

**Resisting in times of crisis:
the implementation of European rigor plans in the Irish and Greek cases.**

The financial crisis originating in the US subprimes market led to the aggravated budget crisis of some Eurozone countries (Greece, Ireland, Portugal) since December 2009. These countries were experiencing severe difficulties in borrowing money on financial markets, which prompted an intervention of the ECB, the IMF and the Eurozone countries. This rescue mission has been conditioned to the adoption of rigorous economic structural reforms, aiming at reducing public deficit.

This paper focuses on resistances by national administrations against the implementation of these plans in Ireland and Greece. Although these rescue plans are not legally binding norms with compulsory judicial control, they are still highly likely to trigger change or resistance to it in national spaces.

This paper aims at analyzing the variation of domestic resistance (dependent variable) based on the analysis of three independent variables 1) the national institutional configuration (number of veto players), 2) the resources of these veto players and 3) the “dispositions” of these veto players towards these plans.

In a context of crisis, these resistances are also influenced by the timing of 1) both national and other EU countries elections and 2) financial markets deadlines (intervening variable).

This research design allows for putting agency up front, which will help us to understand the specificity of power games between agents. Instead of concentrating solely on the institutional framework, this article argues that it is the nature and intensity of administrative preferences which must be considered the main variable in explaining resistance. Thus special attention is paid to the strategic use of ideas by the bureaucracy.

Work in progress. Comments welcome

Paper presented at the 12 AFSP Congress, 1-3 September 2011, Strasbourg

On the 6th of May 2011, Eurozone finance ministers announce that they are preparing a new package to help Greece as the country will be unable to raise money in financial markets in 2012. This announcement came as surprise as it followed the 110bn first bail-out plan settled a year earlier. Indeed, numerous reports showed few signs of progress of Greece's economic situation. The implementation of structural reforms linked to the Eurozone-IMF aid were slow. However, when the first bail-out plan was presented in May 2010, several reactions from EU officials were showing signs of confidence about EU's ability to react on time to the financial crisis developments: Angela Merkel considered the deal as a sign that "Europe can act together to defend our common currency against attacks" and Christine Lagarde, the former French Finance Minister stated that the Eurozone's answer was "consolidated, coherent and determined"¹. At that time, the crisis was interpreted as one of these critical junctures that "make" European history and where European integration could be explained as the conjunction of common experiences (the financial crisis) and the existence of key players (German, French and European Central Bank leaders)².

However, a year later, this enthusiasm faded away as the crisis deepened: Ireland and Portugal needed to apply for EU financial help, Greece was not put off trouble. The EU Pandora box opened again as EU leaders lost their cohesion. Greece complained that imposed reforms needed more time and were too harsh, Germany or Finland adopted tough positions on the implementation of the reform plans since they were pressured by their electorates frightened by the extent of fiscal transfer towards endangered countries. This time of crisis can definitively be considered as a critical juncture where various political logics and facets are intertwined: intergovernmental disputes, weak 'lock-in' effects of EU policies, political elections, mass demonstrations, interest group mobilization, the clash between the political and the financial markets' perceptions of time and resistances to European Integration.

Our entry into this knot of problems is the puzzle mentioned last. We aim to investigate the potential resistances of Greek and Irish administrations towards the EU-IMF rigor plans which are correlated with the financial help. Indeed, when applying for financial assistance

¹ Both quotes are taken from Hall Ben, Barber Tony, Atkins Ralph (2010), "Europe agrees rescue package", *Financial Times*, 9 May 2010

² This "realist" analysis refers to the works of Hoffmann Stanley (1995)

from its EU partners, countries must comply with rules linked to the implementation of economic reforms. These norms are negotiated between the receiving governments, EU institutions and the IMF. The underlying assumption of this paper is that we can interpret the reaction to those rigor plans as a form of Europeanization.

The formal structure of these plans follow the classic bail-out architecture developed by the IMF during the 90' and 00' (see also Anders 2008). The European plans, nonetheless, have their own specificities as they take place in a context where economic aspects are managed intergovernmentally while monetary policies are under the sole control of the supranational ECB.

The bail-out processes involve bargaining between the bailed-out countries and their lenders and possible revisions following the deal³. Indeed, the pressure exerted by financial markets on countries' refinancing abilities force them to accept the reforms that are conditional to the loans. The economic policies conditions for the granting of the loan have to be agreed in between the bailed-out countries and the Commission, in consultation with the ECB (European Council 2010). They are then laid down in a Memorandum of Understanding which should follow the recommendations the Council made to the countries when agreeing for the loan principles. The Commission and the ECB are verifying on a quarterly basis that the implementation of the economic policies conditions is fulfilled. Implementation delays (due to legislative or administrative resistances) may affect the disbursements of the loan.

The legal status of these plans, however, is ambiguous. Financial loans decided by international financial institutions inhabit a grey area "in the interstices of soft law, technical norms, public international law, and international private law. They are not soft law, that is legally non-binding, since the violation of certain conditions affects disbursement and the repayment of the loan with interests is a contractual obligation. The conditions themselves, on the other hand, do not amount to contractual obligations according to the legal opinion of international financial institutions, because they are set by the government requesting legal assistance" (Anders 2008, 188). In this sense, the rigor plans are similar to the open

³As shown by the new help plan and thus the new rigor plan that was settled up in Greece in July 2011

method of coordination developed in particular by the Lisbon objectives and policies of 2000, as well as the Stability and Growth Pact (SGP) according to which future targets are indicative only (Hallerberg 2010). If a member state runs a budget deficit in the medium term, the Council of Economic and Finance Ministers (ECOFIN) can issue a recommendation for corrective action. The member state, however, cannot be excluded from EMU, will not be subject to a pecuniary fine, nor is under a legal obligation to follow the recommendation (Hodson and Maher 2004, 799). This flexible interpretation of the Pact gives more room for fiscal manoeuvres to states, but makes it more difficult for ECOFIN to measure compliance. Albeit randomly harsher because of their visibility to the general public, the objectives are still negotiated between the beneficiary countries, the member states and the international institutions, a method based on the argument that negotiated norms are less prone to resistance.

The objective of this paper is to illustrate that this generally shared assumption is not entirely correct. Even intergovernmentally negotiated *legally binding but not jurisdictionally enforceable norms* are open to resistance during the implementation process. While governmental actors might agree at the European level, the administration at the domestic level has margins of resistance. However, non-compliance to soft law, or as we call it, resistance on the administrative level does not only depend on the degree of competence and training (Falkner et al 2005), nor at the degree of corruption (Boerzel et al 2007) found at administrative level. These acts of resistance can only be understood when the strategies of the actors are taken into account. In other words, it is agency that helps us to explain the degree of resistance and not solely institutional structures (see also Graziano 2011).

The degree of resistance at the administrative level is influenced by strategies administrations follow. It is thus necessary to disaggregate national administrations and to look more precisely at

- The national institutional configuration (number of veto players and points),
- the fundamental values the administration under scrutiny defends (i.e. ministry of finance against ministry of social affairs).
- the pressure exerted by financial markets and European Institutions.

The paper is structured as follows. In a first part, we briefly present the main theoretical assumptions found in the conditionality literature. In a second part, we will then present the empirical elements of the bail-out plans for Ireland and Greece and analyze the administration's response at the domestic levels. A last part will then present an attempt to form a typology of resistance patterns to legally binding norms which are not enforceable by Court.

Compliance and non-compliance with norms

At the outset, studies of compliance as well as non-compliance were concerned with the issue of convergence between EU laws and their implementation at the national level (see Saurugger forthcoming). European directives and regulations were initially considered to be relatively a-political and the efficiency of implementation was addressed in terms of efficiency and capacity of national administrations: the quicker the legislative procedures, the more efficient the implementation of EU law.

After a first group of studies insisting, more or less implicitly, on convergence between different European national systems through European law, Europeanization turned to the explanation of differentiated implementation of EU law (for an overview of this research see Falkner et al. 2005, 14-17; Treib 2008). The different degree of implementation became a dependent variable to be explained by institutional configurations as well as intermediating or facilitating factors (Duina 1997; Börzel and Risse 2000; Risse et al 2001). The literature has now identified four possible outcomes: absorption, transformation, retrenchment and inertia (Börzel 1999; Risse et al 2001; Héritier 2001; Héritier and Knill 2001). While absorption and transformations describe degrees of policy change, retrenchment and inertia refer to non-change.

Inertia thus refers to a lack of change. Here, European norms do not trigger any transformation at the national level. The forms inertia takes can be multiple, such as lags, delays in the transposition of directives (Radaelli 2003), or explicit forms of resistances such as strikes, social movements or direct activism. The sustainability of inertia as a long-term strategy is, however, problematic (Olsen 1996). A long-term resistance may lead to a crisis, and thus usher in radical change. Another possibility might be an ad hoc arrangement of the

system, allowing for opting out strategies the EU has long experiences with (social charter, EMU, Schengen).

The other form of resistance – retrenchment- is an active transformation process right from the start (Héritier 2001; Héritier and Knill 2001). Radaelli calls this form a paradox insofar as domestic policies become less European than they initially were (Radaelli 2003). Here, opposition to European decisions allows for creating coalitions at the domestic level that impose reforms going in the opposite direction of those decided at the EU level. Research on inertia and retrenchment is now associated to the literature on compliance or non-compliance with EU law⁴. These studies base their hypothesis on one, or more often, a combination of three identified compliance approaches in international relations (for an extensive discussion of these approaches see Raustiala and Slaughter 2002, Tallberg 2002, Börzel et al 2007): constructivist, enforcement and management approaches.

The bulk of non compliance studies, either explicitly or implicitly based on one or more of these assumptions is anchored in either qualitative case study research (to quote but a few Falkner et al 2005, 2007, 2008, Hartlapp and Falkner 2009), based on mixed methods (Toshkov 2009, Kaeding 2007) or quantitative research design (Mastenbroek 2005, Börzel et al 2007, König and Luetgert 2009, to quote but a few⁵). In these studies, directives are used as a starting point. Based on the comparative analysis of quantitative research undertaken in this field, Toshkov offers a comprehensive typology of variables affecting non-compliance.⁶ He distinguishes between variables that (across different research projects) affect compliance positively: administrative efficiency, parliamentary scrutiny and coordination strength; and variables that exert a negative (or non-positive) influence: centralised/decentralised decision making, corruption levels, veto players (both public and private), members of relevant actors involved, and domestic conflict.

⁴ In cases of member state non-compliance, the Commission can initiate an infringement procedure with a letter of formal notice that can be followed by a reasoned opinion, a transferral to the European Court of Justice and finally a ruling by the ECJ (art 226 ECT/art 258 TFEU (Treaty on the Functioning of the European Union). If the Member state does not follow the ruling, a second infringement procedure can be initiated and financial sanctions can be imposed (art. 228 ECT/art.260 TFEU).

⁵For a comprehensive overviews see Toshkov 2010, Töller 2010, Treib 2008.

⁶Although Toshkov's taking stock exercise is exclusively based on quantitative non-compliance studies, the variables consistently reflect those found in qualitative studies.

Table 1

Variables influencing the degree of compliance

Positive effect	Negative effect
Administrative efficiency	Centralised/decentralised decision-making
Parliamentary scrutiny	Corruption levels
Coordination strength	Veto players (both public and private)
	Number of relevant actors involved
	Domestic conflict

Based on Toshkov (2010)

In addition to Toshkov’s findings of the most relevant variables (table 1), the differentiation of actors attitudes in active and passive inertia (Falkner et al 2005) (table 2), as we call it, is a pertinent conceptualization of non-compliance with EU law.

Table 2

Active and passive inertia

Active inertia	Passive inertia
opposition against specific contents	Different interpretation
opposition against EU decision mode	Administrative problems
opposition against national decision or transposition mode	Political instability
parliaments, regions, interest groups or social movements	
Inter- or intraministerial conflicts	

Adapted from Falkner et al. 2005, p. 13

Whilst this body of work has reached a level of high theoretical sophistication, albeit more limited cumulateness (see Treib 2008, Töller 2010) it has exclusively concentrated on implementation and transposition of EU law. However, if we consider European integration as a process that reaches beyond a simple legal integration, and also includes “soft law” - norms embedded in governance instruments such as programmes, statistics, or discourses, it is empirically very difficult to understand how the influence of European integration can be understood solely as compliance with legal norms. If we take Radaelli’s definition (2001, 2004) of Europeanization seriously, as a “processes of (a) construction (b) diffusion and (c) institutionalization of formal and informal rules, procedures, policy paradigms, styles, ‘ways of doing things’ and shared beliefs and norms which are first defined and consolidated in the making of EU public policy and politics and then incorporated in the logic of domestic discourse, identities, political structures and public policies” (Radaelli 2001), to understand inertia and retrenchment one has to address dependent variables other than the degree of implementation of EU legal norms. The objects of research must include what Simon Bulmer and Claudio Radaelli (2005) call the fourth pattern of governance: facilitated coordination, so-called “new” modes of governance and voluntary approaches to regulation (Töller 2011). This pattern includes rules of conduct that are not jurisdictionally enforceable. In this particular pattern, European institutions possess weak coercive powers which do not include legal action or decisions taken by the European Court of Justice.

The ‘new forms of governance’ are negotiated between public and private actors at different levels of the decision-making process, whilst actual political choice is left to the member States (Jordan and Schout 2006). These norms are not directly applicable or transposable into domestic law. The national authorities agree to take them into account when forming their own policies. This form of governance enables co-ordination whilst limiting delegation of regulatory power to the Commission and is not subject to review by the European Court of Justice. In other words, these modes of governance were aimed to reduce the regulatory burden on government and business in particular by limiting the legislative output from Brussels. The impact assessment procedure shows the these regulatory innovations are important because they create their own windows of opportunity for agents to intervene and to set policy and organizational agendas (Radaelli and Meuwese, 2010).

The open method of coordination is a case in point. It is partially inspired by procedures of new public management (NPM). These refer to “hands-on professional management”, explicit performance standards, output controls, incentivization, competition and contractualization (Hood 1991, Dunleavy 2006, Lodge and Gill 2011). Instruments developed via the open method are not legally enforceable. This is not the only case of non-legally binding approaches. Several policy areas such as environmental policy, based on programmes as well as public and private partnerships (Halpern 2010, Holzinger, Knill and Shafer 2006, Jordan, Wurzel and Zito 2003), regional policy (Bache 2010), or security (Balzacq 2008) or foreign and defense policy (Menon and Sedelmeier 2010) have equally developed non-legally binding policy tools, often without the perimeter of the open method. The economic rigour plans decided by the Eurozone countries, the Commission as well as the ECB equally fall under this heading.

Resistance, retrenchment or inertia towards non-legally binding or legally binding but not jurisdictionally enforceable tools is however a tricky research object. This is a complex question even within the traditional research on compliance. Hartlapp and Falkner (2009) show that it is difficult to pin down precise measures of timeliness and correctness of implementation. Timeliness means to meet the transposition of a directive. However, how do we know that government behaves how it should? As for correctness, a directive can be perfectly transposed into national legislation, but this does not necessarily lead to efficient implementation (Versluis 2007, Mastenbroeck 2005). Versluis (2007) and Falkner et al (2005) come to a similar conclusion when they state that the majority of technical questions of implementation and enforcement such as safety are not on top of everyone’s list of things to do and not very much attention is paid to them (Versluis 2007, 58). But while Versluis considers this a consequence of weak issue salience, Falkner et al interpret this as a lack of administrative resources. Another way altogether to look at this is to see it as an administrative strategy.

If we analyse inertia and retrenchment not only with regard to legal norms but to programmes, benchmarks, peer reviews, assessment exercises or mainstreamed statistical tools more generally, the administration of causal proof becomes even more complex. This paper argues that the way to solve this problem is to link the ideas, values and debates

present in the new modes of governance to debates focusing on instruments of governance, such as programmes and statistics. The analysis of the use of these tools made by agents allows us to explain actors' motivation and outcomes. An analysis of non-compliance with non-legal or non jurisdictionally enforceable norms goes thus beyond the study of transposition and looks inside the process of implementation. Implementation of European-level objectives involves national agencies and bureaucracies. It is here where inertia and retrenchments attitudes must be analysed.

Based on the debates presented above, we argue that general assumptions are possible in this context:

A1: Due to the non-binding character of instruments inertia or retrenchment attitudes occur constantly as no sanctions can be expected in case of non-compliance. The non-binding character of 'new public policy instruments' allows for developing particularly innovative ways of inertia or retrenchment because actors are free to play with non-binding instruments. However, in situations of asymmetric interdependence, which characterise non-legal pressures, strategies of resistance to prevent change are more likely to be characterised by low level form of resistance than overt opposition (Bache and Taylor 2003, 298). Outward agreement and cooperation disguises strategies of resistance, inertia and retrenchment. This would be consistent with Freitag and Sciarini's argument (2001) when analysing the impact of the Maastricht criteria in the context of EMU on the domestic net deficit. They argue that neither the ratification of the Maastricht treaty, nor EU support had any significant impact on the budget during the years 1992-1997. Governments committed to Maastricht criteria and those who weren't performed similarly well, or badly. This means then, that even legally binding, but nevertheless politically sensitive norms are resisted to at the national level.

A2: Governments as well as European institutions produce a shadow of hierarchy by threatening to introduce legally binding regulations if actors do not comply with voluntary or soft instruments. This can only be understood if we take resistance, inertia and retrenchment attitudes as a possible reaction to soft law. Or in this case the rigor plans. This assumption illustrates the complex relationship existing between voluntary regulations and

statutory regulations, a relationship which is not exclusive, but most often combined (Töller 2011).

A3: 'New public policy instruments' trigger more coherence between EU member states because the main mechanism of Europeanization is learning. This assumption, shared by a number of official Commission documents, sees in different forms of learning – learning by socialization, learning by monitoring, learning by arguing and persuasion (Radaelli 2008) – a way of re-orienting initial policy paradigms and positions. While coherence might mean different things, such as coherence in policy aims or policy strategies, this would mean that resistance or inertia, if occurring, would be extremely limited.

We argue in this paper that resistance attitudes appear even in the case of soft law. In this particular context, rigor plans are legally binding but not jurisdictionally enforceable norms, and as such refer to a specific form of ambiguous soft law (see Anders 2008).

On this basis, we formulate three hypotheses:

H1: The higher the number of actors involved, the higher the probability that resistance attitudes appear. More actors add more complexity to the process of implementation, and thus open up a higher number of veto points. The more agencies, non-state actors and administrative services are involved, the more complex the definition of what form the implementation process should take, and the higher the possibilities of resistance, inertia or retrenchment attitudes (Tsebelis 1995).

H2: The higher the resources of an administration the higher their capacity to resist and to circumvent non-legal instruments in an innovative manner. This is a counterfactual hypothesis to the arguments developed by legal compliance research arguing that that missing resources are one of the main factors of non-compliance. It is argued here that rejection, inertia and retrenchment attitudes with regard to non-legal instruments is an active decision made by domestic administrations who have the possibility to structure their goals hierarchically. Thus deciding not to implement an instrument can be seen as inertia, rejection or retrenchment.

H3: Dispositions refer to “what implementers perceive is the programmatic impact on agency or personal goals” (Zahariadis 2008, 225). The greater the perceived distance between the instruments’ goal and the agency’s goal, and the higher the agencies resources, the greater the resistance to these the implementation of these instruments and programmes. Thus the propensity to implement or even use the instrument that diverges substantially from those enshrined in organizational goals is rather low.

These hypotheses are not exclusive from each other and might be combined to understand the variation of resistances within administrative bodies. Thus, for example, ministries of finances are the most resourceful players amongst administrative bodies (H2) but they should not show resistances as their dispositions (pushing for market-oriented reforms and spending cuts) are rather the same than the reforms enshrined in rigor plans.

In this project we concentrate on the discretion and power of national administrations. We argue that this method is crucial to explain Europeanization outcomes, and thus, equally, inertia and resistance attitudes. National administrations play a central role in implementing European norms. Conceiving the analysis of their attitudes, as well as their relations with non-state actors such as interest groups, associations or firms as the primary objective when studying resistance to European norms at the national level allows for linking research centred on collective action Euroscepticism to public policy research on implementation difficulties. By analysing national administrations in their interaction with their environment we do no longer see them as monolithic agents.

While resistance attitudes have got attention from both public opinion specialists as well as political sociologists working on collective actors such as social movements or non-state actors more generally, inertia or retrenchment to non-legally binding policy instruments were much less analysed with regard to attitudes of bureaucrats, be they high level officials or street-level bureaucrats.

The bail-out plans and the administrations’ resistances

The debate on the institutional design of the EMU dates back to the 1970 Werner report. In the 1990s, the heads and states and government agreed on a division of competences: while

monetary policy was assigned to the newly founded, independent European Central Bank (ECB), all other policy areas with relation to the common currency – fiscal policy, banking and financial market regulation, competitiveness, and structural reforms – remained at least partially, and often predominantly, in national competence. This led to a situation in which only the competence for monetary policy was transferred to the supranational level, while especially economic and fiscal policy was continued to be dealt with on the domestic level, following national political and economic interests.

A three-point safeguard system was set up, primarily based on the so-called 'Stability and Growth Pact' (SGP). This mechanism aimed at keeping budget deficits below 3% of GDP and overall debt levels below 60% of GDP by threatening Member states (MS) with a formal procedure of 'blue letters' of the Commission and, finally, severe financial penalties, to be agreed on in the ECOFIN Council and based on an unanimous decision. Secondly, the strict independence of the ECB was seen as an efficient measure to rule out political pressure; moreover, the ECB was explicitly forbidden from financing members' deficits directly. Thirdly, a 'no-bailout' clause was meant to prevent moral hazard, by threatening defecting MS with a perspective of bankruptcy in times of insolvency crises.

Despite the existence of these rules, however, countries of the Euro area constantly ran annual deficits higher than 3% of GDP and lifted their overall debt well beyond the 60% of GDP limit. When in 2003 France and Germany managed to water down the SGP criteria to avoid further aggravating prosecution by the Commission, it became obvious that no member state not obeying to the rules would face punishment under the rules of the existing system. Thus, resistance to rules were already leading to a situation in which intergovernmentally decided rules were not applied because member states did not react.

At the same time, it is important to underline that the markets did not react either to this rampant behaviour of the Euro area member states before 2010. Neither did they raise the general interest rates for Euro area indebted countries, nor did they differentiate alongside the relative competitiveness gains and losses of the individual countries. A brutal risk's reappraisal from the financial markets occurred then in the Eurozone in 2010: after the banking crisis of 2007 had turned into a global financial crisis following the bankruptcy of Lehmann Brothers in September 2008, public debts rose quickly all across the Euro area.

This and the loom of SGP failure finally provoked an overreaction of the markets that caused severe liquidity problems in Greece and other peripheral Euro area countries. In May 2010 the heads of States and governments of the Euro area issued a 123 billion Euro emergency loan to Greece and set up a 450 billion Euro temporary aid mechanism (European Financial Stability Facility, EFSF) for the whole Euro area. This new institutional arrangement gave only brief relief to the Eurozone economies as Ireland was plunged into a new fiscal crisis in November 2010, following Eurozone leaders' talks about private sector's involvement in future bail-outs. Ireland was thus the first country to ask for the help of the ESFS and signed a €85bn bail-out package on the 28th of November. In 2011, the crisis pursued as Portuguese and Greek interest rates reached their pre bail-out level and rose even further. A new a EFSF loan to the Portuguese government was agreed in May 2011 and a new Greek bail-out package took place in June 2011 in exchange of tougher reforms and new EMU governance rules. Both Ireland and Greece asked for EU financial help to avoid bankruptcy since access to financial markets was becoming unsustainable because of the high level of risk premiums asked by market participants.

Three economic dimensions can explain these difficulties in both of the cases : lack of competitiveness, an oversized public debt and banks' troubles to access markets. In the Irish case, it is the deregularized banking sector that was affected by the burst of the housing market bubble (Honohan 2009) and led to excessive public deficits following the recapitalisation of imprudent national banks (such as Anglo-Irish bank). Moreover, Ireland did not really need a bail-out in November 2010 as the country did not need to access to financial markets before the end of spring 2011, there was still some margins of action for lowering the interest rates before that deadline. The ECB was then the main advocate for the bail-out as Irish banks were accounting for one third of their liquidity emission, becoming then "addicted" to cheap refinancing operations and impeaching the Bank to return on regular monetary policies. In the Greek case, it is its structural public deficits (Greece was already caught on "creative accounting" on its public debt in 2001) and impossibility to reform its economy that led to a depreciation of its government bonds' values which in turn weakened the position of the main holders of the Greek debt, namely Greek banks. The EU solution for each of the country was thus to provide temporary loans and impose structural reforms aimed at improving growth potential through increased competitiveness.

However, what precisely do these rigor plans say?

They seek to restore competitiveness through a very large fiscal adjustment, an internal devaluation (e.g. deflation) and structural reforms.

Program conditionality is focused on comprehensive monitoring of the fiscal performance. Quantitative performance criteria include ceilings on the primary deficit of the central government (or state) budget and changes in financial asset of the social security funds and local authorities in the banking system; the level of primary current expenditure; and new government guarantees. In addition, the program will seek to gain better insight in the performance of key public enterprises, beginning with publication of their financial accounts. Given the large structural reform agenda with leadership of the EC, structural benchmarks for the Fund-supported SBA are set on fewer but more macro critical reforms. They include modernizing public administration, streamlining the local authorities, improving data reporting and budget framework, reforming social security, reducing risks from the state-owned enterprises, and enhancing tax administration. There is then a strong influence of New Public Management (NPM) ideas in these plans, notably through the focus on the privatization of State's owned firms and a performance-based reform of the administration.

The focus of our paper is on two specific items taken from the panel of structural reforms: **privatization programs** and the **opening of closed professions**. Indeed, these measures are salient in the public debate, have been first on the list in both of the rigor plans, are at the heart of NPM ideas and redefine the boundaries in the state-market balance. In both cases, parliament's approval of the law does not suffice to be sure of its implementation. In contrast with reforms such as public servants' wages, governments cannot bypass administrative resources for the program to be effective, as it asks for technical expertise and for a radical change of already existing structures (Pagoulatos 2005). The impact of these two reforms is analyzed within three different ministries: Finance, Justice and Health. While Finance and Justice ministries are often the main beneficiaries of rigor plans⁷ (Tuozzo 2004), the Health ministry's budget is often lowered down. Privatization and the opening up

⁷ Indeed, reform plans are often highlighting the concepts of "good governance" and spending restrictions which focus then on these two ministries as main promoters of the reforms.

of closed professions are impacting these three ministries in a different way, which provide a pertinent basis for comparison (most different research design).

Finally, it is possible to distinguish between hard conditionality and soft conditionality of these plans, which makes the similar to rigor plans by international financial institutions (Anders 2008). Hard conditionality includes mandatory macro-economic goals, such as the reduction in government expenditure or inflation rate. Their violation affects disbursement of the loan. Whereas soft conditionality refers to compliance with benchmarks, and its non-compliance would not necessarily afflict disbursement but is subject to political bargaining.

As argued before, the legal aspects of the conditionality of these plans are relevant for our argument here: no juridical court is controlling the implementation of the reforms as they are assessed by the EU commission, the ECB and the IMF. EU political institutions are thus the only judges of the enforcement of their own plans, and the only ones to sanction eventual resistances against the implementation of these plans. Political control is even more enforced since there is no automaticity in the sanctions as they are not strictly defined by targets and indicators even though some benchmarks are included in the plans.

The pressure for the adoption of these plans was thus intense and shows a specific side of Europeanization that was not visible during non-crisis times. However, it is not answered yet whether the implementation of these plans is effective or not. As the legal status of these plans is blurry and stays within political control realm, one can imagine that certain segments of the State's administration might try to reorient, neutralize or help the reforms implementation according to their interests, administrative or national cultures. The interest of this paper is thus to understand why and how resistances against this non-traditional form of Europeanization within national administrations might appear.

A first typology of resistances

The analysis of resistances within Greek and Irish administrations starts with a study of the present administrative system in both countries. Then, it goes on with the test of the three hypotheses on the two case studies in each of the countries.

First, the varieties of capitalism's literature (Hall et Soskice 2001) seeks to compare European countries by classifying them according to the institutional arrangements and the

historical legacies underlying their economies. As public administration is at the heart of the political, social and economic life of the state, it crucial to understand the wider context of the state's economic structure itself to understand their relations.

Ireland is easy to classify as it is part of the liberal market economies' group (as opposed to coordinated markets economies including France and Germany for example). In this model, economic organization is characterized by a predominant role of the firm, a regulative and minimal State and light-touch financial regulation. Moreover, Ireland has been reliant on Foreign direct investment, trade and export (especially non-manufactured goods) (Hardiman et Mac Cárthaigh 2008). Liberal Market economies are expected to adapt their administrative system to the needs of the short term shifts in markets signals through the implementation of New Public Management (NPM)'s reforms. Agencification, privatization and liberalization of the administration took place in the mid-90' and shaped the Irish administration according to the models in USA, Britain or New Zealand (Hardiman et Mac Cárthaigh 2008). It is however worth to note that some NPM features such as performances' based wages for civil servants and efficient coordination between decentralized governments agencies were still not achieved in 2008 (Hardiman et Mac Cárthaigh 2008). Resistances within Irish administration should thus not occur because of the distance between the agency's goal and the ones of the program (H3) as its preferences have already been changed a decade ago since the first wave of "public sector reform". It could however be triggered by an excessive number of veto players (H1) as coordination between governments agencies was already lacking. The most powerful administrative body (e.g. the Ministry of Finances) should not oppose the reforms neither as they push for more market-oriented and expenses-cutting reforms which are two traditional items that ministries of finances are backing up in inter-ministerial bargains (H2).

Greece does not enter in the classical division between liberal market economies and coordinated economies as it is as far from UK than Germany models. Kevin Featherstone classified it as "neo-corporatist" (Featherstone 2008), "disjointed corporatism" (Featherstone 2005) or even as "a colossus with feet of clay" (Featherstone 2003). The main characteristics of the Greek State that underline these three classifications are : "legalism and hierarchical control; turf-fighting; the paucity of high quality technical personnel; the inefficient use, and often the lack of, resources; clientelism and non-meritocratic norms; party infiltration; and, the lack of permanency for senior positions" (Featherstone 2003).

Moreover, policy delivery is extremely fragmented and "is marked by the weakness of state actors as agents of reform"(Featherstone 2003). Greece could then be classified as a "société bloquée" meaning a "political setting of stalemate between contending veto points" (Featherstone 2005). Indeed, despite the "Semitis⁸" attempts to modernize and europeanize Greek economic and administrative features in 2004, labour markets as well as pension systems could not be reformed. Moreover, Greece has one of the worst ranking in EU's single market rules transposition. This can be explained by its "statist" feature: the size of government administration is high in proportion of the GDP but international measures of effectiveness are low (Featherstone 2008). One could thus expect that the number of veto players is high (H1) and their fragmentation in Greek administration may trigger resistances to change. The distance between agency's goal and the plans' ones might be important: the nature of the NPM's inspired reforms are against Greek political culture as shown by the failure of previous plans inspired by these ideas. The lack of resources and capabilities to act from the Greek administration should avoid the type of resistance triggered by a powerful administrative body (H2).

From the analysis of the Irish and Greek administrative system before the crisis, one could expect the tested hypotheses to produce these results :

	Ireland	Greece
Number of veto players	0	+
Use of ressources to resist	+	-
Programmatic distance	-	+

Exploration of the case studies according to the first IM/EU quarterly reports' data

In order to guarantee that the conditions attached to the loan are respected by bailed-out countries, the IMF and the EU are publishing quarterly reports where structural reforms' implementation is followed-up. They can they serve as indicators of resistances within the Greek and Irish administrations by highlighting the areas where implementation delays are experienced.

First, Ireland had to "adopt legislative changes to remove restrictions to trade and competition in sheltered sectors including the legal profession, medical services and the

⁸ Name of the Greek First Minister in 2004

pharmacy profession" (European Council 2010: 16). In the case of the legal profession, the government is expected to adopt the recommendations of the "Legal Costs Working group" (Irish Ministry of Justice 2005) and of the Competition Authority which is an independent body aiming at promoting competition. These reports have been adopted in 2005 and 2004 but have still not been followed-up in their implementation, resistances are then highly probable as there should be programmatic distance (H3). In the case of medical services, restrictions on advertising and on the number of General Practitioners should be erased and the recent elimination of the 50% mark-up paid for medicines should be enforced. Resistances are not likely as department of Health is not a powerful body (H2) As for now, there is no following-up of these measures yet, as they should be checked in the next IMF reports, conclusions can thus not be made yet.

Privatization is expected to start at the end of the year 2011 as Ireland has to present a definitive list of states assets to sell in December 2011. Up to now, privatization program is on track (European Commission 2011a) as a first *Review of States assets and Liabilities* (Irish Ministry of Finance 2011) has been finalized by the Minister of Finances in April 2011. The review is recommending asset sales although it should not an accelerated process as it could lower their global selling value. The review does not recommend to sell core gas and electricity companies. In case the government decides (or is forced) to bypass this advice, resistances might happen within Ministry of Finance (H3 and H2 would be met)

Second, the Greek Government decided in February 2011 to scale up its privatization program. However this decision was hindered by the fact that this large privatization plan was slowed down by "the current set-up where each ministry and a myriad of smaller entities manage and control government assets" (Commission 2011b). Here, the number of veto players (H1) was the first and most obvious cause of resistances towards privatization and programmatic distance should also have been encountered (even though we cannot prove it yet). In order to override these resistances, EU authorities have forced Greece to create a single privatization agency headed by a top executive of Eurobank-EFG, with advisors of EU institutions. This case is a good illustration of a shift from a grey area of law where privatization progress could not be controlled by judicial entities to a single body able to overcome resistances due to the number of veto players and programmatic distance.

As regard with the issue of restricted professions (more than 150), the deregulation is considered as a "flagship reform of the whole program and will test the government's

determination vis-à-vis incumbents" (Commission 2011b). The draft law explicitly remove unwarranted restrictions to a certain number of professions (such as lawyers, notaries or architects) and establishes the principle of professional freedom for the others. Moreover, the law establishes a 4-months period during which restrictions might be reinstated by decree. The law keeps some territorial restrictions for the lawyers and the EU/IMF missions already notices some infringements in the application of the law. The closed profession reform in Greece is thus the most likely one to trigger resistances within administrative bodies from all our panel. Indeed, the number of veto players is very high as reforms are taken care of individually by each department according the profession concerned. Moreover, vested interests of actors towards this system is very high as every single group has an interest to protect this system even though it is not beneficial for the whole society (Featherstone 2008), programmatic distance is thus expected to be very high. However, as EU and government pressures are very high and Greek administration resources are scarce, this might diminish resistances potential (H2).

Temporary concluding table

	Irish privatization (except liberalization of core gaz and electricity compagnies)	Irish closed professions	Greece Privatization (after the creation of the single body)	Greece closed professions
Number of veto players	-	-	-	+
Use of resources to resist	-	-	-	-
Programmatic distance	-	+	-	+

Instead of a conclusion: Further methodology

The research design for further inquiry is still under discussion (comments are welcomed here!). The first interrogation is whether the research should be conducted with only EU and IMF data (such as the Commission/IMF reports or with interviews of both institution's officials) or with an insight from both countries. Research feasibility should allow for national press reviews and secondary literature's findings to explore the inner politics and struggles within the enquired ministries. Interviewing national ministries' officials might provide mixed results: "snowballing" technique⁹ is efficient to interview the key players but it is very time-consuming to conduct, in particular with regard to Greece where linguistic distance might be a problem. The best research design would be to lead first a press and secondary literature's reviews in order to understand what is happening at a national level. Interviewing EU/IMF/ECB's official would be the next step: the information collected beforehand might be useful to elaborate more precise interview's grid and to avoid plain repetition of official documents from interviewees. European Commission's ECFIN DG, IMF's European division or ECB's members of the expertise teams sent in both countries might provide useful information of resistances they encountered during their reviewing, if they are asked questions that are precise enough.

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⁹ Consisting at multiplying contacts through interviews in order to be connected to the various officials connected with decision-making arenas.

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