

Greek attempts to carry out public service reform offer an important opportunity to test theories of public policy change.

by Blog Admin

*Greece has been required to implement public service reforms as part of the agreement made with other eurozone countries and the IMF to receive financial aid during its debt crisis. **Stella Ladi** argues that the reform process offers an important opportunity to test theoretical models of public policy change. Adopting a model based partly on historical institutionalism, she assesses the idea that large scale reform is more likely to take place at a 'critical juncture', such as the present crisis. While the reform process has been initiated externally by other countries, the success of reforms will be determined by the domestic situation within Greece itself.*



The economic crisis that spread across Europe in 2009 has produced a wave of public policy reforms in most European countries. A combination of factors initially made financial markets in Ireland, Southern Europe, and especially Greece, more vulnerable to speculative attacks and thus more affected by the crisis. Greece was the first country to seek financial assistance from the European Union (EU). In March 2010 the leaders of the eurozone created a financial aid mechanism which involved the participation of the International Monetary Fund (IMF) and eurozone countries through a set of bilateral agreements. The European Commission, the European Central Bank (ECB) and the IMF (the Troika) were made responsible for overseeing the implementation of the agreement. The Memorandum of Economic and Financial Policies (MEFP) and the more detailed Memorandum of Understanding on Specific Economic Policy Conditionality (SEPC) were both signed in May 2010. In this context, the Memoranda, as well as their subsequent amendments clearly required reforms of public services.

Public administration is still outlined as a key obstacle to recovery and further measures have recently been **proposed**. My research focuses on the period of the MEFP (2010), SEPC (2010) and the five term reviews (2010-11), which is the first attempt to deal with the crisis and coincides with the reforms that were initiated by the Papandreou government. A number of reforms were initiated by the government of the then Prime Minister George Papandreou (October 2009-November 2011) in order to deal with the Greek sovereign debt crisis, most of them aiming at cost-cutting and some of them aiming at more substantial changes.



Former Greek Prime Minister George Papandreou Credit: Greek PM's Office (Creative Commons BY SA)

In November 2011, the government was forced to resign due to internal party tensions, a general feeling of public disenchantment and pressure from European counterparts. This is a first attempt to evaluate the recipe as well as the impact of these reforms in Greece. Such a discussion is important not only for the EU, which for the first time had to get involved in conditionality programmes with its member-states, but also for the IMF, which has significant experience with reform programmes.

This particular moment in time, apart from its political significance for the EU and its member states, is

also a unique opportunity for evaluating well-known public policy theoretical tools and for refining them. The dominant governance paradigms across Europe, reliant on high public debts, have been called into question, and reforms are being proposed and adopted at a very fast pace. Historical institutionalism (HI) claims that public policy and administration reforms are more likely to take place at 'critical junctures'.

Adopting this reasoning, it is argued that indeed change is more likely to occur in Greece, but also in other countries during the current economic crisis – a 'critical juncture'. Importantly, the timing of the reform affects the type of change that takes place. In order to elaborate on the type of the reforms, HI is enriched with Sociological institutionalism elements. In particular, Peter Hall's [distinction](#) between incremental first and second order change and paradigm shift is combined with the concept of critical juncture. This argument is based on a better understanding of *time* and a deeper analysis of *change*.

The data available up to now allows us to come to some initial but interesting empirical and theoretical conclusions. First, as far as Greece is concerned, it can be claimed that the reforms that have been adopted or planned in the first Memoranda are indeed addressing some of the main flaws of the dominant paradigm, such as lack of effectiveness, corruption and tax evasion. Nevertheless, the pace of reform is slow, with delays and an implementation gap. The dominant hierarchical paradigm with all its fallacies proves to be persistent, as has also been the case in the past.

Second, the importance of exogenous factors in the reform process and the key role that the EU is playing in the rescuing of the Greek economy, allows us to argue that this is the most coercive phase of Greece's Europeanisation since its entry into the European Community. Third, the key reasons that could halt a paradigm shift process apart from institutional resilience are: (a) unintended and unanticipated consequences because of the large number of simultaneous reforms taking place, (b) extensive policy failure and policy experimentation, (c) the 'ownership' of the reform programme and (d) last but not least domestic political authority, if it proves to be less powerful than necessary.

The Greek case shows that although the exogenous parameters were a catalyst for the initiation of the reforms, the actual outcome of the process is mainly a domestic issue. The strength of the domestic political authority to steer developments and to overcome institutional resilience is possibly the most important factor for a critical juncture to lead to a paradigm shift. The current economic crisis may prove to be an opportunity not only for the countries involved in the eurozone as a whole, but also for the deepening of the study of public policy change.

This article is a summary of Stella Ladi's Hellenic Observatory research seminar: [The Eurozone Crisis and Austerity Politics: A Trigger for Administrative Reform in Greece?](#) held at the LSE on 6 November, 2012.

Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.

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