukou, 2006) or to ‘advocacy coalition networks’ (Ladi,
2005). Thus explanations advanced here included the significant role of
clientelism, the pervasive role of political parties in political life, corruption,
the fragmented and particularistic structure of interest representation, the
polarisation of the political system and the conflictual nature of political
culture, the atrophy or weakness of civil society, the weak state apparatus and
its incapacity to plan and implement policies and reforms, and to form winning
pro-reform advocacy coalitions, the absence of social dialogue combined with a
rather complete absence of ‘trust’ between social partners, the negative public
attitudes towards reforms, the political cost related to reforms, or even the lack
of political will (for detailed reviews of main explanations see Sotiropoulos,

\(^5\) To capture this malaise in reforms in Greece, different authors have used terms such as low ‘policy
capacity’, low ‘reform capacity’ or referred to different ‘reform trajectories’ and ‘reform paths’.
Currently the focus of investigation seems to be on the issues of Greek ‘reform technology’ and ‘policy capacity’ (regardless or rather despite of Europeanisation and outside-in pressures). These analyses both sum-up previous findings and revive the discussion of what exactly is wrong with Greece’s reform technology and what (if anything) can be done to reform this reform technology! Reviewing Greek reform failures, Featherstone (2008: 27) concludes that due to the nature of Greek polity ‘[s]top-go, incremental policy reform[s]’ will continue to be the dominant model of reform in Greece (at least with regard to market liberalisation reforms). In this regard the “‘system”, rather than personalities or parties,...,[tell] the essential story of both voice and interest’ in Greek reform failures (ibid.: 30).

Our argument in this paper is that although these conclusions certainly apply to many failed reform attempts in Greece, its generalisation as an analytical framework for understanding and analysing the pathology of Greek reform technology is problematic. On the one hand using the ‘institutional context’ to explain social change or continuity, important as it is for comprehending our social world, carries with it a problem inherent in comparative analysis. It underestimates agency and generates a rather deterministic perspective of the social universe in question. Thus change can only come from an ‘external shock’, but even then it is ‘path-dependent’.

On the other hand and more importantly, however, we contend that the focus on socio-political, institutional and/or cultural factors has drawn our attention
away from the content of reform proposals themselves. We claim that a significant number of reforms in Greece have failed not because of the institutional context, but simply because they were ill-thought, ill-prepared and poorly substantiated and designed. In these cases the problem was not to be found in the stages of reform communication, negotiation or implementation, but in the stage of their conception and design. This remains an institutional problem. But what is at issue here is not the structure of interest representation, the lack of social capital or the presence of clientelism in the abstract; but the way in which political power conceives, decides and designs reforms. The next section analyses the nature of this problem.

3. From context to content: knowledge in the policy process

If our thesis is correct and a significant part of Greece’s reform pathology is due to content rather than broader socio-political factors, then the key question is how reform actors arrive at and decide the reform content, i.e. what knowledge and resources they use in order to conceive, decide and design the reforms they deem necessary.

The issue of when and how decision makers use knowledge and expertise to design reforms, and especially what knowledge they use, remains an open question in public administration and policy studies (see James and Jorgensen, 2009). Speaking to this deficiency in the literature, James and Jorgensen (ibid.):

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6 For a similar argument see Weimer, 1998 and James and Jorgensen, 2009.
143) have called for a new approach to policy making analysis that would focus on the ‘utilisation of policy knowledge...as an independent variable in the policy process, a causal factor leading to more informed policy formulation and change with increased likelihood of success’.

The debates that dominate the literature of policy analysis on this issue can be seen as taking place along two intersecting axes. In the first axis, on the one hand we have approaches that attempt to ‘describe and analyse networks where possessors of knowledge participate in and influence policy learning and policy change’ (Ladi, 2005: 281; see also). The three main approaches here are epistemic communities (Haas, 1992; for a critique see Antoniades, 2003), advocacy coalitions (Sabatier, 1998; Sabatier and Jenkins-Smith, 1993; for a critique see James and Jorgensen, 2009), and policy transfer networks (Evans and Davies, 1999), while thoughtful research has also been done on the role of think tanks (Stone, 1996; Stone and Denham, 2004) and transnational networks (Risse, 1994, 1995; Evangelista, 1998). On the other end of this axis is what James and Jorgensen (2009) refer to as ‘utilisation literature’, that is a body of literature that ‘addresses the utilisation, or lack thereof, of applied policy research...[T]he primary focus of the utilisation literature has been to understand the conditions facilitating and inhibiting when and how decision makers use policy information (directly or indirectly)’. The aim of this literature is ‘not to understand the role of policy knowledge in fostering outcomes’ but to develop a theory that will enhance knowledge utilisation in
the future (ibid. 148; for a literature review on utilisation theory see ibid. especially pp. 147-149; KUPI, 2004).

In the second axis the issue in question is the nature of (valid) knowledge itself. One end of this axis is dominated by a narrow positivistic approach to what is valid knowledge, while the other end is dominated by a post-positivistic approach to knowledge. At the positivistic end, the only valid knowledge is knowledge produced by ‘scientists’ – therefore, epistemic communities are the only source of valid knowledge. Here the focus has traditionally been mostly on modelling and quantitative approaches to scientific research and knowledge utilisation in policy process has been unidirectional and top-down. On the contrary, at the post-positivistic end, valid knowledge and expertise are not exclusive properties of a narrowly defined ‘scientific community’, but may come from practitioners, advocacy networks, or other stakeholders involved in the policy area or issue in question. Here the emphasis has traditionally been on qualitative methods of scientific research, while the main assumption is that for knowledge utilisation to be effective and successful learning should not only be top-down but bottom-up too (see Bell, 2004).

It should be underlined that this controversy on the nature of valid knowledge is not a debate on whether systematic knowledge is important for policy process. This is taken for granted. The dispute has been about what forms of knowledge are or can be legitimate participants in the policy process. Furthermore it can be argued that the distance between the two ends of this
debate has been significantly reduced over the last years. Thus the need for both quantitative and qualitative methods and evidence as well as the need for both top-down and bottom-up knowledge and learning is now widely recognised.

In some countries, this recognition of the importance of systematic knowledge for effective policy making has found its way into policy formulation. For instance, in the UK, evidence-based policy making (EBPM) is seen as an organic part of policy formulation. The Cabinet Office's *Better Policy Making* (2001) document identifies four key stages in this policy development process: (i) a review of existing research, (ii) commission of new research, (iii) consultation with experts or use of internal and external consultants, and (vi) consideration of a wide range of properly appraised and cost options. The definition of what counts as *evidence* in this EBPM is equally important.  

In particular a ‘tripartite approach’ is suggested:

> Evidence for policy has three components. First is *hard data* (facts, trends, survey information) but the second component is the *analytical reasoning* that sets the hard data in context. Third, an evidence base comprises *stakeholder opinion* on an issue or set of issues. (DEFRA, official website, 11/09/09)

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7 Yet, the concept of EBPM itself has been criticised for being used without any substantiation or as a policy legitimisation instrument. See House of Commons, 2006: 45-62.
Yet, this approach does not constitute an unconditional delegation of policy design to ‘technocrats’. As DEFRA (ibid) acknowledges:

Decisions are influenced by a wide variety of factors (including Ministers' values, experience and political judgement). This means that even in individual policy areas the evidence base must be both broad enough to develop a wide range of policy options, and detailed enough for those options to stand up to intense scrutiny. Thus an evidence-based approach should clearly show the line of sight between horizon scanning, strategy, policy, and delivery.

4. Greek reform pathologies: non-evidence based policy, and design without knowledge

In March 2009, amidst the global financial crisis and in response to calls for implementing ‘special measures’ in the labour market, the Minister for Employment, Mrs Pali-Petralia, declared in a number of public statements that ‘Greece does not need more flexibility’. Our concern here is not with the position itself, but with its evidence-base. How did the minister know how much flexibility is there in Greece and how much more (or less) is needed?

A year earlier, the Ministry of Finance – interestingly, without consultation with the Ministry for Employment – commissioned an independent study at the London School of Economics (LSE) to examine the extent of labour market
flexibility in the country and the main institutional rigidities found there. In March 2009, the final report of the LSE study – which, incidentally, is providing at least some evidence in support of the ‘flexibility thesis’ – was still being drafted and had not reached the hands of the Minister of Finance, let alone the Minister for Employment. Two years before the commissioning of the LSE study, the Employment Observatory (EO) of the Greek Manpower Organisation (OAEΔ) – which, despite its legal status as an S.A., is under direct government control\(^8\) – published a study on the extent and types of labour market flexibility in Greece (Gavroglou, 2006). The EO study reviewed a significant volume of statistical evidence concluding that Greece has sufficient amounts of some types of flexibility (mainly temping), but lags behind significantly in terms of other types, both *numerical* (e.g., part-timing) and, more importantly, *functional* (job demarcations, occupational mobility, sub-contracting, etc).\(^9\) Still, the report was not without shortcomings. One crucial factor was that it paid relatively little attention to the extent of unregistered employment in Greece, which introduces a large window of what is known in the international literature as ‘flexibility at the margin’ (Boeri, 2005). The presence of such flexibility, of the most insecure type, tends to negate the adverse effects of almost any type of institutional rigidity (at the expense of equity, of course) – thus making the Minister’s assertion, that the country does not need more flexibility at least half-true (but, by implication,\(^8\) For example, its Director is directly appointed by the government.  
\(^9\) A similar conclusion has been reached by one of the worlds’ leading experts on labour market institutions, Prof. Stephen Nickell; see Monastiriotis, 2005. This stands in some distance from evaluations of the Greek labour market by international organisations that characterise Greece as a rigid labour market with many institutional bottlenecks and inefficiencies (see for instance OECD, 2007 – for a critical view on this see Seferiades, 2003).
still erroneous): the country does not need more flexibility; but it does need a
different type of flexibility, with many injections of security in the lower tier of
unprotected employment and with a selective deregulation (e.g. on tenure and
promotions) and re-regulation (e.g. on temporary employment) of the
employment relationship in the public sector.

Its shortcomings notwithstanding, to our knowledge, the EO study, as well as
various less extensive studies on the issue of flexibility conducted by the
Institute for Employment (INE) of the Greek General Confederation of
Workers (e.g., as they appear on its Annual Reports), never made it to
informing policy officials about the institutional conditions in the Greek labour
market. As evidence for this, just one year after the publication of the EO
study, in response to the call made by the Commission’s Green Paper on
Modernising Labour Law (COM, 2006), the Greek government set up an
Experts Committee, led by Professor of Employment Law and former PASOK
MEP, Prof Ioannis Koukiadis, to put forward proposals for the reform of the
Greek labour market. The report had an overly legalistic focus and made no
reference to the labour market studies produced by the INE or the EO, while
none of the authors of these studies participated in the Committee. The report
found that many aspects of the Greek labour market exhibit extreme levels of
flexibility but that other aspects are characterised by extreme rigidities. The
main message of the report was that a selective re-regulation of the labour
market was needed, to tackle the pervasive unregistered employment and to
introduce modern forms of *flexicurity*, so as to increase both its fairness and its efficiency.

Right or wrong, the report was leaked to the press before its official publication and it was discredited both by the media (which, curiously, picked up only on the pro-deregulation proposals) and, importantly, by the Government. The latter refused to publish it (it is still only available unofficially10), while government officials made a series of demeaning statements on the Committee and its proposals and, according to reports in the press (Kathimerini, 1/4/08), Mrs Pali-Petralia admitted that she had not studied the report even almost a month after its was submitted to the Ministry for Employment.

The disqualification of the ‘Koukiadis Report’ is also indicative of another aspect of Greek reform technology. In its short history of commissioning Expert Committees to advise on specific policies, Greece has an unflattering record of disregarding their advice. Just a few months before the *inglorious conclusion* of the Koukiadis Report, the Government had discredited another Expert Committee, which was set up to advise on the reform of the pension and social security system, chaired by Mr Nikos Analytis, former vice-president of the Federation of Greek Industries and president of the Greek Committee for Corporate Social Responsibility. When the Committee published its report in November 2007, Prof. George Alogoskoufis, then Minister of Finance, responded by saying: ‘we are not bound by the Analytis proposals’ (‘δεν μας

A pension reform was finally implemented that left everyone dissatisfied, including the government, which stated that this was only a partial reform, Mr Analytis, who in a speech on the reform package he characterised it as ‘timorous and ineffective’ and Mr Giorgos Romanias, then Scientific Advisor of INE/GSEE, a person who is commonly perceived in Greece as ‘Mr Pension System’ (who incidentally was not a member of the Expert Committee). A few months after its approval in the Greek Parliament, the European Commission indicted the legislation forcing an ECJ ruling that ‘[gender] differences … as regards pensionable age and minimum length of service … are incompatible with Community Law’ (ECJ Judgement C-559/07).

The most famous case of disregarding expert advice is perhaps that of the ‘Spraos Committee’, which was set up in 1997 by the C. Simitis government to advise on the reform of the pension system. The Committee came up with what seemed at the time to be a set of highly unpopular proposals and was swiftly stashed away – even though many of its proposals are still considered today as essential for the long-run sustainability of the system. A new Committee was set up on the issue four years later under the same Prime Minister. The ‘Giannitsis Committee’ had a weaker mandate and relied on expert advise from abroad (the British consultancy ‘Government Actuary’s’). Its proposals failed

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11 The signs for the non-adoption of the Committee’s proposals were evident even a year earlier, while the Committee was still working on its proposals: responding to reports in the media that the Committee will propose a significant rise in pensionable age, the then Minister for Employment, Mr Savvas Tsitouridis, declared that ‘there will be no change, in relation to the existing legislation, on … pensionable age, national insurance contributions, or pensions’ – what was later coined by the Prime Minister as ‘the three Non’.

12 Speech at the 4th Hellenic Observatory Athens Conference, 25/6/08, Athens.
to address key weaknesses of the Greek system (tax / contributions evasion, low female employment participation, etc) and were soon rejected under the pressure of trade unions. The end result was a mini-reform package under the then Minister for Employment Mr Dimitris Reppas. Similar was the fate of the 2002 ‘Georgakopoulos Committee’ (on the reform of the tax system) and earlier of the ‘Aggelopoulos Committee’ (also known as the ‘Committee of the Seven Wise Men’), that was set up to advise on wholesale economic reform but saw its proposals rejected by the weak (‘all-party’) coalition government of Zenophone Zolotas.

The ill fate of such Expert Committees has often been explained in the literature by means of political contestation, veto points, vested interests and ‘political costs’ (e.g., Featherstone, 2008). There are, however, two issues that such explanations do not account for: on the one hand, many of the proposals of these committees have been rejected before any systematic opposition had time to be expressed – and surely before any process of analytical reasoning let alone public dialogue; on the other hand, in many instances, the Committees themselves did not have the mandate, scientific composition, or necessary evidence base to come up with meaningful proposals. For example, only one member of the Koukiadis Committee was a labour economist; the Giannitsis Committee relied on an evaluation of the system that was alien to the Greek realities and drew very little information from hard data.
That is not to say that hard data, albeit sparse, do not exist in Greece; or that the capacity to produce hard data is somehow absent. Relative to its size, the country has a large set of think-tanks and policy or research institutes. Only in the broader field of socio-economic issues, one can list government-sponsored organisations such as the Centre for Economic Studies (ΚΕΠΕ), the National Centre for Social Research (ΕΚΚΕ), the Manpower Organisation’s Employment Observatory (ΠΑΕΠ-ΟΑΕΔ), the Institute for Migration Policy (ΙΜΕΠΟ), the National Documentation Centre (ΕΚΤ), and others; non-governmental organisations such as the Institute for Economic and Industrial Research (ΙΟΒΕ, affiliated to the Federation of Greek Industries), the Institute for Employment (affiliated to the Greek General Confederation of Workers), the Macedonian Institute for Employment (ΜΑΚΙΝΑ), the Centre for Export Studies and Research (ΚΕΕΜ, affiliated to the Greek Exporters Association) and the very active research departments of the Federation of Industries of Northern Greece (ΣΒΒΕ) and of the Bank of Greece; university-based research institutes such as the Institute for Regional Development and the Institute of Urban Environment & Manpower at Panteion University, the Athens Laboratory of Economic Policy Studies at the Athens University of Economics and Business, and others; and independent institutions such as the Lambrakis Foundation, the Latsis Foundation, and many more. Most of these, however, remain underutilised, under-funded, and poorly connected to the policy-making
process. Let us use two examples from the Centre for Planning and Economic Research (KEPE)\textsuperscript{13}.

First, in 2004 KEPE published an extensive Study on the competitiveness and comparative advantages of the Greek economy. The study provides a unique insight into Greece’s chronic problem of international competitiveness, which is responsible for the country’s extremely high Current Account deficits. Amongst its other findings, the study emphasised the need to raise the technology content of industrial production and to support innovation and product differentiation in particular sectors which appear to have an unutilised potential for the country. What was the policy impact of this study? The most relevant public policy document, the National Strategic Reference Framework 2007-2013, makes no reference to it. While it looks extensively at the issue, it provides its own analysis of competitiveness and comparative advantages without the sectoral and historical detail of the KEPE study. As a consequence, it reaches generic conclusions and thus the policy actions that it proposes are horizontal, encompassing all economic sectors and activities. Naturally, the proposed actions on ‘Competitiveness and Entrepreneurship’ are relegated to fifth place (in terms of funds committed) out of the eight sectoral Operational Programmes envisaged in the Reference Framework.

Second, in the last few years one of the Centre’s Senior Researchers published a series of papers examining the functional and administrative territorial

\textsuperscript{13} The Centre was set up in the late 1950s with the explicit aim of advising the government on economic policy.
organisation of the country and providing important policy prescriptions about
the administrative organisation of space (e.g. Prodromides, 2006, 2008a and
2008b). Such studies have been produced in the UK since at least the late 1980s
– for Greece however this was to our knowledge a unique piece of research.
Notwithstanding, this research has not been taken into account in the recent
discussions about the administrative re-organisation (Καποδίστριας II), which
was awkwardly considered a predominantly non-technical issue (Ladi, 2005).
In fact, the debate about administrative re-organisation is conducted between
the relevant Ministries and the organisations representing the local and regional
authorities (ΤΕ∆ΚΝΑ, ΚΕ∆ΚΕ, ΕΝΑΕ) in the complete absence of relevant
scientific and professional associations (such as the Greek section of the
Regional Science Association International, the Greek Geographical Society,
the Technical Chamber of Greece, or the Hellenic Association of Rural and
Surveying Engineers) and with little reference to the European Spatial
Development Strategy. This, despite the recommendation of the Institute for
Local Administration (affiliated to ΚΕ∆ΚΕ) that the new zoning system should
be on the basis of concrete spatial-planning criteria (ITA, 2008).

But the lack of careful, evidence-based policy design – and thus of the
necessary engagement with relevant expertise and knowledge – is also
offer a final example. Late in the 1990s the government in power decided to
build two new hospitals, one in Corfu and one in Katerini. In both cases, the
public debate focused on how the construction consortia were selected – no one
questioned the rationality of the decision to build new hospitals. Yet, in the case of Katerini one hospital already existed in the town and within 100km there were two more hospitals standing idle due to lack of funding.

The above examples – and numerous others that can be considered – are just an indication of how poorly thought, ill-substantiated, and badly prepared public reforms in Greece may be. The problem in the above examples is not about the nature of evidence or whether there have been bottom-up learning mechanisms in place; but rather that there seems to have been no serious prior research, evidence gathering, consultation or planning. Or, even if there has been research done or past research available or consultation mechanisms in place, these seem to have been completely sidestepped without any justification or counter-evidence given by the political leadership at the helm of the reforms.

To conclude, there is ample evidence that Greece’s policy-making technology, from the design of simple policies to wholesale reforms, suffers from an almost complete lack of engagement with scientific expertise and the relevant knowledge-base. Admittedly, the evidence base and knowledge production in the country is particularly thin, despite the relatively large number of think-tanks and policy/research institutes. But even when the evidence base is there, or when the capacity to produce it is present, in most cases this expertise is not sought for or, in instances where it is, it is often discarded even before it reaches the level of political contestation and without the need for any counter substantiation or justification. Thus, whereas the thinness of hard data may be
taken to suggest that the deficient engagement is predominantly a supply-side problem, the underutilisation of the evidence that is available suggests that this is at least as much a demand-side problem, i.e., a problem of the policy-making institutions not seeking or not considering or engaging with the existing or needed evidence and knowledge base.

A number of factors may be responsible for this – indeed, in the next section we consider some potential candidates. Whatever the causes, however, it appears that this deficient engagement is a fundamental problem in Greece’s reform technology that really goes beyond (in fact, precedes) the problems of political contestation and lack of consensus-building that have attracted most of the attention in the relevant literature. The claim here is that ill-informed policies produce sub-optimal results. They are thus inherently incapable of creating positive-sum exchanges (because the payoffs and costs to different players are unknown, as the evidence-base is lacking to inform policy-makers on these) and it is for this reason that policies/reforms are contested in the ‘battle to institutionalise’ stage (political contestation, veto-players, etc). In this view, Greece’s specific reform technology leads deterministically to the rejection of at least a large number of new policies: contestation is bound to happen even if there are no ‘vested’ (but simply ‘simple’) interests and even with the best of intentions for consensus.
5. Concluding remarks: what explains the deficient engagement?

Our discussion has shown that the role of experts and the degree of knowledge production, generation or utilisation in the Greek public policy process is particularly limited – and that, moreover, it fails in a series of levels within the policy formulation process. Yet, relative to the size of the country and its scientific community, it can be claimed that there is a reasonable number of think-tanks and public or non-governmental policy institutions. Although the evidence base itself may be weak, the institutions that could take on the role of producing and contextualising this evidence base (the first two steps in Britain’s EBPM model) appear to be present. It could be argued that the non-production and non-processing (contextualisation) of knowledge by these institutions is more the result of a deficient demand for policy advice (as expert advice is discredited, sidestepped or circumvented) which in turn produces the supply-side problem of weak evidence base (hard data and their contextualisation). If this is the case, then what are the causes of the deficient engagement between policy-making and experts communities that underlies the failing reform technology of Greece?

Examining the role of experts in reforms in Greece, Ladi (2005) observed an ‘organic relationship’ between political parties and experts. In the case of the 2001 constitutional reform, she found that it was common among experts who participated in the reform process to have a clear political affiliation with
particular parties or even to be leading party members (for instance PASOK’s MP Evangelos Venizelos and ND’s Minister of the Interior Prokopis Pavlopoulos who are both renowned professors of constitutional and administrative law). Furthermore, she found that experts with tight links to political parties had more opportunities to participate in reform processes, and that it is only a relatively small elite of experts that participate in reform debates. Along similar lines, focusing on pension reform, Featherstone (2005: 739) notes: ‘No effective community of policy expertise has been established in Greece: no group, network or institution independent of party or government has identified itself in this manner or developed a political voice...This is symptomatic of the rarity of effective, independent policy think-tanks in Greece’ (on the case of labour market reform see also Papadimitriou, 2005).

The problem of expertise and knowledge utilisation extends to the core of public administration itself. Both Spanou (1996; 2003) and Sotiropoulos (2001; 2004) have perceptively discussed the issue of politicisation of Greek civil service, especially of the higher echelons, and its negative implications in terms of planning, continuity, efficiency and effectiveness (see also Ballas and Tsoukas, 2004). Discussing different reform trajectories within the ‘Napoleonic model’, Spanou (2008) notes in this regard: ‘even though ministerial cabinets have not even remotely the structure, expertise nor the policy capacity of the French cabinets ministériels, they tend to play an important role at a policy level, since they are mostly staffed by persons that enjoy the minister’s political and personal trust’. The negative impact of this structure on knowledge
production, contextualisation and utilisation is further enhanced by institutional competition, among government departments. As we discussed earlier on the issue of labour market flexibility, reports have been commissioned and expert advice sought separately by the two relevant Ministries (Finance and Employment) and with little, if any, coordination between them. It is thus no surprise that policy proposals by the different Ministries may appear divergent and that the resulting policies may seem inconsistent and thus be contested politically by the social partners.

Finally, another factor that enhances the deficient engagement is the strong weight of political personality in any reform process. The relevant Ministers seem to place their opinions and preferences not simply in a central position in the decision-making process but also above the experts at all levels of opinion-formation, contextualisation and even of evidence-collection itself. Ministers often appear to know what the problems and facts are before the experts.

It can thus be argued that the Greek reform technology resembles a closed party-dominated circuit that uses experts (who many times are already affiliated with political parties) either as personal advisors or as decision makers themselves. This use of experts attempts to legitimise reforms and the circuit itself. In essence, however, what it does is to destroy, or overshadow the need for dealing with the state’s ailing governing and reform capacity. The need for enhancing the state’s governing capacity via institutional research (both in-house and independent), learning, and knowledge production,
generation and utilisation is replaced by, and reduced to, the choice of one (or more) individuals to participate in the policy-making process. All this has rendered ‘research’ and ‘evidence’ foreign properties to Greek reform technology, and have generated a deep antipathy and mistrust to any form of ‘technocracy’ in society.

We believe that our discussion in this paper has helped identify a largely overlooked facet of Greece’s failing reform (and policy-making, more widely) technology. More often than not, reform proposals are drawn with little reference to a solid evidence-base and with very little attention to contextualisation. They are thus thrown into the field of political contestation without the level of maturity (i.e., the ability to identify and create positive-sum games) that will allow the constructive formation of stakeholder opinions – which should in turn allow the transformation of the technocratic input into a politically shaped outcome.

We can sketchily place this process in the context of Peter Hall’s model of policy learning and change (Hall, 1993; Oliver and Pemberton, 2004). The lack of evidence-base and engagement with expert knowledge leads to a limited realisation of the problems of the system (learning failures in the ‘accumulation of anomalies’) thus producing experimentation with ‘instruments’ and ‘settings’ (first and second order changes, in Peter Hall’s terminology) that are incapable of correcting the underlying anomalies. As a result, fine-tuning of the system fails and the latter becomes inherently unstable, calling continuously for
attempts for reform. This is not uncharacteristic of Greece, where one observes significant reform activism (or, at least, consensus on the idea that reforms are needed), albeit with little actual (and effective) reform. This failure to implement reforms despite the reform activism, we attribute to the fact that the deficient engagement with expertise is prevalent also at a later stage in the policy learning/change process, namely the stage of ‘fragmentation of authority’, where new ideas are sought for and utilised. In line with our discussion above, policy-makers do not search for new ideas for a combination of reasons: because the production of such ideas is not supported by the structure (the demand-induced supply deficiency, identified earlier), because the policy-makers place themselves above the relevant expertise and/or rely on party-affiliated individual experts, and because institutionally the relevant Ministries have low capacity to process/contextualise knowledge and low willingness to co-operate amongst themselves. In this sense, third-order learning, i.e., the adoption of new ideas, does not happen. What appears as a failing ‘battle to institutionalise the new policy framework’ (see Oliver and Pemberton, 2004) is in fact an ill-situated political bargain over instruments and settings that may (or may not) belong to a new policy paradigm but are in any case not applied to one.

Under this reading, the continuous reform failures in Greece are not the responsibility of actors that exhibit ‘reform resistance’ and block reforms. Despite the resistance applied to them, the pension system, the education system and the labour market (among others) have been reformed in the recent
Greek history – perhaps a few times too many. Where the reform failure is located, is in the ability of the (proposed, contested, rejected or implemented) reforms to address the anomalies of the system that they seek to transform. Thus, the issue of political contestation and reform resistance becomes not one of power and veto points but one of efficiency and reform technology, where the resulting reforms are such that do not allow concerned actors to accept them; while the issue of successful reform implementation becomes a question of productive engagement with expert knowledge in all three levels: its production, contextualisation and political negotiation. We hope that this call for a shift of our attention to the specific pathologies that lead to such a production of inefficient reforms has the potential to make a significant contribution towards a paradigmatic shift in policy-making that can reform the reform technology of the country.
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