

The 'Troika' and Public Administration Reform in Greece: The role of the Crisis and the power of Bureaucracy

A thesis

submitted in fulfillment of the requirements for the degree

of

Master in

International Public Administration

at the

University of Macedonia

by

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September 2018

I hereby declare, that all the data used in this work, have been obtained and processed according to the rules of the academic ethics as well as the laws that govern research and intellectual property. I also declare that, according to the above mentioned rules, I quote and refer to the sources of all the data used and not constituting the product of my own original work.

Lydia Lykourioti

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a cursive representation of the name Lydia Lykourioti.

Table of Contents

- **Introduction**.....pp. 4-6
- **PART I**
 - Introductionpp. 7-9
 - A. Historical Contextpp. 9-20
 - B. Management of Reform Process and Decisions Making Reformpp. 20-21
 - C. Conclusion.....pp. 21-23
- **PART II**
 - Introductionpp. 24-25
 - A. The Role of the Crisis and the ‘Troika’pp. 25-28
 - B. Memoranda of Understanding and Public Administration Reforms.pp. 28-50
 - C. Data Analysis.....pp. 51-53
 - D. Conclusion.....pp. 53-54
- **PART III**
 - Introductionp. 55
 - A. Administrative Tradition and Reform Trajectories.....pp. 55-59
 - B. The Eurozone Crisis and Policy Responses.....pp. 59-64
 - C. Policy Outcomespp.64-66
 - D. Assessment of Policy Outcomespp. 66-68
 - E. Explanatory Factorspp. 68-71
 - F. Conclusion.....pp. 71-73
- **Conclusion**pp. 74-79
- **Bibliography**pp. 80-84
- **Appendix**.....pp.85-89

Introduction

The 2008 global financial crisis has significantly impacted on European societies and economies, including the Greek. Greece, which has been affected by the profound global transformations of the crisis, compared to other Eurozone countries with similar external financial pressures and difficulties, such as Cyprus, Ireland, Italy, Portugal and Spain, is the most problematic case and has been characterized as a *unique international paradox*¹. This uniqueness had brought many failings, problems and weaknesses to Greece, ranging from poor labor, product market institutions, massive public debt, low competitiveness, to an underperforming educational system, poor environmental protection and high levels of corruption. Numerous experts' reports, pieces of academic analysis, and public opinion have identified over the years the malfunctioning of the administrative system in the country. The overall extent of public intervention in the economy as well as society, which has been excessive by any standards and means of comparison, and the long tradition of legalism, formalism, and rigidity of administrative behavior at any level and state's action aspect are the main factors responsible for this quality deficit. Additionally, the infiltration of the political, or better the party- political concerns into the operation of state agencies as well organizations at the center and the periphery of the country's administrative machinery does only aggravate the condition of limited professionalism as well as low performance in public administration. Excessive size, political dependence, lack of professionalism and legalistic culture constitute the factors that explain much of the predicament of Greece's public administration.²

All the aforementioned weaknesses of the Greek state led the country very close to technical default and to bankruptcy, whilst the global credit crisis seemed to cease.³ The facts

¹ Vasipoulou, S., Halikiopoulou, D., Exadaktylos, T. (2013), "Greece in Crisis: Austerity, Populism and the Politics of Blame", Journal of Common Market Studies, Introduction; Mitsopoulos, M., Pelagidis, T. (2012), "Understanding the Crisis in Greece From Boom to Bust", Part 1, Introduction, Palgrave Macmillan UK, pp.3-4.

The uniqueness of Greece is attributable to the two following conflicting factors: The strong economic performance (rapid GDP growth and strong productivity), and the very poor performance and pathologies on many other fronts

² Makrydemetres Anth (2013), "Weaving Penelope's Web. Administration and Democracy in Contemporary Greece, Administration and Society – No 9", Athens-Thessaloniki: Sakkoulas Publications, p. 118.

³ Mitsopoulos, M., Pelagidis, T. (2012), "Understanding the Crisis in Greece From Boom to Bust", Part 1, Introduction, Palgrave Macmillan UK, pp.3-4.

reveal that the urgent problems, weaknesses, and failings that dominated all these years in the Greek state and economy will be addressed only by a determined reform effort.

This thesis examines the Greek case, given its uniqueness, and thus, the impact of the external conditionality (e.g. Crisis, Troika, Politics, Political Control and Party Dominance, etc.),⁴ and the internal conditionality (e.g. Bureaucracy, Functioning and Structures of Administration, Personnel Professionalism, etc.) on its state's administration reform. Moreover, it contrasts both, the pre-crisis and crisis periods, also using quantitative and qualitative data, as well as Greece with other EU countries, and especially with Portugal. It examines the sensitive area of contention, namely the administrative reform, to outline reform trends and content, from 2007 to 2018.

Analytically, the **first part** examines and evaluates the time and the type of change in Greece, and generally what existed before the crisis, for a better understanding of the reason of the promotion of changes in some cases, and the persistence of the inertia in others. It proceeds with an enumeration of the before crisis implied administrative reforms, so as to create a continuity and a sequence with the administrative reforms implied during the crisis. It considers the level and the extent of reform activity during the normal pre-crisis conditions of domestic politics and afterward with the external constraint. This enables us to highlight trends in reform and to detect the level of exploitation of the crisis opportunity. Finally, if no such an assessment of the pre-crisis period is carried out, it is difficult, and thus, precarious to proceed to an examination of the crisis period. That is because this assessment examines Greece's recent administration history, the principles that govern it, the pathologies, the state-administration structure, and characteristics, explaining, thus, why Greece is a country closed to reforms.

As far as the **second part** is concerned, it analyzes and comments on the role of the crisis, the Troika, and the political parties (exogenous forces) in the procedure of the implementation of the administrative reform, as well as the power of bureaucracy and other endogenous

⁴ Lyrantzis Chr. (2001), "Greek Politics in the Era of Economic Crisis: Reassessing Causes and Effects", The European Institute, Hellenic Observatory Papers on Greece and Southeast Europe – No 45, LondonL The London Scholl of Economics and Political Science; Mavrogordatos G.T. (2001), :Pressure Groups and Democracy.; Athens: Papazisis Publishers; Sotiropoulos D.A. (2007), "State and Reform in Contemporary Southern Europe: Greece-Spain-Portugal", Athens: Potamos Publications.

circumstances that affected administrative reform action. It deepens in the categorization of the administrative reforms, also using quantitative and qualitative data for indicating the level of administrative reform of Greece; it considers the content and paradigmatic frames of the pursued administrative reforms. A better understanding of the effects of external and internal conditionality is one the result of the analysis.

The **third part** compares and analyzes the impact of the adjustment programmes on the public administration in Greece and Portugal. Portugal was selected given that shares certain similar historical, political, economical, as well as social characteristics with Greece; Greece and Portugal share common tradition regarding their administration, originating from the Napoleonic administrative pattern. It assesses and compares the reform capacity of these two countries in the pre and after crisis period. Finally, it explains the reasons for the promotion or/and non-promotion of the reforms in each case.

The **conclusion** sums up all the three previous deductions, underlines Greece's uniqueness mainly due to its state-administrative structure and characteristics, and proposes the optimal strategy for Greece.

The thesis is completed with the **bibliography** and the **appendix**, in which I draw up diagrams in order to evaluate the period I report.

Before proceeding to the first part, for the purpose of this thesis, *public administration reform* includes according to the United Nations changes in the organizational structure of public administration, the human resources management, and also the public finances, as well as decentralization, regulatory reforms, and results-based management.⁵

⁵ UNDP (2004), 'Public Administration Reform: Practice Note', available at: <http://www.undp.org/content/undp/en/home/librarypage/capacity-building/public-administration-reform-practice-note.html> , accessed 16/7/2018.

PART I: Historical Context of Greece: From 1974 to 2007

Introduction

It is very critical to examine and evaluate the timing of inertia⁶, as well as the timing of the change⁷ in Greece, and specifically how the Greek problems and their solutions were perceived before the crisis, using the key doctrines of *Historical Institutionalism* (HI). Historical Institutionalism offers a framework useful for a deeper understanding of the reasons for the promotion of the change in some issues and the reasons why inertia persists in other types of policy problems.⁸ The notions of time, timing, and tempo, as well as the concepts of ‘*path dependence*’, ‘*critical junctures*’ and ‘*increasing returns*’, are important in Historical Institutionalism and enable us to understand the temporal dimension of change⁹. According to Levi,¹⁰ ‘*path dependence*’ occurs when the cost of a country to change paths becomes very high because that country has already followed one. Pierson also explains ‘*path dependence*’ and concludes that the cost of remaining in the same path is usually significantly lower than the cost of changing paths.¹¹

As far as the Greek Case is concerned, Greece's recent administrative history indicates that the country has fallen into the concept of ‘*path dependence*’ and increasing returns¹² have not been facilitating change¹³. However, there is an argument about whether or not the current

⁶ Hay, C. and Wincott, D. (1998), “Structure, agency and historical institutionalism”, *Political Studies* XLVI: 51-57.

⁷ Hay, C. and Wincott, D. (1998), “Structure, agency and historical institutionalism”, *Political Studies* XLVI: 51-57.

⁸ Ladi, S. (2012), “The Eurozone crisis and austerity politics: a trigger for administrative reform in Greece?”, *Theorizing the Timing and The Type of Change*, GreeSE Papers 57, London, London School of Economics and Political Science, p. 3.

⁹ Op. cit.

¹⁰ Levi M. (1997), “A model, a method, and a map: rational choice in comparative and historical analysis”. In M. Lichbach and A. Zuckerman (eds.) *Comparative Politics: Rationality, Culture and Structure*. Cambridge: Cambridge University Press.

¹¹ Pierson, P. (2004), “Politics in Time”, Princeton and Oxford: Princeton University Press.

¹² According to Tushar Seth, “Increasing returns mean lower costs per unit just as diminishing returns mean higher costs. Thus, the law of increasing return signifies that cost per unit of the marginal or additional output falls with the expansion of an industry. As more and more units of the commodity are produced, the cost per unit goes on steadily falling.”, article “Law of Increasing Returns”, available at Economics Discussion, available at: <http://www.economicdiscussion.net/law-of-returns/law-of-increasing-returns-explained-with-diagram/1593>, accessed 1/5/2018.

¹³ Ladi, S. (2012), “The Eurozone Crisis and Austerity Politics: A Trigger for Administrative Reform in Greece?”, 2. *Theorizing the Timing and The Type of Change*, GreeSe Paper No. 57, Hellenic Observatory Papers on Greece and Southeast Europe, p. 3.

economic crisis has changed the increasing returns in relation to administrative change, as well as an argument on the country's search on a new equilibrium¹⁴. The current economic crisis is a typical example of a '*critical juncture*'. Critical junctures refer to those moments and events, small or bigger -including the 2008 current economic crisis- that have a lasting impact on countries as well as a right timing.¹⁵ Bulmer and Burch¹⁶ conclude that a critical juncture leads to change when three parameters are expected to play an important role:

- Exogenous forces; (crisis, Troika, etc.)
- Endogenous circumstances (bureaucracy, functioning and structures of administration, personnel professionalism, etc.), or
- The result of a particular group or individual coming to power (politics, political control and party dominance)¹⁷

At this point, it is essential to add some clarity to the concept of change. Hall¹⁸ distinguishes between *simple change* and *radical transformation*. According to his assertions, there are three distinct types of policy change:

1. **First Order Change** (instrument setting change while overall goals and policy instruments remain the same)
2. **Second Order Change** (both policy instruments and settings change but policy goals remain the same)
3. **Third Order Change** (or policy paradigm change –occurs rarely and is radical -“*the framework of ideas and standards that specifies not only the goals of policy and the kind*”

¹⁴ Op. cit.

¹⁵ Pierson, P. (2000), “Increasing returns, path dependence, and the study of politics”, The American Political Science Review.

¹⁶ Bulmer, S. and Burch, M. (1998) “Organizing for Europe: Whitehall, the British state and European Union”, Public Administration.

¹⁷ Lyrintzis Chr. (2001), “Greek Politics in the Era of Economic Crisis: Reassessing Causes and Effects”, The European Institute, Hellenic Observatory Papers on Greece and Southeast Europe – No 45, LondonL The London Scholl of Economics and Political Science; Mavrogordatos G.T. (2001), :Pressure Groups and Democracy., Athens: Papazisis Publishers; Sotiropoulos D.A. (2007), “State and Reform in Contemporary Southern Europe: Greece-Spain-Portugal”, Athens: Potamos Publications.

¹⁸ Hall, P. (1993), “Policy paradigms, social learning, and the state: The case of economic policymaking in Britain”, Comparative Politics.

of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing”)

Hall claims that the first two order changes are incremental whilst the third one, paradigm shift, is not in nature and does not necessarily follow first and second order change. Additionally, a policy paradigm shift does not necessarily occur when a critical conjuncture exists. Policy experimentation and policy failure are equally likely.

As explained above, it is importantly significant to evaluate what existed in a country, namely in Greece, before the crisis in order to be able to both understand a change at a particular moment and to describe that change either as an administrative paradigm shift or an incremental change, and to proceed to an interpretation of Greece’s difficulty to reform. According to Howlett and Ramesh's distinction between ‘*dominant*’ and ‘*hegemonic*’ paradigm,¹⁹ the governance paradigm of Greece is described as **dominant**. As far as the dominant governance is concerned, is characterized by the coexistence of liberal and more social directions in a country, supported by different networks, whereas the hegemonic one is described by the existence of only one unchallenged model supported by a closed policy community. Thus, Greece’s dominant governance is best described as a quasi-Weberian hierarchical bureaucracy.²⁰ On the other hand, Greece, as well as France, Italy, Portugal and Spain, is characterized as a **Napoleonic state** on the grounds that it derives from France.²¹ Although, these five countries have common roots concerning public administration, however, the changes observed over the years in those countries have been not only many but substantial.

A. Historical Context

¹⁹ Howlett, M. and Ramesh, M. (1998), “Policy subsystem configurations and policy change: Operationalizing the post-positivist analysis of the politics of the policy process”, *Policy Studies Journal*.

²⁰ Ladi, S. (2012), “The eurozone crisis and austerity politics: a trigger for administrative reform in Greece?”, *Dominant Administrative Paradigm in Greece*, *GreeSE Papers 57*, London, London School of Economics and Political Science, 7, pp. 7-16.

²¹ Ongaro, E. (2009), “Public Management Reform and Modernization: Trajectories of Administrative Change in Italy, France, Greece, Portugal and Spain”, Cheltenham: Edward Elgar.

a. Critical Junctures

Greece's transition to Democracy-which as mentioned above can be described as a *first critical juncture* of the Greek public administration-and the consequent economic stringency of that period were responsible to the formation of the current government model in Greece, established in the 1970's.²² Until 1981, the supreme conservative party, which held power, was New Democracy (ND) under the leadership of Konstantinos Karamanlis.²³ On January 1st, 1981, the Karamanlis government managed to fully integrate Greece in the European Community (EC) in which it became an active member. Nevertheless, it is very questionable whether or not this time of period was a *second critical juncture*.²⁴ On October 18th, 1981, Panhellenic Socialist Movement (PASOK) under the leadership of Andreas Papandreu won the elections and took office. Andreas Papandreu became initially the Prime Minister of the country, and since 1996, Costas Simitis replaced him, took office and became Prime Minister. In 2001, under the Simitis Government, Greece became the twelfth country to adopt the single Euro currency, ditching its former drachma. Greece's entry in the EMU constitutes the *third critical juncture* in its modern administrative history.²⁵

The first two of the three critical junctures were highlighted by important attempts, aiming to change the administrative model in Greece. Democratization, legitimization of the political and administrative system along with patronage practices, which were inherited from the post-authoritarian period, had to be dealt.²⁶ Specifically, in the first period outlined above, from 1974 until 1981, from the period of transition to democracy onwards, the main problems, as well as priorities of the state, were the consolidation of democracy and its international position.²⁷ Legislative and administrative measures reinforced the democratic institutions of the country and a great effort was put into Greece's entry in the European Community.

²² Ladi, S. (2012), "The eurozone crisis and austerity politics: a trigger for administrative reform in Greece?", Dominant Administrative Paradigm in Greece, GreeSE Papers 57, London, London School of Economics and Political Science, pp. 7-16.

²³ Op. cit.

²⁴ Op. cit.

²⁵ Op. cit.

²⁶ Featherstone, K. (1990), "Political Parties and Democratic Consolidation in Greece", in G. Pridham (ed.), *Securing Democracy: Political Parties and Democratic Consolidation in Southern Europe*. London: Routledge; Featherstone, K. (2005), "Modernisation and the Structural Constraints of Greek Politics", *West European Politics*.

²⁷ Ladi, S. (2012), "The Eurozone Crisis and Austerity Politics: A Trigger for Administrative Reform in Greece?", 3. Dominant Administrative Paradigm in Greece, GreeSe Paper No. 57, Hellenic Observatory Papers on Greece and Southeast Europe, pp.7-16.

Analytically, Karamanlis as a Prime Minister strengthened the executive body and underlined the importance of having a distinct public administration. He realized the nationalization of enterprises facing financial problems-as he did with Emporiki Bank- and the establishment of new organizations- Ministry of Town Planning and Environment²⁸- aiming to the growth of the public sector. Following to Hall's classification, those administrative changes signified in this period can be categorized and described as *third order changes*.

b. National Reforms in Greece

Following the transition to democracy, the polarized conflict between New Democracy and PASOK, the two major parties that have alternated in power since 1974, formed Greek politics²⁹. With the exception of 1989–1990, where short-lived coalition governments were formed, both parties had the capacity to forming strong one-party majorities in parliament.³⁰

i. Human resources development

From 1981 onwards, the problems and priorities of the Greek state changed and now the effort was put into the growth of GDP, the reduction of unemployment rates, as well as the strengthening of the lower social classes. All the afore-mentioned led to the creation of new welfare institutions, and thus to the enlargement of the public sector. The training of public servants and decentralization are some of the effort used for those changes. Nonetheless, the Greek civil service has been characterized by low prestige and by a lack of an administrative elite.³¹ Analytically, the year of 1983 was underlined by the foundation of the National Centre of Public Administration,³² the scope of which is the following missions:

²⁸ Op. cit.

²⁹ Spanou, K. and Sotiropoulos, D. (2011), "The Odyssey of Administrative Reforms in Greece, 1981-2009: A tale of two reform paths", Public Administration, pp.723-725.

³⁰ Ladi, S. (2012), "The Eurozone Crisis and Austerity Politics: A Trigger for Administrative Reform in Greece?", Dominant Administrative Paradigm in Greece, GreeSe Paper No. 57, Hellenic Observatory Papers on Greece and Southeast Europe. pp. 7-16.

³¹ Sotiropoulos, D.A. (1999b), "A Description of the Higher Civil Service in Greece", in E.C. Page and V. Wright (eds), Bureaucratic Elites in Western European States: A Comparative Analysis of Top Officials. Oxford: Oxford University Press.

³² Law 1388/1983 "Establishment of a National Center for Public Administration", establishment of a National School of Local Government and other provisions. OFFICIAL GAZETTE, HELLENIC REPUBLIC, A/207/1983.

- The production of highly skilled top cadres for public administration, who would be trained by a National School of Public Administration (similar to the French ENA) before entering the public administration; and
- The production in-service training for civil servants

Although the first mission has served the lack of an administrative elite, that mission, initially, ran against resistance from the civil servants. On the other hand, the second mission was more successful as far as the training output is concerned, but not so as far as its impact on the operation of public services is concerned.

In 1999, an important institutional reform was the introduction of collective bargaining rights for civil servants.³³ Although there were limitations to this development, in terms of collective bargaining there was a convergence between the private and public sector, which was owed to the implementation of international labor law stipulations. Collective bargaining between the government and the civil service unions may reshape the absolute subjection of (individual) civil servants to political influence, to the extent that it promotes a more responsible and independent civil service organization.

ii. Institution building reforms

At that period of the time and during the 1990s it was possible to launch institutional reforms aiming at democratization of public administration. That democratization indicated the strengthening of local government, the improvement of citizen-administration relations, and the openness of expression of civil servants' political beliefs.³⁴ Greece was driven by the urgency to increase the weak legitimacy of its political system, and thus, its state. Although the

³³ Law 2738/1999 on collective bargaining in public administration, available at: <https://www.eurofound.europa.eu/printpdf/observatories/eurwork/articles/new-law-on-collective-bargaining-in-public-administration>, accessed 20/5/2018.

³⁴ Spanou, K. and Sotiropoulos, D. (2011), "The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths", *Public Administration*, pp. 723-725.

administrative reform has constantly been on the political agenda, yet the next government in power would discontinue or dismantle policies and measures taken by the previous one.³⁵

iii. Independent authorities and Citizen-Administration relations

Not only PASOK but also ND government-that took office in 1989-had a dilemma on changes concerning the professionalization³⁶ of public administration and on the use of the state for electoral purposes. However, only after 1993, under the A.G. Papandreou government, there were some signs of public modernization due to Greece's entry in the EMU as well as the introduction of Independent Authorities. These authorities are:

- In 1994, the Supreme Council for Civil Personnel Selection (ASEP);³⁷
- In 1997, the Greek Ombudsman;³⁸
- In 1997, the Hellenic Data Protection Authority.³⁹

The first authority, ASEP, is the Higher Council for the Selection of Personnel with the responsibility of guaranteeing the selection procedure, based on merit, even in a difficult political environment. However, in 2004–2009, ASEP's scope for supervision was reduced due to the ND government's practice of bypassing this authority. Meanwhile, the wide use of temporary contract employment reproduced a kind of spoils system and favored the client-party relations. Spanou on her scientific article "*European integration in administrative terms: a*

³⁵ Spanou, C. (1996), "Penelope's Suitors: Administrative Modernization and Party Competition in Greece", West European Politics.

³⁶ According to Rikvan Berkel and Eva Knies at Bureaucracy, professionalism and managerialism in a street-level bureaucracy context: a frontline perspective -Paper prepared for panel 44; 'Street-level policy research: expanding the boundaries', first ICPP conference, June 2013, Grenoble, France-, "*Professionalism is based on the use of professional skills, expertise and knowledge, acquired through professional training and experience, in analysing and solving problems* (Duyvendak et al. 2006, Freidson 2001). *Professionalism requires autonomy at frontline level in order to enable professional judgment and supervision takes place by peers and colleagues rather than by officials higher up in the organizational hierarchy. In this case, standardization of skills is the dominant form of co-ordination* (Mintzberg 1983)."

³⁷ Law 2190/1994 for the establishment of an independent authority for the selection of personnel and the regulation of management issues, OFFICIAL GAZETTE, HELLENIC REPUBLIC, A/28/1994, available at: <http://www.gsrt.gr/Legislation/Files/LawFiles135/FEK%2028.pdf>, accessed 20/5/2018.

³⁸ Law 2477/1997 "Ombudsman and Body of Inspectors-Controllers of Public Administration", OFFICIAL GAZETTE, HELLENIC REPUBLIC, A/28/1997, available at: <http://www.gsrt.gr/Legislation/Files/LawFiles135/FEK%2028.pdf>, accessed 21/5/2018.

³⁹ Law 2472/1997 on the Protection of Individuals with regard to the Processing of Personal Data, OFFICIAL GAZETTE, HELLENIC REPUBLIC, A/50/1997, available at: <https://qa.auth.gr/documents/law/1997.2472.pdf>, accessed 1/6/2018.

framework for analysis and the Greek case”,⁴⁰ characterizes the Greek state as a state of a low degree of legitimacy. One term of the previous phrase could be the fact of the party's sovereignty over the administrative system. Thus, there is no guarantee of the continuity in governance. Nevertheless, there are lots of accusations against the public administration in Greece, the most common of which have been the lack of effectiveness⁴¹ and the widespread corruption⁴². As far as the last notion is concerned, corruption is highly detected at the lowest level of the administration. Patronage,⁴³ on the other hand, is one of the main causes of corruption and ineffectiveness, as well as one of the determinants of the Greek Public Administration failure, which is highly connected to the dominance of the party in power. The disastrous effects of patronage in the Greek Public Administration have been the violation of values of meritocracy in the selection and development of personnel just as so in public procurement, which led to the subversion of the technical and personnel capacity of public administration. All the above-mentioned explain the reduction of the ASEP's scope for supervision.

On the other hand, in 1999, a new Civil Service code was produced after a long 12-year incubation.⁴⁴ It should be noted here that since then the Civil Service code has often been amended. In 2004–09, when ND was in office, new legislation passed in 2005, 2006 and 2007 addressed the same issues. The most significant change was made by Law 3528/2007,⁴⁵ which made the criteria of selecting heads of administrative units more transparent, while introducing personal interviews, a technique often discredited in the Greek context. Civil service politicization has never been admitted by governments, which by law have leeway concerning promotions at the middle and the top ranks of the civil service and claim to select candidates for

⁴⁰ Spanou, C. (1998), “European integration in administrative terms: a framework for analysis and the Greek case”, *Journal of European Public Policy*.

⁴¹ According to Olga's Lukashenko analysis, “Towards Effective Public Administration”-Methodology for Functional Analysis- (2009), the “*effectiveness in the organization's performance*” is “*the focus of individual civil servants on the achievement of key government goals and objectives;*” It is of vital importance the “*strengthening of the responsibility and accountability framework in which civil servants operate.*”

⁴² The Cambridge Dictionary: “dishonest or illegal behavior involving a person in a position of power, for example, accepting money for doing something illegal or immoral”, available at: <https://dictionary.cambridge.org/dictionary/english/corruption> , accessed 25/04/2018.

⁴³ The Oxford Dictionary: “*The power to control appointments to office or the right to privileges.*” available at: <https://en.oxforddictionaries.com/definition/patronage> , accessed 25/04/2018.

⁴⁴ Law 2683/1999 Ratification of the Code of State for Public Policies of Administrative Employees and Employees of NPAA and other provisions, OFFICIAL GAZETTE, HELLENIC REPUBLIC, A/19/1999, available at: <https://www.e-nomothesia.gr/kat-demosia-dioikese/n-2683-1999.html> , accessed 3/6/2018.

⁴⁵ Law 3528/2007 ratifying the Code of Conduct for Public Administrative Employees, available at: http://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=81308 , accessed 27/08/2018, International Labour Organization.

these ranks on a merit basis.⁴⁶ Despite such rhetoric, in practice, until 2010 when the formulation of new personnel policies aimed at making promotions transparent and standardized, all governments used to handpick their own supporters among prospective higher civil servants.⁴⁷

The last two authorities, the Greek Ombudsman and the Hellenic Data Protection Authority, aim to protect citizens' rights or the regulation of politically sensitive areas, as for instance the procedure of the recruitment to the civil service and radio-television⁴⁸. In other words, these independent authorities took on the task of safeguarding the citizens' rights, endowed by series of legal provisions (1986, 1999, 2006), and seeking to hold the Greek public administration accountable. Citizens' access to documents, protection of personal data justification of administrative acts, deadlines for response by public services, rights to appeal are some of the citizens' rights.⁴⁹

iv. Inspection and control bodies

As far as its institutions and control mechanisms are concerned, Greek public administration has remained hierarchical and centralized.⁵⁰ This centralization of political power exhibits a double-sided rationale. On the one hand, control by the governing party and on the other, the central government's control over centrifugal tendencies and fragmentation-for instance, through the monitoring of recruitment to the civil service and the functioning of control bodies.⁵¹ These two aspects often intermingle, when institutional arrangements cannot resist party-led political influence. Reformers intended to reverse the long-standing administrative deficiencies of inspection and control. Thus, new inspection and control bodies

⁴⁶ Spanou, K. and Sotiropoulos, D. (2011), "The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths", *Public Administration*, p. 729.

⁴⁷ *Op. cit.*

⁴⁸ Sotiropoulos, D. (2007), "State and Reform in Contemporary South Europe", Athens: Potamos, pp. 134-145; Spanou, K. and Sotiropoulos, D. (2011), "The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths", *Public Administration*, p. 728.

⁴⁹ Spanou, K. and Sotiropoulos, D. (2011), "The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths", *Public Administration*, p. 728.

⁵⁰ Ladi, S. (2012), "The eurozone crisis and austerity politics: a trigger for administrative reform in Greece?", *Dominant Administrative Paradigm in Greece*, GreeSE Papers 57, London, London School of Economics and Political Science, pp. 7-16.

⁵¹ *Op. cit.*

were created since the early 1990s, being responsible for the assurance of the legality and the enhancement of the accountability of public administration.⁵² Specialized bodies were founded in sectors such as health, transport, and environment. Besides that, two more bodies were founded and helped to change the landscape of inspection and control.⁵³ These are the following:

- A body of general competence, ‘Public Administration Inspectors’;⁵⁴
- A ‘General Inspector’s Service’, created in 2002,⁵⁵ and assuming a coordinating role which was further entrusted with combating corruption.

v. Public sector reform

During the 1990s, there was a convergence between political parties on the need to restructure the public sector. However, the pressure of European integration priorities was the main factor leading to this restructuring.⁵⁶ Thus, in the 1990s, the public sector was gradually restructured and consequently reduced in the banking sector, as well as in public utilities like telecommunications (the Greek Telecommunications Organization- OTE) and electricity (the Greek Public Power Corporation- DEI).⁵⁷ This public sector retrenchment through gradual privatization represented a reversal of the entire post-war policy paradigm⁵⁸. Direct political control was also gradually reduced and detached by the restructured public corporations. This can be perceived by the relevant legislation, which allowed and assisted public corporations to

⁵² Spanou, K. and Sotiropoulos, D. (2011), “The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths”, *Public Administration*, p. 730.

⁵³ Op. cit.

⁵⁴ Law 2477/1997 “Ombudsman and Body of Inspectors-Controllers of Public Administration”, OFFICIAL GAZETTE, HELLENIC REPUBLIC, A/28/1997, available at: <http://www.gsrt.gr/Legislation/Files/LawFiles135/FEK%2028.pdf> , accessed 21/5/2018.

⁵⁵ Law 3074/2002 General Inspector of Public Administration. Upgrading the Board of Inspectors - Auditors of Public Administration and the Inspection and Control Coordinating Body and other provisions, OFFICIAL GAZETTE, HELLENIC REPUBLIC, A/296/2002, available at: <http://www.ypeka.gr/LinkClick.aspx?fileticket=ax1QqUQBcvA%3D&tabid=330&language=el-GR> , accessed 1/6/2018.

⁵⁶ Spanou, K. and Sotiropoulos, D. (2011), “The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths”, *Public Administration*, p. 730.

⁵⁷ Op. cit.

⁵⁸ Pagoulatos, G. (2005), “The Politics of Privatization: Redrawing the Public-private Boundary”, *West European Politics*, p.359.

operate in a more managerial way.⁵⁹ The scope of the legislation was on the one hand, to grant public corporations flexibility over specific managerial functions, namely personnel and financial management, and on the other hand, to curb the rigidity associated with the public sector, the aim of which was the operation of public corporations as private corporations.⁶⁰ Although there was a drastic reduction of state-held shares in public corporations, however the government, as a major shareholder, directly or indirectly supervises their operation, keeping for itself the management of such corporations.⁶¹

On the other hand, the two Simitis governments of 1996-2000 and 2000-2004 redrew public-private sector boundaries. State intervention in the economy has also been reduced, whilst public employment itself has not been affected. More recently, there has been an intensive promotion of private-public partnerships at all levels- national, sectoral, local.⁶²

vi. Decentralization reforms

The introduction of the Law 1622/1986⁶³ in the Greek State was a reform of major political importance, meaning that for the first time, in 1986, 2nd tier local self-government was introduced.⁶⁴ Following many amendments as well as political hesitations, prefecture elections, finally, took place in 1994.⁶⁵ The 1994 elections were connected with the establishment of a second-tier local government, in which an elected prefect replaced the traditional government appointee, who was usually nominated by the governing party.⁶⁶ Additionally, in obedience to the Law 2539/1997,⁶⁷ in 1997-1998, the other major reform, which increased the efficiency and

⁵⁹ Law 2414/2004 Modernization of Public Enterprises and Organizations and other provisions, OFFICIAL GAZETTE, HELLENIC REPUBLIC, A/135/2004, available at: <https://nomoi.info/ΦΕΚ-Α-135-1996-σελ-1.html> , accessed 4/6/2018.

⁶⁰ Spanou, K. and Sotiropoulos, D. (2011), “The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths”, Public Administration, p. 730.

⁶¹ IMF (International Monetary Fund, 2006), “Greece: Report on the Observance of Standards and Codes – Fiscal Transparency Module”, IMF Country Report 06/49, Washington DC: IMF.

⁶² Spanou, K. and Sotiropoulos, D. (2011), “The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths”, Public Administration, p. 730.

⁶³ Law 1622/1986 Local government - regional development and democratic planning, OFFICIAL GAZETTE, HELLENIC REPUBLIC, A/92/1986, available at: <https://www.e-nomothesia.gr/autodioikese-demosi/n-1622-1986.html> , accessed 3/6/2018.

⁶⁴ Spanou, K. and Sotiropoulos, D. (2011), “The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths”, Public Administration, p. 727.

⁶⁵ Law 2218/1994 Establishment of prefectural administration, amendment of provisions concerning the primary administration and the region and other provisions. Available at: http://www.wipo.int/wipolex/en/text.jsp?file_id=227185 , accessed 8/05/2018.

⁶⁶ Chlepas, N. (1999) “Local Government in Greece”, Athens: Ant. N. Sakkoulas (in Greek).

⁶⁷ Law 2539/1997 for the Establishment of Primary Local Government, OFFICIAL GAZETTE, HELLENIC REPUBLIC, A/244/1997, available at: <https://www.e-nomothesia.gr/autodioikese-demosi/n-2539-1997.html> , accessed 3/6/2018.

effectiveness of local government, was the compulsory merger of first-tier local government units. Analytically, the numerous and weak in terms of power, resources as well as responsibilities-boundaries of municipal authorities (approximately 6,000) were redrawn. Consequently, until 2010-2011, there were 1,034 municipal authorities.⁶⁸ Under these two reforms, the levels of prefecture and municipal government were repositioned vis-à-vis the central government. Similarly, they opened the way for the country's 13 regions reform.⁶⁹

As far as regional authorities are concerned, under the authority of a political appointee, they had initially been limited to planning activities. Moreover, they had been connected with the policy priorities of the Ministry of Economy with greater particularity to the management of European regional programs.⁷⁰ Their 1998 reform involved the strengthening and widening of their decision-making scope. The regional authorities remained de-concentrated units under the power of a government appointee until 2010-2011, where the major regional government re-organization reform was in progress.⁷¹

These reforms, which were of major importance, have changed the center-periphery relations. However, the real policy-making capacity of the regional authorities seemed to remain restricted as the elected prefects' jurisdictions and funds seem also relatively restricted in terms of their powers.⁷² According to the IMF report,⁷³ the impact of central government is still significant on the local one.

vii. Agencification

⁶⁸ Spanou, K. and Sotiropoulos, D (2011), “The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths”, Public Administration, p. 727.

⁶⁹ Law 1622/1986 Local government - regional development and democratic planning, OFFICIAL GAZETTE, HELLENIC REPUBLIC, A/92/1986, available at: <https://www.e-nomothesia.gr/autodioikese-demoi/n-1622-1986.html> , accessed 3/6/2018.

⁷⁰ Spanou, K. and Sotiropoulos, D (2011), “The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths”, Public Administration, p. 728.

⁷¹ Law 2647/1998 Transfer of responsibilities to the regions and local authorities and other provisions, OFFICIAL GAZETTE, HELLENIC REPUBLIC, A/237/1998, available at: <https://www.e-nomothesia.gr/autodioikese-demoi/n-2647-1998.html> , accessed 4/6/2018.

⁷² Spanou, K. and Sotiropoulos, D (2011), “The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths”, Public Administration, p. 728.

⁷³ IMF (International Monetary Fund 2006), “Greece: Report on the Observance of Standards and Codes –Fiscal Transparency Module”, IMF Country Report 06/49, p. 14, Washington DC: IMF.

The emergence of a new generation of single issue, decentralized and specialized public organizations was outside the formal boundaries of the public sector.⁷⁴ Those newborn organizations have taken the form of a ‘joint stock company’, in which the state has the role of the only or the major shareholder. The majority of these organizations operates under private law, accomplishes new missions and targets, and disposes of increased autonomy as well as resources to counteract bureaucratic stagnation. There is no state agencies’ contribution in the administrative capacity building; however, those agencies possibly improve (short-term) efficiency.⁷⁵ During the late 1990s, the creation of regulatory authorities, being at arm’s length from ministries, was intended to regulate liberalized sectoral markets, for instance, telecommunications, postal services, and energy. Nevertheless, such authorities have not been sufficiently liberated from the ministries on the grounds that they are involved in the policy areas. The government of the day has a total influencing control of the management of these authorities, leveraging their appointments, allocation of funds, and priority setting, in addition to ratifying their decision.⁷⁶

viii. Introduction of new managerial techniques

Since the late 1980s, the training courses for civil servants have included human resources development and management skills. However, there is a great difficulty in assessing whether an administrative unit operates with heightened efficiency when its personnel has been through in-service training.⁷⁷ The main problem of that difficulty is due to the fact that the public administration is lacking in preparation as well in managerial operation. For instance, trainees have no possibilities and opportunities to implement the learned techniques at a larger scale than their own unit. The introduction of the Law 3230 in 2004⁷⁸ established the management by objectives and performance measurement. Furthermore, in central and regional public administration, the Law also provided for the creation of quality and efficiency units, being no operational yet. The prevailing legalistic culture and the lack of preparation of the

⁷⁴ Spanou, K. and Sotiropoulos, D (2011), “The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths”, *Public Administration*, p. 731.

⁷⁵ *Op. cit.*

⁷⁶ *Op. cit.*

⁷⁷ *Op. cit.*

⁷⁸ Law 3230/2004 Establishment of a management system aimed at measuring efficiency and other provisions, OFFICIAL GAZETTE, HELLENIC REPUBLIC, A/44/2004, available at: <https://nomoi.info/ΦΕΚ-Α-44-2004-σελ-1.html> , accessed 4/6/2018.

public administration constitute a framework, which does not allow the adaption of changes, and thus managerial reforms seem rather symbolic.⁷⁹

B. Management of Reform Process and Decision Making on Reforms

To sum up, the Ministry of Interior was pertinent for the introduction of administrative reforms, which are of high profile importance. Some of the accomplished ones are:

- The merger of local government units
- The emergence of the second-tier of local government
- Reforms in the recruitment system
- The civil service code
- The citizen- administration relations
- The simplification of administrative procedures
- The establishment of new independent authorities

However, the procedure of implementing reforms, for instance the internal reorganization of ministries, the simplification of the administration or the promotion of new operational methods, proves the weakness of the above-mentioned ministry.

Nonetheless, during the period 2004-2008, the Ministry of Finance has noticeable intruded into administrative reform policies, becoming a major reform area. Public sector liberalization, personnel issues, changes in the legal status of public corporations are some of the reform initiatives discretely initiated within the alleged Ministry as well in line ministries (e.g agencification).⁸⁰

⁷⁹ Spanou, K. and Sotiropoulos, D (2011), “The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths”, Public Administration, p. 731.

⁸⁰ Spanou, K. and Sotiropoulos, D (2011), “The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths”, Public Administration, p. 731-732.

Ministers, including former Ministers of Finance of ND and PASOK, were often technocrats, creating close links between academia and politics and entering academia to politics.⁸¹ On the other hand, ministers do seek expert advice through consultation with social partners and outside experts but not consistently and systematic. Reports solicited from international organizations on public health or social insurance, as well opinions voiced by the Economic and Social Committee- OKE is a forum of dialogue among social partners- are the exceptions that confirm the rule.

Higher civil servants usually have knowledge of legal restrictions rarely expertise in other fields. On the other hand, top administrative officials have a mostly secondary role.⁸²

C. Conclusion

The pre- crisis period is described as the beginning of the stabilization model.⁸³ Along with institutional modernization, which was of paramount importance, a significant turnaround in the strategy of state expansion was the undertaking of a wide privatization program, which can be explained by European integration requirements.⁸⁴ The public sector became a major reform area. However, the administrative changes outlined above were only incremental. Despite the fact that the 2001 entry of Greece in the EMU was of paramount importance to the liberalization of the economy and the continuing growth of the state, thus the public debt increased, and thus, the crisis broke out.

The emergence of a new administrative paradigm did not occur on the grounds that the results of the processes of Europeanization have been rather poor. Tendencies to convergence as well as to inertia have been some of the reasons for those poor results. Inertia has been

⁸¹ Op. cit.

⁸² Sotiropoulos, D.A. (2007), "A Case of Amateurs and Professionals: The Role of Greek Senior Civil Service", in E.C. Page and V. Wright (eds), *From the Active to the Enabling State: The Changing Role of Top Officials in European Nations*. Basingstoke: Palgrave Macmillan.

⁸³ Pagoulatos, G. (2003), "Greece's New Political Economy", Hampshire: Palgrave.

⁸⁴ Spanou, C. (1998a), "European Integration in Administrative Terms: A Framework for Analysis and the Greek Case", *European Journal of Public Policy*; Spanou, C. (2000), "Greece", in H. Kassim, B.G. Peters and V. Wright (eds), *The National Coordination of EU Policy: The Domestic Level*. Oxford: Oxford University Press; Featherstone, K. and G. Kazamias (eds). 2001, "Europeanization and the Southern Periphery", London: Frank Cass.

scrutinized in a large amount within various policy areas such as pension, administrative reform, and the policy area of environmental policy change.⁸⁵ Furthermore, factors, for instance, political institutional capacity, policy legacies, and policy preferences are some of the main obstructing factors of both, the Europeanization of Greek policies, and of Greece's reform capacity. However, the crisis came to reverse the situation.

To sum up, political context along with past arrangements among political elites, public sector unions, and corps of public employees closely shape administrative reforms. But, *'comprehensive administrative reform is only a small fraction of administrative changes'*,⁸⁶ *'while persistence and successive reform attempts may prove to make a difference over a longer time period.'*⁸⁷ Although the electoral promise of wholesale reform has remained constantly unfulfilled in Greece, some reforms, however, came to break Greece's path dependency to some extent; some others are coming in the next few years (part II). The pursued reforms are the following:

1. The attempt of piecemeal privatization and the introduction of new managerial methods in public corporations;
2. Since the mid-1990s, the creation of independent administrative authorities;
3. Since the early 1990s, the process of decentralization and the transfer of competences from central to regional and local government;
4. The institutionalization of the participation of social partners in decision-making processes;
5. The enhancement of citizens' rights and the establishment of new contact points between citizens and administration.

⁸⁵ Featherstone, K. (2003), "Greece and EMU: Between external empowerment and domestic vulnerability", *Journal of Common Market Studies*; Spanou, C. (2001), *Greek Administration and European Integration*, Athens: Papazisis; Ladi, S. (2007), *Europeanization and public policy reform: the case of Greek environmental policy*, *Greek Political Science Review*, 29: 40-60.

⁸⁶ March, J. and J. Olsen, (1983), "Organizing Political Life. What Administrative Reorganization Tells Us About Government", *American Political Science Review*, p. 288.

⁸⁷ Spanou, K. and Sotiropoulos, D (2011), "The Odyssey of Administrative Reforms in Greece, 1981–2009: A tale of two reform paths", *Public Administration*, pp. 723-725.

The Greek state and society is the result of both, a symbiosis of traditional and modern elements and the mirror of its wider context.

PART II: The administrative reform from 2007 to 2017

Introduction

For a rather long period of time, Greek bureaucracy has been in such a state of affairs. Worth mentioning here is that Spyridon Eulamblos, the author of the ‘Maladministration in Greece’ (1894), was even then talking about the Greek crisis of bureaucracy, the deficiencies, and pathologies of the state, which he thought could be redressed and overcome by wide radical reform and modernization.⁸⁸ An open secret among professionals, academics, as well as, the public is the fact that the Greek administrative system is undergoing a crisis. The effort to identify the symptoms and the means of redress led to a number of official reports, also addressed to the so-called country’s biggest malady.⁸⁹ No great difference in the diagnosis among these reports is detected, nor as far as the reform recommendations are concerned.

In the public sector, governmental activities are commonly perceived as inefficient by international organizations like the World Bank and the International Monetary Fund⁹⁰. Thus, key priorities for every country is the public administration reform, and particularly, the improvement of efficiency, as well as effectiveness.⁹¹ Efficient and effective public administration guarantees the optimal utilization of the engaged by public bodies resources, as well as, the allocation of excessive public funds either to the society or to actions aiming at boosting the economy. Public administration reform, according to the United Nations,⁹²

⁸⁸ Makrydemetres, A., Zervopoulos, P. and Pravita, M. E. (2016), “Reform of Public Administration in Greece; Evaluating Structural Reform of Central Government Departments in Greece: Application of the DEA Methodology”, GreeSe Paper No. 97, Hellenic Observatory Papers on Greece and Southeast Europe, London School of Economics and Political Science, p.1.

⁸⁹ Makrydemetres Anth. and Michalopoulos N. (eds) (2000), “Experts’ Reports on Public Administration, 1951-1996”, Athens: Papazisis Publishers.

⁹⁰ Afonso Ant., Schuknecht L. and Tanzi V. (2010), “Public Sector Efficiency: Evidence for New EU Member States and Emerging Markets”, Applied Economics.

⁹¹ UNDP (2004), ‘Public Administration Reform: Practice Note’, available at: <http://www.undp.org/content/undp/en/home/librarypage/capacity-building/public-administration-reform-practice-note.html> , accessed 16/7/2018.

⁹² UNDP (2004), ‘Public Administration Reform: Practice Note’, available at: <http://www.undp.org/content/undp/en/home/librarypage/capacity-building/public-administration-reform-practice-note.html> , accessed 16/7/2018.

includes changes in the organizational structure of public administration, the human resources management, and also the public finance, as well as decentralization, regulatory reforms, and results-based management. This part underlines changes in the Greek public administration's organizational structure, after the outbreak of the crisis, the role of the crisis, as well as the power of the internal (bureaucracy, functioning and structures of administration, personnel professionalism, etc.) and external (crisis, Troika, politics, political control and party dominance, etc.) factors.

A. The role of the Crisis and the 'Troika'

The current international economic and political situation, namely the international economic crisis, that many countries globally experienced and others still experiencing it is described, as mentioned in the first part, as a critical juncture for Greece, leading to various reforms. Concerning the necessity of the reforms, there are two dimensions in the Greek governmental discourse: the global and the European. Specifically, during the Papandreu government, the global dimension and more specifically the reaction of the global financial markets was and still is perceived as the tip of the iceberg, which almost caused the collapse of the Greek economy.⁹³ The 2008 economic crisis was presented as the absolute push for reform. On the other hand, the European dimension was presented as the solution to the problem via the first Memorandum of economic and financial policies, agreed between the Greek government, the European Commission and the European Central Bank (ECB).⁹⁴

The first wave of the 2007-2008 financial crisis, caused by the collapse of the American investment *Bank Lehman Brothers*, was succeeded by the second wave, that of governments' budget deficits, as well as, of their ability to repay them.⁹⁵ Greece was the first country to seek financial assistance from the European Union in February 2010. A new, unparalleled phase of the *euro crisis* strategy extended due to the combination of the EU with the International Monetary Fund (IMF) aiming at offering Greece, in May 2010, a loan tied to tough conditions

⁹³ Ladi, S. (2012), "The eurozone crisis and austerity politics: a trigger for administrative reform in Greece?", *Dominant Administrative Paradigm in Greece*, GreeSE Papers 57, London, London School of Economics and Political Science, p.1.

⁹⁴ Op. cit.

⁹⁵ Op. cit.

for covering its sovereign debt.⁹⁶ Though, as the debt crisis extended to Ireland, Portugal, Spain, and Cyprus, the EU was obliged, once again, to implement the strategy with other member governments.⁹⁷ A new context for a conditionality strategy with significant implications at both the European and domestic levels has been formed; additionally, the implications concern the short and long term.⁹⁸ Since its creation, that was the most difficult situation in which the Eurozone found itself. At the end of 2009, the severity of the Greek economic crisis became apparent, when financial rating agencies downgraded their credit rating for Greece, realizing the Government that it was unable to serve its massive debts.⁹⁹

Analytically, the crisis of Greece required a bold new step from the EU. For the purpose of circumventing the ‘no bail-out’ Maastricht Treaty rule, a rescue loan was extended, in May 2010, to Greece.¹⁰⁰ The funding derived from both other EU governments rather than the Eurozone institutions themselves and amounted to €110 billion, and the International Monetary Fund (IMF) of the amount of €30 billion.¹⁰¹ Along with the loan came a *Memorandum of Understanding* specifying the conditions to be met for justifying continued issuance of the funding over quarterly installments. A team of ‘Troika’ officials coming from the EU Commission, the European Central Bank, as well as the International Monetary Fund, has the monitoring of this condition.¹⁰² The Memoranda clearly specified public services reforms; additionally, in that particular moment, the exogenous pressure was high.¹⁰³ This phase was described as the most coercive of Greece’s Europeanization since its entry in the European Union in 1981.¹⁰⁴ In December 2010, and May 2011, Ireland and Portugal, respectively, signed

⁹⁶ Featherstone, K. (2015), “External conditionality and the debt crisis: the ‘Troika’ and public administration reform in Greece”, *Journal of European Public Policy*, available at: <https://www.tandfonline.com/doi/abs/10.1080/13501763.2014.955123>, accessed 16/7/2018, p. 295.

⁹⁷ Op. cit.

Ladi, S. (2012), “The eurozone crisis and austerity politics: a trigger for administrative reform in Greece?”, *Dominant Administrative Paradigm in Greece*, GreeSE Papers 57, London, London School of Economics and Political Science, p. 14.

⁹⁸ Featherstone, K. (2015), “External conditionality and the debt crisis: the ‘Troika’ and public administration reform in Greece”, *Journal of European Public Policy*, available at: <https://www.tandfonline.com/doi/abs/10.1080/13501763.2014.955123>, accessed on 16/7/2018, p.295.

⁹⁹ Op. cit.

¹⁰⁰ Op. cit.

¹⁰¹ Op. cit.

¹⁰² Op. cit.

¹⁰³ Ladi, S. (2012), “The eurozone crisis and austerity politics: a trigger for administrative reform in Greece?”, *Dominant Administrative Paradigm in Greece*, GreeSE Papers 57, London, London School of Economics and Political Science, p. 14, 16.

¹⁰⁴ Ladi, S. (2012), “The eurozone crisis and austerity politics: a trigger for administrative reform in Greece?”, *Dominant Administrative Paradigm in Greece*, GreeSE Papers 57, London, London School of Economics and Political Science, p. 14-15.

similar Memoranda.¹⁰⁵ The Irish Memorandum hardly mentions public administration reforms, whereas Portuguese Memorandum is much less intrusive in the public administration reforms.¹⁰⁶

The second bailout for Greece finalized in March 2012 reinforced the supervision of the Troika, involving a major ‘haircut’ on foreign private creditors.¹⁰⁷ Since then, the EU had never before such close supervisory responsibilities concerning one of its member states. The creation, in August 2011, of an *EU Taskforce for Greece* by the EU Commission extended the alleged responsibilities of the EU aiming at offering support for domestic institutional reforms designed to enhance the receipt and effective use of EU funding.¹⁰⁸ The total financial assistance of the second programme released by the European Financial Stability Facility (EFSF) was €141.8; however, the Hellenic Financial Stability Fund (HFSF) returned to the EFSF €10.9 billion. The duration of the second programme was initially estimated to last until 2014; however, the period was later extended to 30 June 2015.¹⁰⁹

On 8 July 2015, the official request for stability in the form of a government loan for the Economic Stability Mechanism (ESM) made by Greece was for meeting its debt obligations and ensuring the stability of the financial system.¹¹⁰ Thus, on 19 August 2015, the third economic adjustment program started for Greece and was scheduled to run until the 20 August 2018.¹¹¹ The ESM, under the program, provided Greece with a financial assistance of up to €86 billion.¹¹² The conditions for receiving that assistance included a number of measures as well as reforms that Greece has committed to implementing for addressing its current economic

¹⁰⁵ Op. cit.

¹⁰⁶ Op. cit.

¹⁰⁷ Featherstone, K. (2015), “External conditionality and the debt crisis: the ‘Troika’ and public administration reform in Greece”, *Journal of European Public Policy*, available at: <https://www.tandfonline.com/doi/abs/10.1080/13501763.2014.955123>, accessed 16/7/2018, p.296.

¹⁰⁸ Op. cit.

¹⁰⁹ European Commission, “Second Programme for Greece”, available at: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-financial-assistance/which-eu-countries-have-received-assistance/financial-assistance-greece_en#secondeconomicadjustmentprogrammeforgreece, accessed 16/08/2018.

¹¹⁰ European Council, Council of the European Union, “Greece: the third economic adjustment program”, available at: <http://www.consilium.europa.eu/en/policies/financial-assistance-eurozone-members/greece-programme/>, accessed 10/08/2018.

¹¹¹ European Council, Council of the European Union, “Greece: the third economic adjustment program”, available at: <http://www.consilium.europa.eu/en/policies/financial-assistance-eurozone-members/greece-programme/>, accessed 10/08/2018.

¹¹² Op. cit.

challenges. The reforms agreed in the 3rd Memorandum of Understanding can be grouped into four main strands:¹¹³

- Restoring fiscal sustainability
- Safeguarding financial stability
- Implementing reforms conducive to growth and jobs
- Modernizing the government sector

Among other agreed conditions, Greece has committed making full use of the available EU technical assistance for designing the reforms.¹¹⁴ The new Structural Reform Support Service (SRSS) of the European Commission coordinated such technical assistance.¹¹⁵

Unlike the two first Memoranda, the third one promoted the drastic overhaul of the Greek public revenue system through the complete removal of the system from the direct, as well as, from the unmitigated influence of the Minister of Finance.¹¹⁶

B. Memoranda of Understanding and Public Administration Reforms

Among the implementation of structural policies given to Greece and referred to the context of the *Memorandum of Economic and Financial Policy*, was the responsibility of modernizing the public administration,¹¹⁷ aiming at containing expenses and improving the effectiveness of public services. During the period of the three agenda-setting memoranda and many follow-up reviews, until August 2018, successive Greek governments had been obliged to agree, and thus adopt a very specific listing of the required administrative reforms for satisfying the terms of its bailout loans. All in all, the most important entailed:

- The need for increasing the operational efficiency; enhancement of the available data's quality; the better use of information technology (IT); more effective coordination between state organizations;

¹¹³ European Council, Council of the European Union, "Greece: the third economic adjustment programme", available at: <http://www.consilium.europa.eu/en/policies/financial-assistance-eurozone-members/greece-programme/>, accessed 21/08/2018.

¹¹⁴ Op. cit.

¹¹⁵ Op. cit.

¹¹⁶ UACES 46th Annual Conference, 507 September 2016, London, available at: https://www.uaces.org/documents/papers/1601/dimitrakopoulos_2.pdf, accessed 29/08/2018, p. 16.

¹¹⁷ Law No. 3845/2010 concerning "the measures to be taken for the implementation of the support mechanism for the Greek economy by the Euro area Member States and the International Monetary Fund".

- The empowerment of the autonomy of the key parts of the administration from political manipulation as well corruption (e.g., in the tax revenue administration);
- The introduction of performance management, the shedding of posts, and the development of a human resources strategy;
- A modern performance assessment system
- The review/ reexamination of current state provisions in certain key areas aiming at evaluating the performance outcomes in relation to resource commitments;
- Modernization of recruitment procedures
- Privatizations
- Justice
- Improved mobility in the public sector for promoting better use of resources; and,
- The opening-up of the administration to external review as well as technical advice and support (Economic Adjustment Programs for Greece 2010-2013).

All but possibly the first had the potential to shift the Greek administrative model.

i. General Secretariat for Public Revenue Administration and IT tools

The increasing of the efficiency and effectiveness in budget management was the immediate priority in Athens, and this meant new ways of tackling endemic problems. Firstly, reform and improvement proved limited and slow. The creation of a new *General Secretariat for Public Revenue Administration* aimed at administering all direct taxation.¹¹⁸ The EU Commission remarked, in February 2011, the poor quality of available data to the government of Greece: ‘*monthly data availability for the government entities other than the state remains clearly below par and prevents adequate monitoring of intra-year budgetary developments for the government as a whole*’.¹¹⁹ The introduction of new IT tools in every tax office was

¹¹⁸ Featherstone, K. (2015), “External conditionality and the debt crisis: the ‘Troika’ and public administration reform in Greece”, *Journal of European Public Policy*, available at: <https://www.tandfonline.com/doi/abs/10.1080/13501763.2014.955123>, accessed 16/7/2018, p.305

¹¹⁹ European Economy (2011), “The economic adjustment programme for Greece”, Third review - February 2011, Occasional Papers 77, Luxembourg: Directorate-General for Economic and Financial Affairs, EU Commission, p.22.

instigated, overcoming antiquated practices and rigidities as well as streamlining the system.¹²⁰

ii. New Specialized Organizational Units, Anti-Corruption Procedures, Codes

However, increasing effectiveness also indicated greater protection against political *interference* as well as against the *corruption* of officials, features endemic to the model of Greece.¹²¹ The creation of *new specialized organizational units* was of vital importance for confronting the *tax evasion*, which was mainly realized by the high-wealth individuals and large taxpayers, being an administrative lacuna revealed by the public reaction to the severe austerity measures.¹²² Furthermore, the strengthening of *anti-corruption procedures*, *the establishment of new protocols*, the so-called *codes*, on tax procedures aimed at addressing endemic problems of exemptions and discretion, the abolition of *cash payments* in tax offices and the administration of the tax collection only in the largest tax offices,¹²³ were some of the implemented reforms. Regarding the anti-corruption procedures, the authorities continued to implement the Strategic Plan in full and in line with its timeline.¹²⁴ By March 2018, the anti-corruption plan was updated, and by April 2018 included a commitment to assess the implementation of the Code of Conduct of members of Parliament; additionally, by June 2018, was revised.¹²⁵ The updated plan also includes the creation of a monitoring mechanism of a selection of important financial crimes. Corruption and money laundering cases are notably included with the object to build a credible track-record of prosecuting and sanctioning such crimes.¹²⁶ The authorities, following, will continue to pursue technical support with the European Commission SRSS in the fields of anti-corruption.¹²⁷ The Greek Parliament passed Law 4369/2016¹²⁸ the main objectives of which were to tackle the problem of politicization of the public administration and bureaucracy, as well as, to introduce modern staffing policies for restoring shaken confidence in public

¹²⁰ Featherstone, K. (2015), “External conditionality and the debt crisis: the ‘Troika’ and public administration reform in Greece”, *Journal of European Public Policy*, available at: <https://www.tandfonline.com/doi/abs/10.1080/13501763.2014.955123>, accessed 16/7/2018, p.305.

¹²¹ *Op. cit.*

¹²² *Op. cit.*

¹²³ *European Economy* (2013), “The second economic adjustment programme for Greece”, Second review – May 2013, Occasional Papers 148, Luxembourg: Directorate- General for Economic and Financial Affairs, EU Commission, pp. 30-31.

¹²⁴ Supplemental Memorandum of Understanding, Third Review of the ESM Programme, Draft- 18 January 2018.

¹²⁵ *Op. cit.*

¹²⁶ *Op. cit.*

¹²⁷ *Op. cit.*

¹²⁸ Law 4369/2016 concerning the National register of public administration managers, job grading structure, systems of evaluation, promotion and selection of departmental heads (transparency/meritocracy and effectiveness of public administration? and other provisions, OFFICIAL GAZETTE, HELLENIC REPUBLIC, A/33/2016.

institutions.¹²⁹ A new permanent mobility scheme was introduced, in which the use of job descriptions linked to an online database, including all current vacancies, was promoted. This should rationalize the allocation of resources and staffing across the general government.¹³⁰

In some instances, the procedures provided for by Law 4369/2016 have been problematically implemented. More specifically, regarding the Selection Process of Administrative Secretaries, Deputy Administrative Secretaries, Sectoral and Special Sectoral Secretaries, the calls for expressions of interest were not issued by a central authority such as the Higher Staff Selection Council (ASEP) in a transparent manner and uniform criteria but were made by each Ministry with a large discrepancy regarding the required qualifications. Pursuant to article 7 of Law 4369/2016, responsible for the procedure for the evaluation of the qualifications of the candidates for Administrative Secretaries, Deputy Administrative Secretaries, Sectoral and Special Sectoral Secretaries is the Special Administrative Selection Board (ESED) which includes three members of ASEP. The ESED is the only body competent to receive all the applications and the evidence of the candidates' qualifications and then, following the relevant evaluation procedure, to announce the three leading candidates. The Ministers select the Secretary-General of his choice out of the three leading candidates. At the request of four (4) Ministers of the Government, ASEP sent them copies of all candidates' qualifications for Administrative and Sectoral Secretaries. This is in breach of Article 7 of Law 4369/2016 which aims at achieving a fair, meritorious and objective system of choice.

In addition, according to article 8 of Law 4369/2016, the Presidents, Vice-Presidents, Governors, Deputy Governors and the general heads of legal entities governed by public law (NPDD) and private law legal entities (NPID) whose government belongs to the Government are placed exclusively from the Registry of Public Executives after the publication of a call for expressions of interest and in accordance with the relevant procedure for the selection of the National Register of Line Managers of the Public Administration. According to the law, from the beginning of the National Register's operation, the filling of any vacant position should have been done through this procedure. Although the Register has been operational since October 2016, the Government continued to fill vacancies without complying with the intended

¹²⁹ Supplemental Memorandum of Understanding, Third Review of the ESM Programme, Draft- 18 January 2018.

¹³⁰ Eurofound, Ευρωπαϊκό Ίδρυμα για τη Βελτίωση των Συνθηκών Διαβίωσης και Εργασίας, Greece: The third memorandum's plans for public administration, available at: <https://www.eurofound.europa.eu/el/publications/article/2016/greece-the-third-memorandums-plans-for-public-administration> , accessed 20/08/2018.

selection procedure. In accordance with Article 13, in all cases, the term of office of all executives expired on 30 June 2018 and therefore after that date all posts would have to be filled by persons through the Register. Instead, the Government, by an amendment adopted in July 2018, amended Article 13 of Law 4369/2016 by extending the term of office of the executives until 31 December 2018 and postponing the filling of posts through the Register procedure for 2019. The Institutions agreed to the extension.

The dysfunctionalities of the tax administration outlined a major challenge. In the first half of 2013, there was an increase by 34% in recouping of old tax debts;¹³¹ however, the overall tax revenue collection still remained below target. Over a third of the tax's debt €60 billion was in the form of fines for violating/breaking corporate tax regulations, the regulation of which was considered highly unlikely.¹³² The number of the employed tax auditors remained woefully inadequate, and the level of the implied audits well below target. The Troika lamented that the staff required a re-orientation towards priorities, some of which were the large debtors and the large taxpayers units. In 2013, there was still a need for a huge effort to make the administration fit for purpose.¹³³

iii. Independent Agencies, Regulatory Bodies and Entities

Hellenic Statistical Authority (ELSTAT) is an independent agency from 2010 and is fully respected by the Government in carrying out its tasks as well providing high-quality statistics in a timely manner. For that reason, the government continues implementing necessary reforms and investigates all the support possibilities to provide ELSTAT with adequate human resources, and thus, sufficient financial means, and will continue providing effective access to administrative data.¹³⁴ Additionally, the government committed safeguarding the independence and the effectiveness of the *Hellenic Competition Commission (HCC)* in line with EU

¹³¹ Kathimerini (2013a), Lernaia Hydra was the private debt to the State, 2 August, available at: <http://www.kathimerini.gr/494820/articleoikonomia/ellhnikh-oikonomia/lernaia-ydra-ta-xreh-idiwtwn-pros-to-dhmosio>, accessed 10/7/2018.

¹³² Featherstone, K. (2015), "External conditionality and the debt crisis: the 'Troika' and public administration reform in Greece", *Journal of European Public Policy*, available at: <https://www.tandfonline.com/doi/abs/10.1080/13501763.2014.955123>, accessed 16/7/2018, p.306.

¹³³ European Economy (2013), "The second economic adjustment programme for Greece", Second review – May 2013, Occasional Papers 148, Luxembourg: Directorate- General for Economic and Financial Affairs, EU Commission, pp.30-31.

¹³⁴ Supplemental Memorandum of Understanding, Third Review of the ESM Programme, Draft- 18 January 2018.

requirements.¹³⁵ By April 2018, under Article 45 of Law 4001/2011, the authorities, in agreement with the institutions, adopted/amended any primary and secondary legislation, including the Internal Operation Rules of *Regulatory Authority for Energy (RAE)* for being in line with the results of the horizontal review on independent agencies.¹³⁶ Similarly, under Law 4199/2013, the authorities, in agreement with the institutions, adopted/amended any primary and secondary legislation of Regulatory for Passenger Transport (RAEM).¹³⁷ As far as the transport modes are concerned, road, railways, air, maritime, and multi-modal, including logistics aspects, the authorities have launched a general transport master plan for Greece covering all transport modes; additionally, they have appointed a steering committee as well as a project team for the preparation and monitoring of the master plan.¹³⁸

iv. Change of Personnel Policy and Practice

The most challenging to the established administrative model part of the reform agenda was that involving a change of *personnel policy* as well as *practice*. The Troika attempted ‘*a comprehensive human resources strategy within the Greek administration*’- indicating that none existed previously- covering ‘*the selection process to the hiring and allocation, evaluation, training, disciplinary procedures and the roles of the senior managers*’.¹³⁹ Moreover, the Troika also required Greece to embark on ‘*the assessment of personnel competences and performance*’ across the state administration.¹⁴⁰ By May 2013, progress had been *very limited*; nevertheless, rather optimistically, by the end of the year, the Troika expected completion. *Performance management* is a concept alien to the Napoleonic tradition and confronted a system of accountability that is *formal* and *legalistic*, controls of which are often applied *ex-ante*, and thus limiting the scope for managerial decision.¹⁴¹

¹³⁵ Op. cit.

¹³⁶ Op. cit.

¹³⁷ Op. cit.

¹³⁸ Op. cit.

¹³⁹ European Economy (2013), “The second economic adjustment programme for Greece”, Second review – May 2013, Occasional Papers 148, Luxembourg: Directorate- General for Economic and Financial Affairs, EU Commission, p. 34.

¹⁴⁰ Op. cit.

¹⁴¹ Dimitrakopoulos, D. (2001), “Learning and steering: changing implementation patterns and the Greek central government”, *Journal of European Public Policy*.

Peters, B.G. (2008), “The Napoleonic tradition”, *International Journal of Public Sector Management*.

v. Reduction of the Administrative Staff

Additionally, from March 2011 onwards, a highly charged issue of confrontation with Athens became the insistence of reducing the *total staffing levels* of the Greek state administration.¹⁴² The protection of the public servants by the Greek Constitution made the issue of their dismissal challenging.

The Greek government proved unable for delivering the promised to the Troika downsizing.¹⁴³ Repeatedly the Troika left Athens unsatisfied; Troika was not prepared to sanction the next loan installment.¹⁴⁴ Subsequently, in June 2013, the then coalition took precipitous actions, such as the closing of the state-broadcasting corporation, *ERT*, followed by the exit of the leftist *DIMAR party* from the government.¹⁴⁵ In reality, the issue had a much longer history; the EU pressure on Greece for reducing posts in the public administration originates not only from pre-dating the debt crisis but also, even from Greece's entry into the euro.¹⁴⁶ The issue and the domestic political constraints remained quite the same; the target reductions conflicted with the political interests but also challenged the established administrative model.

Specifically, between 2011 and 2015, the target of the *First Greek loan Memorandum* was the shedding of 150,000 posts, and by the end of 2012, an application of a 1:5 replacement rule, as well as many early retirements, led to the loss of almost 80,000 Greek posts.¹⁴⁷ In 2011, the creation of a so-called *mobility scheme*,¹⁴⁸ under Minister Dimitris Reppas, led to a crude shedding of staff due to the imposition of an age criterion and this, along with the staff volunteering for early retirement, resulted to the loss of many skilled and experienced personnel

¹⁴² Featherstone, K. (2015), "External conditionality and the debt crisis: the 'Troika' and public administration reform in Greece", *Journal of European Public Policy*, available at: <https://www.tandfonline.com/doi/abs/10.1080/13501763.2014.955123>, accessed 16/7/2018, p.306.

Ladi, S. (2012), "The eurozone crisis and austerity politics: a trigger for administrative reform in Greece?", *Dominant Administrative Paradigm in Greece*, *GreeSE Papers 57*, London, London School of Economics and Political Science, p. 19.

¹⁴³ *Op. cit.*

¹⁴⁴ Featherstone, K. (2015), "External conditionality and the debt crisis: the 'Troika' and public administration reform in Greece", *Journal of European Public Policy*, available at: <https://www.tandfonline.com/doi/abs/10.1080/13501763.2014.955123>, accessed 16/7/2018, p. 307.

¹⁴⁵ *Op. cit.*

¹⁴⁶ Featherstone, K. (1994), "The challenge of liberalization: parties and the state in Greece after the 1993 elections", *Democratization*.

¹⁴⁷ *European Economy (2013), "The second economic adjustment programme for Greece", Second review – May 2013', Occasional Papers 148, Luxembourg: Directorate- General for Economic and Financial Affairs, EU Commission.*

¹⁴⁸ Law No. 4024/2011 concerning issues of retirement pensions, of unified wage system - grading system, employment reserves and other provisions concerning the mid-term framework of fiscal strategy 2012-2015.

at a time that, according to Troika, there was a need for an upgrading of such.¹⁴⁹ The subsequent Law No. 4024 (2011) of this mobility scheme specified that the evaluation of structural units as well as the personnel is necessary for the rationalization, and particularly, the reconstruction of public services by means of the merger of service units, drafting new organizational charts of ministerial structures, the transfer of personnel, as well as, the abolishment of redundant posts.¹⁵⁰ For that reason, in each ministry, a special Committee was set up.¹⁵¹ The revision and reactivation of this scheme realized in 2012.¹⁵² Although in 2011 and 2012 there was a change of Government, the country continued to be under the obligation of curtailing and downsizing the general government units,¹⁵³ suggesting that rather little of previous obligations had been effectively and efficiently implemented. By November 2012, some 2,000 employees were transferred to this mobility scheme and, after political delays, by the end of 2013, the government edged towards the target of 25,000.¹⁵⁴ There was also a pressure to the Greek government to identify staff for mandatory exits from the public administration in view of a functional review of the entire central government as well as its local offices. It was a delayed exercise that in itself signified a major systemic challenge, scheduled for completion in 2013.¹⁵⁵ By the end of 2014, the Troika set the target of 15,000 mandatory exits.¹⁵⁶

¹⁴⁹ Featherstone, K. (2015), "External conditionality and the debt crisis: the 'Troika' and public administration reform in Greece", *Journal of European Public Policy*, available at: <https://www.tandfonline.com/doi/abs/10.1080/13501763.2014.955123>, accessed 16/7/2018, p.307.

¹⁵⁰ The typical structure of a ministry (or department of State) includes General Secretariats, General Directorates, Directorates, Sections and Bureaus. The political leadership of a ministry, apart from the minister, often includes alternate ministers, deputy ministers and secretaries general (or special). Civil servants employed in the above-mentioned organizational units perform the corresponding duties and competences.

¹⁵¹ Makrydemetres, A., Zervopoulos, P. and Pravita, M. E. (2016), "Reform of Public Administration in Greece; Evaluating Structural Reform of Central Government Departments in Greece: Application of the DEA Methodology", *GreeSe Paper No. 97*, Hellenic Observatory Papers on Greece and Southeast Europe, London School of Economics and Political Science, p.10.

¹⁵² Featherstone, K. (2015), "External conditionality and the debt crisis: the 'Troika' and public administration reform in Greece", *Journal of European Public Policy*, available at: <https://www.tandfonline.com/doi/abs/10.1080/13501763.2014.955123>, accessed 16/7/2018, p. 307.

¹⁵³ Law 4046/2012 concerning the "Approval of Plans of Financial Facilitation between the European Financial Stability Facility (EFSF), the Greek Republic and the Bank of Greece, the Plan of Memorandum of Understanding between the Greek Republic, the European Commission and the Bank of Greece, and other urgent measures to reduce the public debt and rescue the national economy".

¹⁵⁴ Terzis, G. (2013), The lists with the 9,820 available were sent, *Kathimerini*, 2 August, available at <http://www.kathimerini.gr/494870/article/epikairothta/politikh/estalhsan-oi-listes-me-toys-9820-dia8esimoyis>, accessed 12/7/2018.

¹⁵⁵ Featherstone, K. (2015), "External conditionality and the debt crisis: the 'Troika' and public administration reform in Greece", *Journal of European Public Policy*, available at: <https://www.tandfonline.com/doi/abs/10.1080/13501763.2014.955123>, accessed 16/7/2018, p. 307.

¹⁵⁶ *Kathimerini* (2014), Progress on availability and reforms is seen by the Troika, 28 February, available at <http://www.kathimerini.gr/756217/article/epikairothta/politikh/proodo-se-dia8esimothta-kai-metarry8miseis-vlepei-h-troika>, accessed 12/7/2018.

Though the external narrative required systematic review, the actual domestic response seemed one of short-term improvisation having the high risk of poor or incomplete implementation. For instance, in 2012, a *review of publicly funded research centers* was effectively postponed as the Ministry of Education felt the pressure of making early financial savings and implemented a quick-fix reorganization.¹⁵⁷ Concerning the public servant posts, only later the loan strategy was refined to encompass a *more targeted approach* aiming at *rejuvenating and upgrading the human capital, skills* as well as *performance in the public administration*;¹⁵⁸ put differently, focusing on the models, its needs, and optimum resource development.

vi. Privatization

Privatization can help to make the economy of a country more efficient and contribute to reducing public debt. The government along with the Hellenic Republic Asset Development Fund (TAIPED) have taken important steps in advancing the privatization programme forward, such as the completion of the transaction on the regional airports, the launching of Egnatia motorway concession tender, the conclusion of the Piraeus Port (OLP) privatization, financial closing of Astir and TRAINOSE; furthermore, they are committed to proceeding with the ambitious, ongoing privatization programme of TAIPED.¹⁵⁹ The implementation of the agreed TAIPED Asset Development Programme, by means of direct sale, securitizations, concessions, or other forms of monetization, concerning all its core assets is key for stimulating private investment, increasing efficiency, and providing financing to the State.¹⁶⁰ For maintaining investors' interest in key tenders, the Hellenic Republic committed proceeding with the ongoing privatization programme.¹⁶¹ The government committed to facilitating the privatization process and completed all needed government actions. In this respect, it completed all actions needed as agreed on a quarterly basis between TAIPED, the government, and the institutions. The Board of Directors of TAIPED has approved the list of the Government Pending Actions, which is

¹⁵⁷ Featherstone, K. (2011), "Hasty, indiscriminate cuts will not help Greece", Financial Times, 18 October, available at <http://www.ft.com/cms/s/0/29aca7a0-f5be-11e0-bcc2-00144feab49a.html?siteedition=uk#axzz35Z8wFAR1>, accessed 12/7/2018.

¹⁵⁸ European Economy (2013), "The second economic adjustment programme for Greece", Second review – May 2013', Occasional Papers 148, Luxembourg: Directorate- General for Economic and Financial Affairs, EU Commission, p.33.

¹⁵⁹ Supplemental Memorandum of Understanding, Third Review of the ESM Programme, Draft- 18 January 2018.

¹⁶⁰ Op. cit.

¹⁶¹ Op. cit.

attached to the third Memorandum as an Annex. Following, through law 4389/2016, which was in line with the statement of the Euro Summit of 12 July 2015, a new privatization and investment fund, the Hellenic Corporation of Assets and Participations (HCAP) was established. The overarching objective of the Fund was to manage valuable Greek assets; furthermore, to protect, create and ultimately maximize their value, which is monetized through privatizations and other means. The monetization of the assets was one source to make repayments of the new loan of ESM in line with the Euro Summit Statement.¹⁶²

vii. Single Payment Authority

Among the previous administrative reforms is the establishment of a *Single Payment Authority*¹⁶³ aiming at the centralization of all civil servants' salaries in a unified remuneration system that would cover wages as well as allowances of all public sector employees. Full implementation of this unified remuneration system was initially planned for September 2011; however, relevant law was published at the end of October 2011.¹⁶⁴ In January 2012, the actual implementation of the law started with the gradual application of the new legislation to different categories of public sector employees.

viii. Severity of Penalty Legislation

An additional reform announced by the Papandreou government was the increasing of the severity of the public sector employees' penalty legislation in order to achieve better accountability. Consequently, it was expected the minimization of the role of the trade unions. The end of the Papandreou government introduced no legislation. In January 2012, a draft law was finally sent to Parliament.¹⁶⁵

ix. E-Procurement and Independent Authority

¹⁶² Op. cit.

¹⁶³ Law Gazette no. 784 (4/06/2010), Hellenic Republic.

¹⁶⁴ Law Gazette no. 226 (27/10/11), Hellenic Republic.

¹⁶⁵ Ladi, S. (2012), "The eurozone crisis and austerity politics: a trigger for administrative reform in Greece?", GreeSE Papers 57, London, London School of Economics and Political Science, Hellenic Observatory, p.18.

As far as the public procurement is concerned, the initial planning of the *e-procurement* for all sectors and levels of the government was for the end of 2011; however, the contract for the provision of the electronic platform had still not been signed in July 2011.¹⁶⁶ In February 2011, the consultation for the establishment of an independent authority overseeing public procurement was finalized.¹⁶⁷ Following, the draft law was sent to Parliament and, in August 2011, was voted.¹⁶⁸ That reform in the field of procurement aimed at improving the transparency and accountability of the contracts between the public and private sectors. Clearly, the Papandreou government did not manage to finalize this reform.¹⁶⁹

x. The Cl@rity Program

Additionally, the government clearly agreed to the ensuring of public spending transparency by publishing online all public-spending decisions. Via the *Cl@rity program*, indeed, all public entities' decisions should be published online and no implementation is allowed unless they are uploaded on the Clarity website.¹⁷⁰ The Interim report¹⁷¹ acknowledged progress in this field. Interestingly, the government moved one step forward from the prescriptions of the first Memorandum and made compulsory the online publication of all decisions, regardless of the public spending character.

xi. The Local Administration Reform- Kallikratis

Regarding the *local administrative reform*, the requirement was the adoption of legislation reforming local government by June 2010.¹⁷² The implementation of a law, which incorporated prefectures into regions, reduced the number of those regions from 76 to 13 and simultaneously reduced municipalities from 1034 to 325 as well as municipal enterprises from 6000 to 1500 started. The reform has been named *Kallikratis*. Kallikratis is one of the reforms

¹⁶⁶ European Commission (2011b), "The Economic Adjustment Programme for Greece", Fourth Review, Occasional Papers 82.

¹⁶⁷ <http://www.opengov.gr/ypoian/> , accessed 14/08/2018.

¹⁶⁸ Law Gazette no. 204/(15/09/2011), Hellenic Republic.

¹⁶⁹ Ladi, S. (2012), "The eurozone crisis and austerity politics: a trigger for administrative reform in Greece?", GreeSE Papers 57, London, London School of Economics and Political Science, Hellenic Observatory, p.20.

¹⁷⁰ <https://diavgeia.gov.gr> , accessed 14/08/2018.

¹⁷¹ European Commission (2010), "The Economic Adjustment Programme for Greece," Interim Review (Athens, 14-17 June 2010).

¹⁷² Ladi, S. (2012), "The eurozone crisis and austerity politics: a trigger for administrative reform in Greece?", GreeSE Papers 57, London, London School of Economics and Political Science, Hellenic Observatory, p.21.

implemented at a fast pace and its key aims were to minimize cost, and also, to improve the provided by the local government results of the services. It reshuffled the responsibilities between local governments and regions.¹⁷³

xii. Justice

The authorities implemented a three-year strategic plan (2015-2018) regarding the improvement of the functioning of the judicial system. The plan encompasses key actions aimed at enhancing judicial efficiency, addressing shortcomings in the functioning courts, speeding up judicial proceedings, for instance, the collection of information on the situation of the courts, computerization, as well as, the development of alternative means for dispute resolutions, such as mediation, rationalization of the cost of litigation and the improvement in court functioning and court management.¹⁷⁴

xiii. A Better Regulation Agenda

A Better Regulation Agenda aiming at ensuring the reduction of administrative burdens on citizens and enterprises, given for consultation in August of 2011, finally voted in February 2012.¹⁷⁵ It introduced the Regulatory Impact Analysis (RIA) and was in line with the OECD Better Regulation Agenda. No change was observed during the Papandreou government. Nevertheless, the new law introduced new policy instruments for the improvement of regulation.¹⁷⁶

A significant number of RIAs were produced in 2010 (out of 68 laws presented to the Parliament, 48 had a RIA). The results were mixed. While some RIAs are of reasonably good quality, most of them are narrow in scope and suffer from the lack of both expertise and data. Most Ministries do not have adequately skilled human resources for developing high-quality impact assessments. In addition, because of the lack of extended, reliable and readily accessible databases on social, economic and environmental issues and policy outcomes, the factual information available to ministries' staff is often too limited for them to realistically assess the

¹⁷³ Op. cit.

¹⁷⁴ Supplemental Memorandum of Understanding, Third Review of the ESM Programme, Draft- 18 January 2018.

¹⁷⁵ Law Gazette no. 34/A (23/02/2012), Hellenic Republic.

¹⁷⁶ Ladi, S. (2012), "The eurozone crisis and austerity politics: a trigger for administrative reform in Greece?", GreeSE Papers 57, London, London School of Economics and Political Science, Hellenic Observatory, p.22.

impact of regulations. By the end of 2010, only one-third of the RIAs accompanying draft laws contained quantitative data on the relevant issue. The cost of gathering consistent data is, in itself, sufficient to hamper the adoption of RIAs as a meaningful tool for policy elaboration. The challenge, however, goes beyond technical issues of expertise and data availability. The adoption of an evidence-based approach to policymaking amounts to paradigm change for Greece's central administration and political personnel. Casual evidence suggests that the preparation of RIAs can be subject to important political interferences and that RIAs are perceived not as a tool for developing appropriate and proportionate measures, but as a formal hurdle in a regulation's approval process. Admittedly, such perceptions are common in many other countries. In Greece, however, they are reinforced by the presence of a strong legalistic tradition and lack of comfortable co-operative relationship between the political managers and the administration.

xiv. Independent Reviews

There was an agreement via the 2010 Memorandum to perform an independent review of the organization as well as the functioning of the central administration with the purpose of adopting measures for the rationalization of the use of resources; additional purposes are the organization of public administration and the effectiveness of social programs.¹⁷⁷ Soon, the production of two separate reviews was decided, one for the central government, overseen by the Ministry of the Interior, and one for the social programs, overseen by the Ministry of Labor. After continuous delays,¹⁷⁸ in November 2011, only the review of the central administration was published by the OECD.¹⁷⁹ In January 2012, soon after the fall of the Papandreu government, a lot of suggestions made by the OECD were incorporated in a White Paper on Governance.¹⁸⁰ Both, the OECD review and the White paper just made proposals about the changes that should happen. However, their suggestions do not vary substantially from what has already been discussed for a long time about the necessity of public administration

¹⁷⁷ Ladi, S. (2012), "The eurozone crisis and austerity politics: a trigger for administrative reform in Greece?", GreeSE Papers 57, London, London School of Economics and Political Science, Hellenic Observatory, p.21-22.

¹⁷⁸ European Commission (2011a), "The Economic Adjustment Programme for Greece", Third Review, Occasional Papers 77.

¹⁷⁹ OECD (2011), "Greece: Review of the Central Administration", OECD Public Governance Reviews, OECD Publishing.

¹⁸⁰ Ladi, S. (2012), "The eurozone crisis and austerity politics: a trigger for administrative reform in Greece?", GreeSE Papers 57, London, London School of Economics and Political Science, Hellenic Observatory, p.21-22.

reform.¹⁸¹ Concluding, during the Papandreou government, no significant change can be observed in the central government, one of the most problematic areas of the Greek public administration.

xv. Government Administration Restructure, External Review, Technical Advice and Support

Adjacent to these specific areas there was also a more general concern regarding the structuring and operation of the *government administration*. The OECD produced a comprehensive report concerning the Greek administration that year, including searing indictments of systemic failures and functional weaknesses.¹⁸² The EU Commission, individual EU member states, particularly France and Germany, the IMF, the World Bank and others, provided external technical assistance in specific functional areas.¹⁸³ The Troika then moved in 2012 saying that the Government has to:

- i. Set up a high-level transformation steering group, chaired by the PM, aiming at supervising, monitoring and ensuring the implementation of administrative reforms; (February 2012)
- ii. Establish a stable structure for Inter-Ministerial Co-ordination; (May 2012)
- iii. Create basic horizontal structures in each Ministry, implementing the relevant procedures with Budget/Finance (February 2012), Audit, Internal Control, Human Resource Management, acting under common rules. (European Economy 2012)

a. Stable Structure for Inter-Ministerial Coordination and High-level Transformation Steering Group

The effort for reorganizing public administration was maintained. In this respect, and taken account of the concrete schedule for the implementation, the establishment of a stable

¹⁸¹ Spanou, C. (2008), “State reform in Greece: responding to old and new challenges”, *International Journal of Public Sector Management* 21 (2): 150-73.

¹⁸² OECD (2011), “Economic Surveys: Greece 2011”, *OECD Public Governance Reviews*, Paris: OECD.

¹⁸³ Featherstone, K. (2015), “External conditionality and the debt crisis: the ‘Troika’ and public administration reform in Greece”, *Journal of European Public Policy*, available at: <https://www.tandfonline.com/doi/abs/10.1080/13501763.2014.955123>, accessed 16/7/2018, p. 308.

structure for Inter-Ministerial Coordination at the Ministry of Administrative Reform and E-Governance was considered as necessary, which would provide better guidance, and furthermore, break the intra-Ministry attitude of neglect and inertia.¹⁸⁴ Additionally, the setting up of a *high-level transformation steering group*, with the responsibility to ‘*supervise, monitor and ensure the implementation of administrative reforms*’, and under the Prime Minister’s authority, was considered equally necessary. So, the setting up of the Governmental Council of Administrative Reform took place, the responsibility of which was the policy design for the improvement of the organization, functioning, as well as, the effectiveness of public services, and of the evaluation of the results achieved and also the decisions taken on them.¹⁸⁵

b. External Review

Moreover, various Committees, comprised of civil servants in the Greek public administration, as well as, their colleagues from other European countries, for instance, France, in distinct departments of State prepared reports on the reshaping of the internal structure of ministries, also further elaborated by the Ministry of administrative Reform and E-Governance.¹⁸⁶ Additionally, after a certain period of time elapsed by the Governmental Council of Administrative Reform, their revision was carried out, and were, finally, approved.

c. Ministerial Structure

An announced in April 2013 new law and consistent with these objectives envisaged streamlining the ministries from 18 to 14, and one secretariat general; it was a restructuring which would also facilitate the shedding of staff. Never before had the EU been involved, from the very center outwards, in the organizational restructuring of one of its national governments.¹⁸⁷

The Government’s option was a new model in the organization and operation of the state and

¹⁸⁴ European Commission (2012), “Growth for Greece”, April, Brussels, pp. 12-13, 38.

¹⁸⁵ Makrydemetres, A., Zervopoulos, P. and Pravita, M. E. (2016), “Reform of Public Administration in Greece; Evaluating Structural Reform of Central Government Departments in Greece: Application of the DEA Methodology”, GreeSe Paper No. 97, Hellenic Observatory Papers on Greece and Southeast Europe, London School of Economics and Political Science, p.11.

¹⁸⁶ Op. cit.

¹⁸⁷ Featherstone, K. (2015), “External conditionality and the debt crisis: the ‘Troika’ and public administration reform in Greece”, Journal of European Public Policy, available at: <https://www.tandfonline.com/doi/abs/10.1080/13501763.2014.955123>, accessed 16/7/2018, p. 308.

the public administration so that the country can have a rationally organized, functional and efficient administrative system that serves the public interest, ensures social cohesion, contribute to growth, enhance accountability and control, simplify decision-making, offer upgraded services to citizens and businesses, and cost as little as possible. It is noted that the abolishment of 1,894 public services and the reduction in the number of allowances for posts of responsibility were estimated to save € 6,211,200 per year. Also, the budgetary relief was estimated to be much higher by the reduction in operating costs from the restriction of the equipment and the offices of General and Special Secretaries, General Managers and Managers whose positions were abolished by this law. The reorganization of the Ministries was also due to the out-of-date Organizations of Ministries. Many ministries have been operating with the same-based organizations since the 1980s.

The 2013 Administrative Reform

Specifically, the reform for the *machinery of government*, for instance, the structure of ministries and public entities, for attaining the efficiency and effectiveness is one of the key objectives of the 2014 Greek National Reforms Program. This program emphasizes the need for downsizing the Greek public administration as well as reducing the resources utilized.¹⁸⁸ The Greek public administration reform regarding the enhancement of the efficiency is a fundamental recommendation put forth by the OECD.¹⁸⁹ *The 2013 Administrative reform (AR2013)* aims at reforming the central public administration and, particularly, the Central Government Departments (CGDs), by downsizing the structure as well as by reducing the number of staff and the allocated to every CGD budget.¹⁹⁰ The objectives of the AR2013 constitute the basis of a more efficient and less costly central administration. According to the OECD review of the Central Administration,¹⁹¹ it has been highlighted that the Central Government Departments (CDGs) play a fundamental role, “*which are formally responsible for the supervision of all other entities of the public sector*”. However, as a matter of fact, organizational sprawl characterizes the government departments, leading –among others- to the

¹⁸⁸ Makrydemetres, A., Zervopoulos, P. and Pravita, M. E. (2016), “Reform of Public Administration in Greece; Evaluating Structural Reform of Central Government Departments in Greece: Application of the DEA Methodology”, GreeSe Paper No. 97, Hellenic Observatory Papers on Greece and Southeast Europe, London School of Economics and Political Science, p.1.

¹⁸⁹ OECD (2015), “Economic Policy Reforms: Going for Growth”, available at: <http://www.oecd.org/eco/growth/going-for-growth-greece-2015.pdf> , accessed 16/7/2018.

¹⁹⁰ Op. cit.

¹⁹¹ OECD (2011), “Greece: Review of the Central Administration”, OECD Public Governance Reviews, Paris: OECD, p. 24.

poor quality of the public services and ineffectiveness.¹⁹²

The Administrative Reform 2013 (AR2013) is one of the most recent reform projects for the Greek public administration. In late April 2013, the Ministry of Administrative Reform and E-Governance announced the reform's details. The AR2013 aimed at reforming the State's administrative machinery concerning the central government, adopting the managerial and organizational principle of *the unity of direction*,¹⁹³ as well as, attaining the appropriate *span of control*¹⁹⁴ for a more effective public management.

After the government reshuffling of June 24th, 2013, the structure of the government machinery in Greece -under the premiership of Mr. Antonios Samaras- was a complex of eighteen separate central departments, namely ministries, among which the members of the Government were distributed; however, exceptions constitute the Prime Minister and the Minister of State, who were not in charge of any specific ministry.¹⁹⁵

The composition of the CGDs consists of usually untidy agglomerations of public services, as well respective jurisdictions at the central level of the government, the leadership of which they have members of the Government, and function with the purpose of the formulation and implementation of public interest goals and respective spaces of public policy.¹⁹⁶ At the central level of the government, the forms and denominations of departments of State delineate, and also share basic branches of public services, as in the case in most contemporary, and

¹⁹² Ministry of Administrative Reform and E-Governance (2012), "White Paper on Governance", Athens, p. 39.

¹⁹³ Management principal based on the concept that all team members involved in the same activities must share the same objective. Team members all work toward a common goal using the same plan to reach the shared objective.

Read more: <http://www.businessdictionary.com/definition/unity-of-direction.html>

¹⁹⁴ Span of control refers to the number of subordinates a supervisor has.

¹⁹⁵ The structure of the government mechanism in Greece has developed till recently (January 2015) into 18 distinct ministries. This shows that the somewhat 'generous' arrangement of the government structure has continued to remain a 'constant' throughout almost all the post-War period and, in any event, during the period of the Third Hellenic Republic (from 1975 onwards). It would, therefore, not be unfair to say that this is perhaps indicative both of the wide range of public policy, which extends into almost all areas of social action and of the magnitude of state intervention in the social sphere. It also reflects the corresponding need for control of public bureaucracy by an equally complex and extensive political superstructure, with numerous government posts and appointed political offices for the guaranteeing of policy guidance over the administrative infrastructure (bureaucratic machinery).

¹⁹⁶ Makrydemetres, A., Zervopoulos, P. and Pravita, M. E. (2016), "Reform of Public Administration in Greece; Evaluating Structural Reform of Central Government Departments in Greece: Application of the DEA Methodology", GreeSe Paper No. 97, Hellenic Observatory Papers on Greece and Southeast Europe, London School of Economics and Political Science, p.12.

particularly European countries.¹⁹⁷ Regarding the formulation of public policy enclosing the design and implementation of the legal and regulatory framework in various public action domains, they assume a guiding role. As a result, government departments represent the organization's of the central administrative machinery of the State most basic pillars and also form the most crucial institutional components in the formulation and implementation of the public policy process.¹⁹⁸ Thus, unsurprisingly, the greater part of policy-making takes in associations with or within them.

According to the historical evolution of the CGDs,¹⁹⁹ they include major institutional components in respective policy areas, namely:

- Home administration and security of the State
- Foreign policy and defense
- Economic policy
- Public works and infrastructure
- Social policy
- Education
- National heritage and culture

Despite the time and the political orientations of the social forces that form and vary the size and extent of state's machinery policy composition, respective ministerial or departmental structures and services formulate the core element of the Government composition.

The emphasis of the AR2013 is placed on the operational restructuring, downsizing, of the following Greek CGDs and Secretariats General:²⁰⁰

¹⁹⁷ Op. cit.

¹⁹⁸ Op. cit.

¹⁹⁹ Makrydemetres Anth. and Pravita M.-El. (2012), "Administrative Science I: Public Administration. Elements of Administrative Organisation", 5th edition, Athens-Thessaloniki: Sakkoulas Publications, pp. 290 ff.

²⁰⁰ See http://www.minpress.gr/minpress/index/other_pages2/dioikitiki_metarithmisi_2013.htm.

- Ministry of Finance
- Ministry of Interior
- Ministry of Development, Competitiveness, Infrastructure, Transport, and Networks

Heretofore:

- Ministry of Development and Competitiveness
- Ministry of Infrastructure, Transport, and Networks
- Ministry of Education and Religious Affairs, Culture and Sport

Heretofore:

- Ministry of Education and Religion
- Ministry of Culture and Sports
- Ministry of Administrative Reform and E-Governance
- Ministry of Health
- Ministry of Labor, Social Security, and Welfare
- Ministry of Rural Development and Food
- Ministry of Environment, Energy, and Climate Change
- Ministry of Justice, Transparency, and Human Rights
- Ministry of Tourism
- Ministry of Shipping and the Aegean
- Ministry of Macedonia and Thrace
- Secretariat General of Information and Communication, and the Secretariat General of Mass Media

The scope of the AR2013 was the enhancement of performance, as well as, efficiency and control over the expenses of these particular public bodies, along with the reduction of their size through the reshaping of their structure, and also the amelioration of the quality of the related public services.²⁰¹ Additionally, the Ministry of Administrative Reform and E-Governance regarded it as the basis for the implementation of mobility as well as the dismissal of the

²⁰¹ Makrydemetres, A., Zervopoulos, P. and Pravita, M. E. (2016), "Reform of Public Administration in Greece; Evaluating Structural Reform of Central Government Departments in Greece: Application of the DEA Methodology", GreeSe Paper No. 97, Hellenic Observatory Papers on Greece and Southeast Europe, London School of Economics and Political Science, p.14.

redundant civil service staff.²⁰²

Having into consideration that the Greek economic crisis is mainly due to fiscal problems, the AR2013 was significantly highly important for the Greek economy and public administration. Thus, the urgency of this administrative reform and its immediate implementation was underlined and made explicit in the reports of the European Commission, that viewed the Second Economic Adjustment Program for Greece, as well as in the press releases of the Ministry of Administrative Reform and E-Governance.

New Structures of the Ministries

By the end of August 2014, new organization charts of the ministries were issued -in form of presidential decrees- and were put in force about two months later- by the beginning of November 2014.²⁰³ The announcement of the Ministry of Administrative Reform and E-Governance concerned the fact that the size of the service units in the ministries overly decreased by 40%, leading to a respective reduction of expense. The latter further contributed to the efficiency and effectiveness improvement in public administration. Probably, contracting the structure of the services facilitates the coordination of the units.²⁰⁴ Furthermore, the need for drastic administrative structure reduction in the central level of governance, along with the rationalization of their internal organization for achieving increased administrative productivity were underlined in the OECD Review for Greece.²⁰⁵

In the restructuring of the organizational charts process by the then Government of 2014, an effort was made in order certain concrete principles of organizational rationality to taken into consideration.²⁰⁶ Therefore, it was expected that the criteria of internal differentiation of the ministries would pursue the principles of *unity of direction*, the *unity of command*, as well as the

²⁰² Op. cit.

²⁰³ Op. cit.

²⁰⁴ Op. cit.

²⁰⁵ OECD (2011), "Greece: Review of the Central Administration", OECD Public Governance Reviews, Paris: OECD, p. 57.

²⁰⁶ Makrydemetres, A., Zervopoulos, P. and Pravita, M. E. (2016), "Reform of Public Administration in Greece; Evaluating Structural Reform of Central Government Departments in Greece: Application of the DEA Methodology", GreeSe Paper No. 97, Hellenic Observatory Papers on Greece and Southeast Europe, London School of Economics and Political Science, p.16.

optimization of *span control*.²⁰⁷ Concerning the unity of direction, it is worth mentioning that there was a merge of the units of administrative support of the ministries' central services with those of secretaries general, existed in various departments of State. Likewise, the same occurred with the service units responsible for matters of finance and information technology.²⁰⁸

On the other hand, as far as *the span of control* within the country's central administrative structure is concerned, the Ministry of Administrative Reform has identified it as a particularly "*problematic aspect of the Greek central administration*".²⁰⁹ For instance, in one out of five sections, the head of the respective unit had no subordinate employees at all, whereas, one on three sections has only one employee.²¹⁰

Nevertheless, the regarding the whole effort criticism that has been exerted has indicated that the reform process seems to be rather fragmentary. It has especially emphasized the numerical reduction of the service units without taking into consideration the necessary extent of the functional complementarity of administrative units and the overlapping of competencies within the same ministries and even among different ministries.²¹¹ Furthermore, the existing government scheme at that time formed the restructuring; however, without examining the possibility of each reform in the direction of reducing the number of ministries themselves or alternatively, an agglomeration of various sectors of public policy.²¹² Otherwise, the internal restructuring of particular ministries, part of a rather extended or fragmented governmental structure, namely comprised of a rather large number of ministries headed either by full ministers or alternate ministers, not to include deputy ministers, appears to have little impact on the efficiency and effectiveness of the Government as a whole.²¹³ That is due to the fact that, although the number of CGDs has been reduced, though there is no confrontation of the

²⁰⁷ Op. cit.

²⁰⁸ Op. cit.

²⁰⁹ Ministry of Administrative Reform and E-Governance (2012), "White Paper on Governance", Athens, pp. 40-41.

²¹⁰ OECD (2011), Greece: Review of the Central Administration, OECD Public Governance Reviews, Paris: OECD, pp. 26, 56.

²¹¹ Makrydemetres, A., Zervopoulos, P. and Pravita, M. E. (2016), "Reform of Public Administration in Greece; Evaluating Structural Reform of Central Government Departments in Greece: Application of the DEA Methodology", GreeSe Paper No. 97, Hellenic Observatory Papers on Greece and Southeast Europe, London School of Economics and Political Science, p. 17.

²¹² Op. cit.

²¹³ Op. cit.

phenomenon of scattered office locations.²¹⁴

Besides the Memorandum reforms, a framework law for electronic governance was voted;²¹⁵ furthermore, the completion of the modernized communication system between public organizations was announced in the Explanatory Report of the Intermediate Programme. There was also a planning for transforming Citizens' Service Centers into Unified Service Centers for both, citizens and enterprises.²¹⁶ The creation of an Innovation and Documentation Center within the National Center for Public Administration and Local Government was also planned.²¹⁷ International trends such as decentralization, more flexible human resource management, e-governance and above all a campaign to reduce costs are evident in the reform program of the past and present governments. Addedly, the pension and the health care reform, the plan to reduce school numbers as well as universities, the public enterprises' privatization plans and the recovery plan for the railway sector and for public transport constitute a major reform with unintended consequences.²¹⁸

The 2015 new cabinet of Prime Minister Alexis Tsipras was much smaller after the merging of several ministries into four "super" government bureaus and the creation of a total of 19 ministries. Analytically, the tourism portfolio was part of the new Economy, Infrastructure, Marine and Tourism Ministry, overseeing development and competitiveness, marine and the Aegean, tourism and infrastructure, transport and networks. The Interior and Administrative Reconstruction Ministry included the current ministries of the interior, administrative reform and e-government, public order and citizen protection and Macedonia and Thrace. The new Productive Reconstruction, Environment and Energy Ministry incorporated the current portfolios of environment, energy and climate change, rural development and the services of the general secretariat for industry of the development and competitiveness ministry. The new Culture, Education and Religious Affairs Ministry oversaw

²¹⁴ Regarding the sitting of the administrative center, see Ministry of Administrative Reform and E- Governance, 2012: 65 ff., OECD, 2011: 63-64.

²¹⁵ Law Gazette no. 138 (16/06/2011), Hellenic Republic.

²¹⁶ Explanatory Report (2011), "Αιτιολογική Έκθεση στο Σχέδιο Νόμου Μεσοπρόθεσμο Πλαίσιο Δημοσιονομικής Στρατηγικής 2012-2015" (Explanatory Report of the Draft Law "Intermediate Framework of the Finance Strategy 2012-2015"), Hellenic Republic.

²¹⁷ Op. cit.

²¹⁸ Ladi, S. (2012), "The eurozone crisis and austerity politics: a trigger for administrative reform in Greece?", GreeSE Papers 57, London, London School of Economics and Political Science, Hellenic Observatory, p.22.

culture, sport, and education. The health ministry renamed as Health and Welfare Ministry and the current labor ministry renamed as Labor and Social Solidarity Ministry and included the General Secretariat for Social Security. There were no changes to the foreign, justice and defense ministries.

The structure of the second cabinet had several reforms and includes the following Ministries:

- Ministry of Interior
- Ministry of Citizen Protection
- Ministry of Economy and Development
- Ministry of Digital Policy, Telecommunications and Media
- Ministry of Education Research and Religious Affairs
- Ministry of Culture and Sports
- Ministry of Labor, Social Security and Social Solidarity
- Ministry of Foreign Affairs
- Ministry of Finance
- Ministry of Justice, Transparency and Human Rights
- Ministry of Health
- Ministry of Administrative Reconstruction
- Ministry of Environment and Energy
- Ministry of Infrastructure and Transport
- Ministry of Migration Policy
- Ministry of Maritime Affairs and Island Policy
- Ministry of Tourism
- Ministry of Agricultural Development and Food

C. Data Analysis

It is useful to proceed, here, to an analysis of the period described above. To begin with, figure 1 exhibits the overall trend in administrative reform actions within the period 2007-2013, as recorded by the Greek Ministry.²¹⁹ The resultant graph exposes a relatively low and stable level of activity during the pre-crisis period up to 2009. In 2010, following the election of a new government, prime minister of which was George Papandreou, in October 2009 as well as in May 2010, in the onset of the list of reform items of the bailout Memorandum of Understanding (MoU) a major increase occurs in the number of such actions. Indeed, the continued increase in the trend led to more than fivefold in 2012. Aggregately, this trend offers confirmation of the effects of external conditionality.²²⁰

However, this is a limited overall measure. It is useful to examine the nature and the content of the reforms. In figure 2, there is a differentiation of reform actions by subject type, following the Ongaro typology, for the 2007 -2009 pre-crisis period.²²¹ It is impressive that the number of actions regarded to financial management as well as audit and performance is the lowest types. Indeed, less than 1:3 is the ration of financial management/audit and performance to the other two, personnel and organizational matters. The majority of activities stayed seemingly with the existing operational mode; thus, they were not concerned with the effectiveness of public spending or, alternately, with the evaluation of performance. The ‘skewness’ suggests either a detachment or insularity of the state administration regarding concerns of delivery or service, as in the New Public Management model or indeed with financial discipline. In a period without a crisis, there were little possibilities of changing the administrative paradigm for a relatively set path due to the limited pressures. That was compatible with the clientelistic favors as well as the rent-seeking demands of Greek politics.²²²

²¹⁹ See Figure 1, Appendix, p. 80.

²²⁰ Featherstone, K. (2015), “External conditionality and the debt crisis: the ‘Troika’ and public administration reform in Greece”, *Journal of European Public Policy*, available at: <https://doi.org/10.1080/13501763.2014.955123> , accessed 27/7/2018, p. 301.

²²¹ Ongaro, E. (2009), “Public Management Reform and Modernization: Trajectories of Administrative Change in Italy, France, Greece, Portugal and Spain”, Cheltenham: Edward Elgar.

According to Ongaro, in his slight variation from the typology of Pollitt and Bouckaert (2011: 77), he defines the types of actions affecting central government administration and not the wider public administration over four categories: financial management; audit and performance management; personnel; and organization; See Figure 2, Appendix, p. 80.

²²² Mitsopoulos, M. and Pelagidis, T. (2011), “Understanding the Crisis in Greece: From Boom to Bust”, Basingstoke: Palgrave Macmillan.

Along with the bailouts came the loan's conditionality and the specification's of reforms pressures, including administrative changes.²²³ In an overall perspective, there is an existed notice that the administrative measures represented approximately 40% (282) of the total number of reforms (706) outlined and required of Greece under the two bailout Memoranda of Understanding (MoU) terms. Apparently, there was a clear recognition concerning the of crucial importance Greek state's administrative reform which was vital to the ability of the country to adapt to the Eurozone requirements.

Figure 3 comprises another set of data, selected from the regular reports of the Troika between 2010-2013.²²⁴ This indicates the aggregate levels of implemented administrative reform actions outlined as well as required by the MoUs and judged by the Troika. The categorization of the reform actions is the same as indicated earlier. The graph represents a modest progression in the items listed, including a dramatic rise in 2012-2013. Especially, the focus of the reforms exhibits a major shift from the pre-existing domestic pattern. Measures regarded to the public administration's audit and performance now loomed large on the Troika's radar. The list of the required reforms here has increased threefold after the Troika's arrival. Additionally, a further major difference was the given attention to the financial management, which became a very prominent concern.²²⁵ Furthermore, fundamental interest to Greece's creditor has the performance and delivery, as well as budget discipline, and the differences in the patterns of reform actions are characteristic of contrasting, external and domestic, agendas.²²⁶

Figure 4 shows a categorization of the total number of reforms set by the Athens government, using, once again, the Ministry's own data.²²⁷ Contrary to those elaborated by the

²²³ European Economy (2010), "The Economic Adjustment Programme for Greece", May 2010, Occasional Papers 61, Luxembourg: Directorate-General for Economic and Financial Affairs, EU Commission.

²²⁴ See Figure 3, Appendix, p. 81; Featherstone, K. (2015), "External conditionality and the debt crisis: the 'Troika' and public administration reform in Greece", *Journal of European Public Policy*, available at: <https://doi.org/10.1080/13501763.2014.955123>, accessed 27/7/2018, p. 302.

²²⁵ Op. cit.

²²⁶ Op. cit.

²²⁷ See Figure 4, Appendix, p. 81; Featherstone, K. (2015), "External conditionality and the debt crisis: the 'Troika' and public administration reform in Greece", *Journal of European Public Policy*, available at: <https://doi.org/10.1080/13501763.2014.955123>, accessed 27/7/2018, p. 303.

Troika, there is a surprising lack of emphasis on an audit and performance agenda; thus, the relative given attention is minuscule. This is not a Troika's agenda subject, and therefore the Greek government could move on. During the same period, the Troika was lamenting the lack of domestic progress. Rather, the administration remained reluctant either to engage in self-reflection or wider evaluation. In this respect, the agenda had barely changed. Organizational items remained the primary agenda. Nevertheless, there was decreasing attention than before in personnel matters. A new emphasis put on financial management reforms, the second biggest category of all.²²⁸

Overall, the data signal a number of important features. To begin with, the overall level of activity regarding administrative reform presents a huge increase after the onset of the first bailout. Furthermore, there is a significant shift of emphasis from one period to the next as well as notable contrasts of priority between the Troika and the government of Greece in terms of the focus and the content of reform. Particularly, the external creditors stress the need both for new audit and performance measures; though, this is a very low area of activity for the government of Greece itself. Certainly, it is actually a lesser activity compared with the pre-crisis period. The disparity recommends contrasting norms, perhaps also of models. To conclude, the reforms of the Greek government show a much stronger focus than before on matters of financial management, a priority emphasized by the Troika.

D. Conclusion

This part assessed the impact of the external and internal conditionality strategy on Greece, as well as, the reform of its state administration. In Greece, the aim of the most important reforms has been the (re)structure of institutional aspects of the administrative system; the administrative system was an area of constant reforms. Primarily, the collected data indicated that the aggregate level of administrative reform activity considerably increased after the onset of the first bailout, reflecting a generalized will to remaining Greece in the EU's core. Though, delving into the range as well content of the reform actions exhibited blockages and differences of agendas. What underlined the agenda of the Troika was a clear assumption of the

²²⁸ Op. cit.

failure of current practices of Greece, a dismissal of the model and its rationality. Also, the targets concerning the mobility scheme and mandatory exits had been achieved. Generally speaking, the alternating governments have adopted a new administrative reform action plan for eight years, encompassing a comprehensive human resources strategy. Though, *very substantial improvements in public administration [were] still needed* for enhancing the quality and efficiency;²²⁹ thus, this would require the shifting of personnel, performance evaluation, as well as, better financial management, the simplification of rules, and also, the reduction of the scope for corruption.

Although the 2008 economic crisis was the absolute push for reform, a reluctance was still existed to embrace organizational change, generally appeared within the dominant administrative culture. Instead, traditional ways of organization as well operation demonstrated in a legalistic mentality and a low interest in, and development of modern types of skills within the civil service, seem to characterize this culture. Hence, the intensification of political control and its domination over the state bureaucracy tends in the longer term to undermine the steady development and professional advancement conditions in the administrative structure and culture (e.g. Meritocracy). Consequently, crisis phenomena tend to perpetuate themselves; thus, the need for more political intervention and control is dramatically increasing.

²²⁹ European Economy (2014), “The second adjustment programme for Greece. Fourth review” – April 2014, Occasional Papers 192, Luxembourg: Directorate-General for Economic and Financial Affairs, EU Commission, p. 3.

PART III: A Comparative Study of Greece and Portugal

Introduction

This part analyses as well as compares the impacts of the adjustment programs on the public administration in Greece and Portugal. The principal purpose is to examine the similarities and differences in the reform patterns and the results of the implemented policies between the two cases. An important issue to be approached is the consequence of the reform programs on the performance of the public administration, both in quantitative and qualitative terms. This part also investigates certain explanatory factors for the observed differences.

Greece and Portugal provide a good basis for comparison on the grounds that they share certain similar historical, political, economical as well as social characteristics.²³⁰ Additionally, their administration has been formed under the influence of a common tradition originated from the Napoleonic administrative pattern.²³¹ In comparison to other EU countries, the crisis has most severely hit these countries, which were obliged to implement relatively similar programs, memoranda, of fiscal and structural reforms. Consequently, they represent two critical cases of ‘*externally imposed conditionally*’,²³² which led to domestic reforms.

A. Administrative Tradition and Reform Trajectories

Greece and Portugal can be categorized in the cluster of the Southern European countries, which form a distinct administrative paradigm largely originating from the Napoleonic

²³⁰ Freire, A., Lisi, M., Andreadis, I, Leite Viegas, J. (2014),” Political representation in bailed-out Southern Europe: Greece and Portugal compared”, available at: <https://doi.org/10.1080/13608746.2014.984381> , accessed 4/6/2018, South European Society and Politics, 19(4), 413-433.

²³¹ Sotiropoulos, D. (2004), “Southern European public bureaucracies in comparative perspective”, available at: <https://doi.org/10.1080/0140238042000228077> , accessed 4/6/2018, West European Politics, 27(3), 405- 422; Peters, G. (2008), “The Napoleonic tradition”, available at: <https://doi.org/10.1108/09513550810855627> , accessed 4/6/2018, International Journal of Public Sector Management, 21(2), 118-135; Spanou, C. (2008), “State reform in Greece: responding to old and new challenges”, available at: <https://doi.org/10.1108/09513550810855645> , accessed 4/6/2018, International Journal of Public Sector Management, 21(2), 150-173; Ongaro, E. (2014). “The relationship between the new European governance emerging from the fiscal crisis and administrative reforms: qualitatively different, quantitatively different, or nothing new? A Plea for a Research Agenda”, Administrative Culture, 15(1), 10-20 ; See Introduction, p. 6-8.

²³² Zahariadis, N. (2016), “Powering over puzzling? Downsizing the public sector during the Greek sovereign debt crisis”, Journal of Comparative Policy Analysis: Research and Practice, p.465.

tradition.²³³ Besides the historical, sociopolitical, economic as well as cultural similarities,²³⁴ similarities in their administrative systems have also characterized the southern bureaucracies. The centralized, as well as the hierarchical organization of the administrative apparatus, the political accountability of the bureaucracy, the legalistic culture, the procedures-based orientation, the civil service career-based system and also the corporatist relations between the state, and society, are some of the fundamental typical features observed among southern European countries.²³⁵ Thus, these features often coexist with weaknesses, namely politicization party patronage, clientelism, informal arrangements, low institutional capacity as well corruption, in the administrative practice.²³⁶

Similar organizational structures along with the common administrative heritage characterize the Greek and Portuguese states. A unitary and decentralized system of government is encountered in both countries. Three main levels, namely the central, the decentralized and the local government, compose the Greek public administration. The Portuguese public administration includes direct and indirect state administration and autonomous bodies. These main administrative tiers are segmented into regions, communities, municipalities and other administrative/territorial areas.²³⁷

²³³ Peters, G. (2008), "The Napoleonic tradition", *International Journal of Public Sector Management*, 21(2), 118-135; Spanou, C. (2008), "State reform in Greece: responding to old and new challenges", *International Journal of Public Sector Management*, 21(2), 150-173; Ongaro, E. (2014), "The relationship between the new European governance emerging from the fiscal crisis and administrative reforms: qualitatively different, quantitatively different, or nothing new? A Plea for a Research Agenda", *Administrative Culture*, 15(1), 10-20; See Introduction, p. 6-8.

²³⁴ Sotiropoulos, D. (2004), *Southern European public bureaucracies in comparative perspective*, *West European Politics*, 27(3), 405- 422, available at: <https://doi.org/10.1080/0140238042000228077> , accessed 6/6/2018; Kickert, W. (2011), *Distinctiveness of administrative reform in Greece, Italy, Portugal and Spain*, *Common characteristics of context, administrations and reforms*, available at: <https://doi.org/10.1111/j.1467-9299.2010.01862.x> , accessed 6/6/2018, *Public Administration*, 89(3), 801-818.

²³⁵ Sotiropoulos, D. (2004), "Southern European public bureaucracies in comparative perspective", available at: <https://doi.org/10.1080/0140238042000228077> , accessed 6/6/2018, *West European Politics*, 27(3), 405- 422; Corte-Real, I. (2008), "Public management reform in Portugal: successes and failures", available at: <https://doi.org/10.1108/09513550810855663> , accessed 6/6/2018, *International Journal of Public Sector Management*, 21(2), 205-229; Ongaro, E. (2009), "Public management reform and modernization, Trajectories of administrative change in Italy, France, Greece, Portugal and Spain", Cheltenham UK - Northampton, MA USA: Edward Elgar, available at: <https://doi.org/10.4337/9781849802284> , accessed 6/6/2018; Di Mascio, F. & Natalini, A. (2015), "Fiscal retrenchment in Southern Europe: changing patterns of public management in Greece, Italy, Portugal and Spain", available at: <https://doi.org/10.1080/14719037.2013.790275> , accessed 6/6/2018, *Public Management Review*, 17(1), 129-148.

²³⁶ Sotiropoulos, D. (2004), "Southern European public bureaucracies in comparative perspective", available at: <https://doi.org/10.1080/0140238042000228077> , accessed 6/6/2018, *West European Politics*, 27(3), 405- 422; Diamandouros, N., Gunther, R., Sotiropoulos, D., Malefakis, E. (2006). *Introduction: Democracy and the State in the new Southern Europe*. In: Gunther, R., Diamandouros, N., Sotiropoulos, D. (eds), *Democracy and the State in the New Southern Europe* (pp.1-41). Oxford: Oxford University Press, available at: <https://doi.org/10.1093/acprof:oso/9780199202812.003.0001> , accessed 6/6/2018.

²³⁷ See Table 1, Appendix, p. 82; Manto Lampropoulou (2017) *Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal*, *PEOPLE: International Journal of Social Sciences*, pp. 336-361.

The eruption of the Eurozone crisis finds Greece and Portugal in the condition of an underway-administrative reform programs implementation. Since the mid-1970s, both countries pursued similar reform routes. Broader trends, for instance, New Public Management (NMP), Governance and the New Weberian State (NWS), influenced these reform paths. Additionally, although the public administration itself was not a core EU harmonization field, thus, the Europeanization process significantly affected domestic administrative systems, since accession to the EU.²³⁸

Distinct phases and policies are related to certain reform trajectories. Shortly, modernization has been the principal purpose of most reform efforts during the past three decades, corresponding to several policy programs and implementation tools. Although similarities between Greece and Portugal do exist, the timing, as well as the specific content of the reforms do partly vary.²³⁹

The introduction of certain managerial and technical tools during the mid-1980s and the 1990s, following the 1970s democratization phase, aimed at the modernization and rationalization of the public sector. Nevertheless, only after the mid-2000s more concrete reform programs were initiated, causing notable changes.²⁴⁰ The origins of these programs were mostly from governance and New Public Management-related technics intending to reduce the size as well as the cost of the public sector, simplify the procedures, rationalize the administration, decentralization, better service quality and e-government.²⁴¹ The PRACE program especially assists in the implementation of radical steps set towards administrative reform at central and local government levels, also achieving some savings.²⁴² Due to deteriorating public finances, during the crisis, Portugal had already initiated certain measures aiming at reducing the public sector expenditure and introducing financial discipline.²⁴³

²³⁸ Lampropoulou, M. (2017), “Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal”, *PEOPLE: International Journal of Social Sciences*, p. 339.

²³⁹ *Op. cit.*

²⁴⁰ *Op. cit.*

²⁴¹ Corte-Real, I. (2008), “Public management reform in Portugal: successes and failures”. *International Journal of Public Sector Management*, 21(2), 205–229; Magone, J. (2011). The difficult transformation of state and public administration in Portugal: Europeanization and the persistence of neo-patrimonialism. *Public Administration*, 89(3), 756–782.

²⁴² Lampropoulou, M. (2017), “Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal”, *PEOPLE: International Journal of Social Sciences*, p. 339.

²⁴³ Eichenbaum, M., Rebelo, S., de Resende, C. (2016), “The Portuguese crisis and the IMF”, *International Monetary Fund Back Ground Paper*, 16-02/05, Independent Evaluation Office of the IMF, Washington, D.C.

Greece's democratization phase was more prolonged compared to Portugal and lasted until the late 1980s. As explained in the first part,²⁴⁴ the late 1970s to 1980s was the period of transition to democracy where special effort, as well as emphasis, was placed on the restoration and reinforcement of the democratic institutions of the country, while simultaneously the defined by the predominantly centralist bureaucratic style as well as by the 'heavy' state elements dominant features of the administrative apparatus also existed. In the 1980s, the goal of the democratization of the expanding public sector, and later its successor, the democratic modernization, guided the administrative reforms resulting in certain institutional changes.²⁴⁵ In the early 1990s, a short shift in the political agenda occurred with the initiation of a neo-liberal approach to the public sector. No actual implementation was recorded, yet. In the mid-1990s and under the influence of the managerial models and the Europeanization process, notable efforts towards modernization and decentralization are underlined. The 1996 introduction of a range of economic and managerial reforms had the principal purpose of the technical rationalization and the modernization of the administrative apparatus.²⁴⁶ During the next decade, there was a certain degree of continuity in the administrative reforms agenda, yet the reform momentum seems to be weaker and the initiated programs to piecemeal transformations.²⁴⁷

The importance and the usefulness of this brief description of the pre-crisis reform paths are perceived as it is helpful for understanding the relative framework of the Greek and Portuguese domestic administrative systems, and thus, their later reaction to the crisis. In both cases, the intensity and the scope of the administrative reform were moderate. Thus, the ratio of the reform process progressed at a slow pace. Additionally, although models, namely New Public Management, New Weberian State, and Governance, have certainly influenced all

²⁴⁴ See PART I, pp. 8-10.

²⁴⁵ Spanou, C. (2012), "The quandary of administrative reform, Institutional and performance modernization", In: Kalyvas, S., Pagoulatos, G., Tsoukas, H. (eds), *From stagnation to forced adjustments: reforms in Greece, 1974-2010*, pp.174-175). New York: Columbia University Press.

²⁴⁶ Spanou, C., Sotiropoulos, D. (2011), "The odyssey of administrative reforms in Greece, 1981–2009: a tale of two reform paths". *Public Administration*, 89(3), 723–737.

²⁴⁷ Spanou, C. (2012), "The quandary of administrative reform, Institutional and performance modernization", In: Kalyvas, S., Pagoulatos, G., & Tsoukas, H. (eds), *From stagnation to forced adjustments: reforms in Greece, 1974-2010* (pp.171-194). New York: Columbia University Press; Ladi, S. (2014). *Austerity politics and administrative reform: The Eurozone crisis and its impact upon Greek public administration*. *Comparative European Politics*, 12(2), 184-208; Lampropoulou, M., Oikonomou, G. (2016), "Theoretical models of public administration and patterns of state reform in Greece", *International Review of Administrative Sciences* (published online March 14).

southern public administrations, no radical changes have occurred to the core aspects of the traditional administrative pattern.²⁴⁸

B. The Eurozone Crisis and Policy Responses

Despite the particularities of each country, Greece and Portugal's financing problems, which led to the request for external assistance, share certain similarities.²⁴⁹ The period that crisis erupted finds the fiscal condition of the two countries in a situation of ongoing deficits, rising government debt, external imbalances, as well as high borrowing. Particularly, similar to other peripheral countries hit by the Eurozone crisis, they recorded prior large current-account deficits.²⁵⁰ Greece's high public sector borrowing, as well as the low revenue, were intensifying the country's fiscal imbalance, leading to the increase of public debt and budget deficit. In Portugal, similar fiscal imbalances emerged, thus of a lower intensity. Furthermore, other factors, namely low growth and high private sector leading, coexisted with these imbalances. The further aggravation of the crisis impact emanated from the Economic and Monetary Union's existing and deeper structural weaknesses.²⁵¹

In the crisis scenario, there was a relation between the role of the public administration and its size, as well as the cost, of the public sector. Therefore, the public expenditure reduction through downsizing and cost-cutting measures constituted a key condition of the subsequent fiscal adjustment programs. In Portugal, the 2011-elected coalition government of Partido Social Democrata (PSD) with Centro Democrático e Social (CDS) placed notable emphasis and effort on the goal of reducing state's budget deficit, suggesting that the state should savor

²⁴⁸ Ongaro, E. (2009), "Public management reform and modernization, Trajectories of administrative change in Italy, France, Greece, Portugal and Spain", Cheltenham UK - Northampton, MA USA: Edward Elgar; Kickert, W. (2011), "Distinctiveness of administrative reform in Greece, Italy, Portugal and Spain, Common characteristics of context, administrations and reforms" *Public Administration*, 89(3), 801-818; Spanou, C. (2012), "The quandary of administrative reform, Institutional and performance modernization", In: Kalyvas, S., Pagoulatos, G., Tsoukas, H. (eds), *From stagnation to forced adjustments: reforms in Greece, 1974-2010* (pp.171-194). New York: Columbia University Press.

²⁴⁹ Gonçalves, S. (2016), "Two economic paths out of the crisis?, Greece and Portugal in comparison", *Global Economic Dynamics Study*, Bertelsmann Stiftung; Véron, N. (2016), "The International Monetary Fund's role in the euro-area crisis: financial sector aspects", *Bruegel Policy Contribution*, Issue n°13, available at: <http://bruegel.org/wp-content/uploads/2016/08/PC-13-2016.pdf>, accessed 8/6/2018.

²⁵⁰ Provopoulos, G. (2014), "The Greek financial crisis – from Grexit to Grecovery", Speech by Mr George A. Provopoulos, Governor of the Bank of Greece, for the Golden Series lecture at the Official Monetary and Financial Institutions Forum (OMFIF), London, 7 February, p.2.

²⁵¹ Copelovitch, M., Frieden, Walter, J.S. (2016), "The political economy of the Euro crisis", *Comparative Political Studies*, 49(7), 811 – 840.

‘sacrifices’ rather the citizens as individuals.²⁵² The State Reform program, introduced in late 2013, heavily criticized state spending and initiated austerity measures, being even related with Thatcher reforms.²⁵³ Similarly, the accusation that the Greek public sector is a major source of inefficiency and financial mismanagement justifies the need for drastic cuts. The decision of the subsequent reform programs was taken under mounting fiscal stress. Consequently, that decision initiated deep cuts as well as reforms that in some respects were claimed to have intensified the ongoing neoliberal agenda.²⁵⁴

The mainly reactive response of the national governments to the crisis and the several revisions and adjustments to the initial plans were considered necessary as the crisis unfolded. Greece in early 2010, in view of some early warning signs and the deteriorating public finances, endeavored to respond in a proactive way through the announcement of austerity measures and public sector cutbacks. Thus, the initial underestimation of the severity of the crisis, and on the other hand, the mounting of the fiscal pressure, resulted in the inadequacy of these measures for reversing its effects.²⁵⁵ The pressure coming from other peripheral courtiers, principally Greece and Ireland, led Portugal to initiate a series of measures, the target of which were public sector salaries, recruitments, pensions, allowances, as well as health and investment programs, in late November 2010, with the aim of reducing the operating expenses of the state within wider financial stability.²⁵⁶ The country soon realized the deterioration of the fiscal situation and applied for a bailout agreement.²⁵⁷

²⁵² Caldas, J.C. (2012), “The impact of “anti-crisis” measures and the social and employment situation”, Portugal, Study - European Economic and Social Committee – Workers Group, available at: <http://www.eesc.europa.eu/resources/docs/portugal-en.pdf> , accessed 6/8/2018, p. 12.

²⁵³ Rocha, O., Zavale B. (2015), “Financial crisis adjustment and state reform: The case of Portugal”, *Global Journal of Political Science and Administration*, 3(1), 10-20. ISSN 2054-6343.

²⁵⁴ Karamessini, M. (2012), “Sovereign debt crisis: an opportunity to complete the neoliberal project and dismantle the Greek employment model”, In: Lehndorff, S. (ed.), *A triumph of failed ideas: European models of capitalism in crisis* (pp.155–182). Brussels: ETUI; Laskos, C. and Tsakalotos, E. (2013) “Crucible of Resistance: Greece, the Eurozone and the World Economic Crisis”, London: Pluto Press.

²⁵⁵ Lampropoulou, M. (2017), “Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal”, *PEOPLE: International Journal of Social Sciences*, p. 341.

²⁵⁶ Lourtie, P. (2011), “Understanding Portugal in the context of the Eurozone crisis”, Paper prepared for the conference “Resolving the European Debt Crisis”, Peterson Institute for International Economics & Bruegel. Chantilly, France, September 13-14, available at: <https://piie.com/publications/papers/lourtie20110913.pdf> , accessed 8/6/2018; Caldas, J.C. (2012), The impact of “anti-crisis” measures and the social and employment situation, Portugal. Study - European Economic and Social Committee – Workers Group, available at: <http://www.eesc.europa.eu/resources/docs/portugal-en.pdf> , accessed 8/6/2018.

²⁵⁷ Lampropoulou, M. (2017), “Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal”, *PEOPLE: International Journal of Social Sciences*, p. 341.

A state of emergency and the direct influence, as well as, oversight of supranational institutions formed national policies. The main policy tool for implementing the obligations undertaken in exchange for the financial assistance packages was the Economic Adjustment Programs, officially embedded in the Memoranda of Understanding.²⁵⁸ These agreements constituted a matter of negotiation between national governments and the Troika, composed by the European Commission, the European Central Bank, and the International Monetary Fund (IMF). In the Greek case, since 2010, the country has undertaken three adjustment programs eight consecutive years; In May 2010, the first assistance program (€72.9 billion) was agreed. Following, in March 2012 (€153.8 billion) the second program was agreed, and in August 2015 (€86 billion) the third one. Portugal implemented a single financial assistance program (€78 billion). This program began in May 2011 and lasted three years, till May 2014.²⁵⁹

A combination of structural adjustments and fiscal consolidation measures formed the content of the Memoranda.²⁶⁰ Moreover, a list of detailed and mostly front-loaded measures decided under the direct involvement of the Troika and on the basis of strict conditionality was included in the policy mix.²⁶¹ Domestic governments' role in policy formation was weakened; thus, a certain degree of policy transfer²⁶² occurred from the supranational to the national level. Therefore, especially after the crisis, the public sector reform could hardly be deemed as an area of exclusive national competence.²⁶³ The decision-making and implementation process were realized in a top-down manner, and simultaneously, some aspects of the Europeanization process were intensified, such as the adjustments to the harmonized sectors. Additionally, Task Force (TFGR) provided also Greece with external technical assistance and expertise from other EU countries, for instance, France and Germany.²⁶⁴

²⁵⁸ Lampropoulou, M. (2017), "Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal", PEOPLE: International Journal of Social Sciences, p. 342.

²⁵⁹ Op. cit.

²⁶⁰ Eichenbaum, M., Rebelo, S., and de Resende, C. (2016), "The Portuguese crisis and the IMF", International Monetary Fund Back Ground Paper, 16-02/05, Independent Evaluation Office of the IMF. Washington, D.C.

²⁶¹ For Greece, the extent and detail of the financial assistance conditionality has increased during the implementation of the adjustment programs (Sapir et al., 2014, pp. 15-16).

²⁶² Dolowitz, D., & Marsh, D. (2000), "Learning from abroad: the role of policy transfer in contemporary policy making", available at: <https://doi.org/10.1111/0952-1895.00121>, accessed 10/6/2018, Governance, 13(1), 5-23.

²⁶³ Ongaro, E. (2014), "The relationship between the new European governance emerging from the fiscal crisis and administrative reforms: qualitatively different, quantitatively different, or nothing new? A Plea for a Research Agenda", Administrative Culture, 15(1), 10-20.

²⁶⁴ Lampropoulou, M. (2017), "Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal", PEOPLE: International Journal of Social Sciences, p. 342; See PART II, pp. 25, 39.

Under a state of emergency, the intensification of the external involvement occurred, while little attention paid to carrying out public debates prior to the decisions.²⁶⁵ Hence, within the national context, there was a wide perception that the adjustment programs are forced reforms lacking democratic legitimacy.²⁶⁶ Particularly, a large number of the measures related to the public sector were initiated in a unilateral way and lacked substantial dialog.²⁶⁷ In Greece, especially, the political controversy over the commitments embodied in the loan agreements, the social unrest as well as the protests against the associated austerity measures was substantial.²⁶⁸

The fiscal targets and the external obligations stemming from the fiscal consolidation packages set the political agenda for administrative reform. Fiscal urgency primarily drove the adjustment process and was concentrated on short-term savings.²⁶⁹ Consequently, the goal of rationalizing the state spending acquired increased importance. One of the key priorities of the administrative reform programs has been the public sector modernization, which was also linked with the rationalization, downsizing, and the efficiency goals.²⁷⁰ In both countries, budgetary constraints primarily drove the required adjustments aiming at reducing the cost of the administrative apparatus. Additionally, compared with previous reform efforts, the alleged were characterized by greater intensity, being compressed in a strict timeframe.²⁷¹

Both, the bailout agreements (MoUs) and the national programs with reference to public administration initiated a series of measures. The classification of the measures is realized in three broad categories covering organizational structures, procedures, as well as the civil

²⁶⁵ Zahariadis, N. (2016), "Powering over puzzling? Downsizing the public sector during the Greek sovereign debt crisis" *Journal of Comparative Policy Analysis: Research and Practice*, available at: <https://doi.org/10.1080/13876988.2013.861971> , accessed 10/6/2018, p. 467.

²⁶⁶ Lampropoulou, M. (2017), "Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal", *PEOPLE: International Journal of Social Sciences*, p. 342

²⁶⁷ Rocha, O., Zavale B. (2015), "Financial crisis adjustment and state reform: The case of Portugal", *Global Journal of Political Science and Administration*, 3(1), 10-20. ISSN 2054-6343.

Da Paz, M., Lima C., Abrantes, M. (2016), "DIADSE – Dialogue for advancing social Europe", Country report: Portugal (Draft version). CESIS - Centro de Estudos para a Intervenção Social.

²⁶⁸ Pappas, T., O'Malley, E. (2014), "Civil compliance and "political luddism", Explaining variance in social unrest during crisis in Ireland and Greece. *American Behavioral Scientist*, 58(12), 1592 – 1613.

²⁶⁹ Lampropoulou, M. (2017), "Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal", *PEOPLE: International Journal of Social Sciences*, p. 342-343.

²⁷⁰ Lampropoulou, M. (2017), "Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal", *PEOPLE: International Journal of Social Sciences*, p. 343; For Greece, see PART II, p. 32.

²⁷¹ Lampropoulou, M. (2017), "Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal", *PEOPLE: International Journal of Social Sciences*, p. 343.

service. Concerning the structures and the organizational aspects of the public administration, the reform programs inaugurated a major restructuring in all levels of the government.²⁷² Concisely, they incorporated the reorganization of the central administration, the closing, and merging of the public entities, the reduction of the units,²⁷³ the reform of the local government and, particularly in Greece, a notable decrease concerning the number of municipalities and local authorities.²⁷⁴

The strengthening of the financial management and the revenue administration system, as well as the improvement of the operational efficiency of the public sector, were the aims of the measures targeting administrative functions and procedures.²⁷⁵ A significant improvement towards the use of ICT tools and E-government, such as public procurement system, transparency portals,²⁷⁶ as well the citizen service bureaus, has been realized. Additionally, there was an observed tendency related to the strengthening of the central levels of government and the centralization of the expenditure monitoring. In Portugal, special attention was given to the simplification of the procedures and the goal of limiting overlaps between and across administrative levels.²⁷⁷

As mentioned several times, civil service has been a major reform area. A wide range of measures induced notable changes in the status of public sector employees. Particularly, the carrier and remuneration system is a field where changes occurred. New tools have been initiated, for instance regarding the special mobility schemes as well as the procedure for the selection of senior officers.²⁷⁸ Great emphasis was placed on horizontal cost-saving measures encompassing a freeze or reduction of public sector wages as well as pensions, wage cuts, allowances and other bonuses, the abolishment or reduction of benefits, limited admissions of

²⁷² Op. cit.

²⁷³ In the Greek central administration this was 43,92% (Manitakis, 2013). For Portugal, the Memorandum agreements provided for a 40% reduction in units, 27% in management positions and 15% in municipalities-regions.

²⁷⁴ In Greece the number of municipalities was reduced from 900 to 326 in 2010 (Hellenic Ministry of Interior). In Portugal, the number of parishes was reduced from 4260 to 3092 in 2013 (Nunes Silva, 2017).

²⁷⁵ Lampropoulou, M. (2017), "Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal", PEOPLE: International Journal of Social Sciences, pp. 343-344.

²⁷⁶ The Di@vgeia Programme in Greece (2010) and the Municipal Transparency Portal in Portugal (2014).

²⁷⁷ Lampropoulou, M. (2017), "Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal", PEOPLE: International Journal of Social Sciences, p. 344.

²⁷⁸ The Executive Register in Greece (Εθνικό Μητρώο Επιτελικών Στελεχών Δημόσιας Διοίκησης) and CRESAP in Portugal (Comissão de Recrutamento e Seleção para a Administração Pública).

new employees, an increase in retirement age, the abolishment of holiday and Christmas bonuses, drastic budget cuts in all public entities, and an increase in the weekly working hours.²⁷⁹ In Greece, since 2011, a new unified pay grid has been implemented. On the other hand, Portugal has not yet implemented the plan for a new pay grid, which is still pending.²⁸⁰

C. Policy outcomes^[1]_{SEP}

i. Quality of Governance

The scores of the World Bank Worldwide Governance Indicators concerning the quality of Greece's and Portugal's governance constitute a useful database for assessing the qualitative impact of the crisis.²⁸¹ These scores present a notable deterioration in the Greek government's effectiveness as well a relative improvement in the Portuguese government's effectiveness.²⁸² Furthermore, there is an obvious decline in the Greek regulatory quality; thus, the regulatory quality in Portugal has experienced improvement. During the period of the crisis, not only the scores of the rule of law were negatively affected in Greece, but also the performance of the country recorded a sharp decline. Contrary, Portugal's score has improved since 2010.²⁸³

Moreover, according to Bertelsmann Stiftung Sustainable Governance Indicators, both countries have recorded an average relative deterioration.²⁸⁴ These indicators assess the executive capacity of national governments. Country performance on each indicator fluctuates from 1 (lowest) to 10 (highest). Concentrating on the variables mostly related to the public administration, some improvement has been recorded concerning the application of the Regulatory Impact Assessments (RIA).²⁸⁵ Therefore, in Greece, the respective scores indicate

²⁷⁹ In Greece from 37.5 to 40 and in Portugal from 35 to 40.

²⁸⁰ Lampropoulou, M. (2017), "Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal", PEOPLE: International Journal of Social Sciences, p. 344.

²⁸¹ Lampropoulou, M. (2017), "Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal", PEOPLE: International Journal of Social Sciences, p. 346.

²⁸² See Table 3, Appendix, p. 82.

²⁸³ Lampropoulou, M. (2017), "Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal", PEOPLE: International Journal of Social Sciences, p. 346.

²⁸⁴ See Table 4, Appendix, p. 83.

²⁸⁵ Lampropoulou, M. (2017), "Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal", PEOPLE: International Journal of Social Sciences, p. 347.

that these instruments are not applied or do not exist. On the other hand, they are applicable in some cases in Portugal but lack a common methodology. Policy implementation largely depended on the administrative apparatus as being the executive branch of government, has presented both negative and positive shifts in Greece.²⁸⁶ In the Portuguese case, over the past years, the policy's implementation effectiveness has tended to slightly deteriorate.

Concerning the efficiency of public administration facilitating in the economic activity of private actors and businesses, since 2010, both countries have recorded some progress. However, the consideration of inefficient government as one of the most problematic factors for doing business does exist.²⁸⁷

On the other hand, regarding a citizen's perspective, a sharp decline in trust in national governments from the beginning of the crisis as well as in the course of the fiscal adjustments programs is recorded.²⁸⁸ Since 2010, compared to the EU average scores of trust in national governments, the Greek Government's scores of trust have been extremely low and far below.²⁸⁹ With reference to Portuguese citizens' satisfaction related to political institutions and public services in key policy areas, this as recorded a marked decrease throughout the crisis years;²⁹⁰ thus, recently, in 2016, the restoration of the citizens' trust in the government seems to have been achieved, and simultaneously those trust reached a notable higher score (33%).²⁹¹

All the available data considered, Portugal performs better in most areas related to government and public administration compared to Greece's performance. However, the last achieved a certain improvement, yet still lags behind. The impact of the crisis on the governance's qualitative variables varies and positive as well as negative shifts occurred. In the Greek case, the deterioration of the critical indicators associating with the quality of the governance is much more noticeable. On the other hand, the negative effects of the crisis were

²⁸⁶ Op. cit.

²⁸⁷ See Table 5, Appendix, p. 83.

²⁸⁸ See Table 6, Appendix, p. 83.

²⁸⁹ Lampropoulou, M. (2017), "Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal", *PEOPLE: International Journal of Social Sciences*, p. 348.

²⁹⁰ De Sousa, L., Magalhães, P., Amaral, L. (2014), "Sovereign debt and governance failures, Portuguese democracy and the financial crisis", *American Behavioral Scientist*, 58(12), 1517-1541.

²⁹¹ Lampropoulou, M. (2017), "Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal", *PEOPLE: International Journal of Social Sciences*, p. 348.

more limited in Portugal; yet in comparison with other western European countries, Greece and Portugal exhibit poor performance. Simultaneously, they are ranked low in most areas associated with the quality of governance and public administration.

ii. Financial Performance

The Economic Adjustment Programs implementation had a definitely decisive effect on the public sector's financial indicator. Since the beginning of the economic crisis, there was an improvement in most indicators.²⁹² The decrease of the government expenditure, the increase of the revenues, as well as the notable decline of the government borrowing (% GDP) were realized over the past years. In the Greek case, the cost-cutting measures had a greater effect considering that since 2009 there was a sharp contraction, and thus a decline of 25% of the country's GDP.²⁹³ Additionally, the cost of the public sector wage bill has experienced a significant reduction in both countries in the nominal prices and as a percentage of GDP, together with a notable reduction in the public sector's employees' number.²⁹⁴

D. Assessment of policy outcomes

According to previous research, the often-focused on short-term fiscal targets for generating direct saving policy responses were the national governments' reaction to fiscal austerity and the Eurozone crisis. Thus, the systematic restructuring of the administrative apparatus was an area of a little attention.²⁹⁵ Greece's and Portugal's cases largely verify the alleged hypothesis.²⁹⁶ In addition, the need for fiscal recovery drove mostly the reform

²⁹² See Index I, Appendix, p. 84.

²⁹³ At the same time, Greece recorded the largest fiscal adjustment among the Eurozone countries (Pagoulatos, 2013).

²⁹⁴ See Table 2 and Index I, Appendix, p. 82, 84.

²⁹⁵ Bach, S., & Bordogna, L. (2013), "Reframing public service employment relations: the impact of economic crisis and the new EU economic governance", *European Journal of Industrial Relations*, 19(4), 279–294; Kickert, W, Randma-Liiv, T., Savi, R. (2015), "Politics of fiscal consolidation in Europe: a comparative analysis", *International Review of Administrative Sciences*, 81(3), 562– 584; Pollitt, Ch. (2015), "Be prepared? An outside-in perspective on the future public sector in Europe", *Public Policy and Administration*, 31(1), 3–28.

²⁹⁶ Bruneau, T., Jalali, C., and Colino, C. (2015), "Sustainable governance indicators – Portugal report 2015", Bertelsmann Stiftung, available at: http://www.sgi-network.org/docs/2015/country/SGI2015_Portugal.pdf , accessed on 27/7/2018.

Di Mascio, F. and Natalini, A. (2015), "Fiscal retrenchment in Southern Europe: changing patterns of public management in Greece, Italy, Portugal and Spain", *Public Management Review*, 17(1), 129-148; Featherstone, K. (2015), "External conditionality and the debt crisis: the 'Troika' and public administration reform in Greece", *Journal of European Public Policy*, 22(3), 295-314; Spanou, C. (2015), "Administrative reform and policy conditionality in Greece", *Administration and Public Employment Review*, 1, 31-54.

programs, and the cost-cutting and downsizing requirements set the tone.²⁹⁷ Consequently, the implementation of a deep horizontal budget and personnel cuts including a clear fiscal focus realized in the public administration area. Simultaneously, the restructure, merge as well as the abolishment of some entities were also realized. The public administration had to absorb the imposed adjustment shock and to respond effectively to its modernization structural requirements.

Although notable changes occurred, for instance, the strengthening of the financial management, e-government tools as well as the human resources policies,²⁹⁸ it is debatable whether the question of the initiated programs were reforms of radical transformations. For certain, the public sectors of Greece and Portugal became apparently smaller and less costly; thus, this does not automatically mean that these public sectors are now functioning in a more efficient and effective way.²⁹⁹ According to evaluation reports, initial goals were not fully achieved;³⁰⁰ yet, a gap between programmatic statements as well actual results remains. Additionally, the compliance rate varies and the emphasized need for further structural measures is underlined in both cases.³⁰¹

²⁹⁷ The titles of the Portuguese administrative reform programs are a characteristic case of the suggested (re-)prioritization: In April 2011, the Program for the Restructuring of State Central Administration (PRACE) was replaced by the Plan for the Reduction and Improvement of State Central Administration (PREMAC).

²⁹⁸ European Commission (2015), “eGovernment in Portugal”, Edition 18.0, available at: https://joinup.ec.europa.eu/sites/default/files/ckeditor_files/eGovernment%20in%20Portugal%20February%202016%20-%20v1_00.pdf, accessed on 26/6/2018; European Commission (2016a), Compliance Report, “The third economic adjustment program for Greece, First review”, Directorate General Economic and Financial Affairs, Brussels; European Commission (2016b), “Post-program surveillance report”, Institutional Paper 036 – Portugal, Luxembourg: Publications Office of the European Union.

²⁹⁹ Lampropoulou, M. (2017), “Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal”, *PEOPLE: International Journal of Social Sciences*, p. 349.

³⁰⁰ Sapir, A., Wolff, G., De Sousa, C., and Terzi, A. (2014), “The Troika and financial assistance in the euro area: successes and failures”, Study on the request of the Economic and Monetary Affairs Committee, European Parliament, Directorate General for Internal Policies, Economic Governance Support Unit (EGOV), Brussels; European Commission (2016a), Compliance Report, “The third economic adjustment program for Greece, First review”, Directorate General Economic and Financial Affairs, Brussels; European Commission (2016b), “Post-program surveillance report”, Institutional Paper 036 – Portugal. Luxembourg: Publications Office of the European Union.

³⁰¹ OECD (2013), “Portugal: Reforming the State to promote growth”, OECD “Better Policies” Series, OECD Publishing; European Commission (2014a), “The second economic adjustment programme for Greece” – Fourth Review, European Economy Occasional Papers, 192, Brussels; European Commission (2014b), “The economic adjustment programme for Portugal 2011- 2014”, European Economy Occasional Papers, 202. Brussels; European Commission (2016a), Compliance Report, “The third economic adjustment programme for Greece”, First review. Directorate General Economic and Financial Affairs, Brussels; European Commission (2016b), “Post-programme surveillance report”, Institutional Paper 036 – Portugal, Luxembourg: Publications Office of the European Union; Bruneau, T., Jalali, C., & Colino, C. (2015), “Sustainable governance indicators” – Portugal report 2015. Bertelsmann Stiftung, available at: http://www.sgi-network.org/docs/2015/country/SGI2015_Portugal.pdf, accessed 25/6/2018; Darvas, Z., and Álvaro, L. (2015), “The limitations of policy coordination in the Euro area under the European semester”, Bruegel Policy Contribution 19, available at: http://bruegel.org/wp-content/uploads/2015/11/pc_2015_194.pdf, accessed 26/6/2018; Gonçalves, S. (2016), “Two economic paths out of the crisis?, Greece and Portugal in comparison”, Global Economic Dynamics Study, Bertelsmann Stiftung,

Only lately, a shift from fiscal targets to an improvement in the public administration's quality seems to proceed.³⁰² Nevertheless, despite certain financial criteria being met, in some cases, the implemented criteria had a reverse or, in other words, a negative effect on the public sector's efficiency and service quality.³⁰³ As a case in point, the public sector layoffs caused plentiful consequences namely a substantial loss of experienced employees as well as problems in the effective delivery of public sectors.³⁰⁴

E. Explanatory Factors

One explanation of the outcomes of the reforms could be on the basis of inadequate planning to some degree. Some of the initial assumptions concerning the adjustment process, as well the fiscal targets were over-optimistic and practically unrealistic; additionally, the administrative system's capacity to implement the reforms was weak.³⁰⁵ Furthermore, it is doubtful whether the required adjustments are compatible with several country-specific features.³⁰⁶ Similarly to previous reform efforts pursuing the transferring of the governance and administrative models from the supranational institutions level to the domestic reality,³⁰⁷ the particularities of the southern bureaucracies as well as Greece's and Portugal's administrative culture have not been sufficiently taken into consideration, particularly concerning the involvement of the external actors. Other factors related to the poor results surpass public

available at: http://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/NW_Portugal_Greece_2016.pdf, accessed 26/6/2018.

³⁰² European Commission (2016a), Compliance Report, "The third economic adjustment program for Greece", First review, Directorate General Economic and Financial Affairs, Brussels.

³⁰³ Eichenbaum, M., Rebelo, S., and de Resende, C. (2016), "The Portuguese crisis and the IMF", International Monetary Fund Back Ground Paper, 16-02/05, Independent Evaluation Office of the IMF. Washington, D.C, p. 37.

³⁰⁴ See PART II, p. 32-33; Zahariadis, N. (2016), "Powering over puzzling? Downsizing the public sector during the Greek sovereign debt crisis. *Journal of Comparative Policy Analysis: Research and Practice*", 18(5), 464-478, available at: <https://doi.org/10.1080/13876988.2013.861971>, accessed 27/6/2018.

³⁰⁵ Sapir, A., Wolff, G., De Sousa, C., and Terzi, A. (2014), "The Troika and financial assistance in the euro area: successes and failures", Study on the request of the Economic and Monetary Affairs Committee, European Parliament, Directorate General for Internal Policies, Economic Governance Support Unit (EGOV), Brussels; European Commission (2016a), Compliance Report, "The third economic adjustment program for Greece", First review. Directorate General Economic and Financial Affairs, Brussels; Eichenbaum, M., Rebelo, S., & de Resende, C. (2016), "The Portuguese crisis and the IMF", International Monetary Fund Back Ground Paper, 16-02/05, Independent Evaluation Office of the IMF. Washington, D.C, p. 37.

³⁰⁶ Lampropoulou, M. (2017), "Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal", *PEOPLE: International Journal of Social Sciences*, pp. 349-350.

³⁰⁷ Magone, J. (2011), "The difficult transformation of state and public administration in Portugal: Europeanization and the persistence of neo-patrimonialism". *Public Administration*, 89(3), 756–782.

administration and associate with the external macroeconomic environment as well as the domestic economic conditions.³⁰⁸

Unpredicted factors and legal barriers also affected policy outcomes, while in many cases the initiated measures met strong resistance inhibiting the implementation. For example, the Constitutional Court of Portugal abolished some of the cutbacks targeting civil service, one of which was the wage cuts in the public sector.³⁰⁹ The measures, especially with a high political cost of compliance, such as public service layoffs, practically damaged the legitimization as well as the acceptance of the reform programs and no substantial gain was produced.³¹⁰ Additionally, many measures, such as the increase in working hours, the requalification scheme, the freeze of the wage bill in Portugal, were reversed or canceled.³¹¹

Comparatively speaking, additional factors estimate the varying effect as well as the outcomes of the adjustment programs. The characterization of a ‘failure’ or a ‘success’ story often illustrates Greece and Portugal respectively; additionally, Greece’s adjustment program is characterized as the least successful among the peripheral countries.³¹² Nevertheless, no full confirmation of this hypothesis has been carried out, either regarding the adjustment programs in general or the administrative reforms in particular.³¹³ According to the findings of the analysis, a range of variables affecting the final results should be considered for the assessment of the outcomes of the adjustment programs.

³⁰⁸ Lampropoulou, M. (2017), “Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal”, *PEOPLE: International Journal of Social Sciences*, p. 350.

³⁰⁹ *Op. cit.*

³¹⁰ *Op. cit.*

³¹¹ Domnick, C., and Schoenwald, S. (2016), “No pain, no gain? Economic adjustment programmes in Greece and Portugal”, *KfW Research Focus on Economics*, 146, available at: https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-Fokus-Volkswirtschaft/Fokus-englische-Dateien/Fokus-Nr.-146-October-2016-Portugal-and-Greece_EN.pdf, accessed 1/7/2018; European Commission (2016b), “Post-programme surveillance report”, Institutional Paper 036 – Portugal, Luxembourg: Publications Office of the European Union, p. 22.

³¹² *Op. cit.*; Sapir, A., Wolff, G., De Sousa, C., and Terzi, A. (2014), “The Troika and financial assistance in the euro area: successes and failures”, Study on the request of the Economic and Monetary Affairs Committee, European Parliament, Directorate General for Internal Policies, Economic Governance Support Unit (EGOV), Brussels.

³¹³ Reis, R. (2015), “Looking for a success: the euro crisis adjustment programs. Brookings Papers on Economic Activity”, Conference Draft, September 10-11, available at: <https://doi.org/10.1353/eca.2015.0010>, access on 1/7/2018; Gonçalves, S. (2016). Two economic paths out of the crisis?, Greece and Portugal in comparison. Global Economic Dynamics Study, Bertelsmann Stiftung, available at: http://www.bertelsmann-stiftung.de/fileadmin/files/BSI/Publikationen/GrauePublikationen/NW_Portugal_Greece_2016.pdf, accessed 1/7/2018.

Analytically, although the policy mix resembles similar, thus the conditions under which it was implemented are almost different. The ‘financial vulnerability’,³¹⁴ the depth of the recession, as well as, the deterioration of the economic situation of each country affected their policy outcomes. As far as the deterioration of the economic situation is concerned, in the Greek case, it has been undoubtedly more severe.³¹⁵ Another essential difference is the situation of the two countries before the crisis erupted. During the preceding decade, regarding the public sector, Portugal had implemented several cost-cutting measures leading to some savings, such as the measurement of the reduction in the number of as well compensation to public sector employees.³¹⁶ Contrary, in Greece of the pre-crisis condition, there was no concrete effort to confront the poor financial performance of the public sector despite the warning signs.³¹⁷

Additionally, certain country particularities influenced the process of the administrative reform. The domestic politics, as well as the dynamics of political representation, were among the critical variables.³¹⁸ Although, these governments faced hard resistance against the austerity packages, compared to Greece’s political conditions during the implementation phase, those in Portugal were more favorable. Furthermore, the ownership of the reform programs, as well as the involvement of the supra-national actors,³¹⁹ were some of the additional factors strongly delegitimized the initiated reforms. The government of Portugal cooperated well with the

³¹⁴ Lodge, M., & Hood, Ch. (2012), “Into an age of multiple austerities?: Public management and public service bargains across OECD countries:”, *Governance*, 25(1), 79-101.

³¹⁵ Gonçalves, S. (2016), “Two economic paths out of the crisis?, Greece and Portugal in comparison”, *Global Economic Dynamics Study*, Bertelsmann Stiftung, available at: http://www.bertelsmann-stiftung.de/fileadmin/files/BS/Publikationen/GrauePublikationen/NW_Portugal_Greece_2016.pdf , accessed 1/7/2018; Domnick, C., & Schoenwald, S. (2016), “No pain, no gain? Economic adjustment programmes in Greece and Portugal”, *KfW Research Focus on Economics*, 146, available at: https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-Fokus-Volkswirtschaft/Fokus-englische-Dateien/Fokus-Nr.-146-October-2016-Portugal-and-Greece_EN.pdf , accessed 1/7/2018.

³¹⁶ Lourtie, P. (2011), “Understanding Portugal in the context of the Eurozone crisis”, Paper prepared for the conference “Resolving the European Debt Crisis”, Peterson Institute for International Economics & Bruegel. Chantilly, France, September 13-14, available at: <https://piie.com/publications/papers/lourtie20110913.pdf> , accessed 1/7/2018.

³¹⁷ Lampropoulou, M. (2017), “Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal”, *PEOPLE: International Journal of Social Sciences*, p. 351.

³¹⁸ Freire, A., Lisi, M., Andreadis, I. and Leite Viegas, J. (2014), “Political representation in bailed-out Southern Europe: Greece and Portugal compared”, *South European Society and Politics*, 19(4), 413-433; Kovras, I. and Loizides, N. (2014), “The sovereign debt crisis in Southern Europe: Majoritarian pitfalls?”, *Comparative Politics*, 47(1), 1-20, ISSN 0010-4159.

³¹⁹ Sapir, A., Wolff, G., De Sousa, C., and Terzi, A. (2014), “*The Troika and financial assistance in the euro area: successes and failures*”, Study on the request of the Economic and Monetary Affairs Committee, European Parliament, Directorate General for Internal Policies, Economic Governance Support Unit (EGOV), Brussels; Featherstone, K. (2015), “External conditionality and the debt crisis: the ‘Troika’ and public administration reform in Greece”, *Journal of European Public Policy*, 22(3), 295-314; Spanou, C. (2015), “Administrative reform and policy conditionality in Greece”, *Administration and Public Employment Review*, 1, 31-54.

Troika;³²⁰ thus, a constant tension between the policy-makers and external actors characterized the Greek case.³²¹ In the latter case, the initiated policies were lacking public support as the reforms were seen as an externally imposed obligation.

The varying ‘reform ability’ and the institutional capacity of each country also affect the outcomes of the adjustment programs.³²² The empirical data previously presented indicates that governance, and also administrative capacity indicators have been higher in Portugal than in Greece, meaning that the administrative apparatus was more capable of implementing the required reforms.³²³ On the other hand, Greece records relatively lower performance, and its distance to cover is longer, also considering the combined effect of the mounting fiscal stress.³²⁴ The particular south European administrative tradition, as well as, the country-specific cultural patterns are also responsible for the observed variations.³²⁵ In this respect, the prevailing political and also administrative culture,³²⁶ which also explains the long-standing low capacity of the Greek state apparatus,³²⁷ may provide an additional explanation of the observed variations.

F. Conclusion

This part explored and assessed the impact of the Eurozone crisis on both, the Greek and Portuguese public administration. Greece and Portugal provided a good basis for comparative

³²⁰ Sapir, A., Wolff, G., De Sousa, C., and Terzi, A. (2014), “The Troika and financial assistance in the euro area: successes and failures”, Study on the request of the Economic and Monetary Affairs Committee, European Parliament, Directorate General for Internal Policies, Economic Governance Support Unit (EGOV), Brussels, p. 44.

³²¹ Featherstone, K. (2015), “External conditionality and the debt crisis: the ‘Troika’ and public administration reform in Greece”, *Journal of European Public Policy*, 22(3), 295-314.

³²² Heinemann, F., and Grigoriadis, Th. (2016), “Origins of reform resistance and the Southern European regime”, *Empirica*, Austrian Institute for Economic Research, Austrian Economic Association, 43(4), 661-691.

³²³ Lampropoulou, M. (2017), “Administrative Reforms and the Eurozone Crisis: A comparative study of Greece and Portugal”, *PEOPLE: International Journal of Social Sciences*, p. 351.

³²⁴ *Op. cit.*

³²⁵ Rocha, O., and Zavale B. (2015), “Financial crisis adjustment and state reform: The case of Portugal”, *Global Journal of Political Science and Administration*, 3(1), 10-20. ISSN 2054-6343.

³²⁶ Dimitrakopoulos, D. (2014), “Response to session 1 ‘International experiences of administrative reform’”, *Administrative reform in Greece – A Report on a keynote policy symposium of the Hellenic Observatory*. LSE (April 11), 20-22, available at: [http://www.lse.ac.uk/europeanInstitute/research/hellenicObservatory/CMS%20pdf/Va rious/Administrative-Reform-in-Greece-%E2%80%93-A-Report-on-a-Keynote-Policy-Symposium-of-the-Hellenic-Observatory,-LSE.pdf](http://www.lse.ac.uk/europeanInstitute/research/hellenicObservatory/CMS%20pdf/Va%20rious/Administrative-Reform-in-Greece-%E2%80%93-A-Report-on-a-Keynote-Policy-Symposium-of-the-Hellenic-Observatory,-LSE.pdf) ., access on 1/7/2018.

³²⁷ Featherstone, K. (2015). External conditionality and the debt crisis: the ‘Troika’ and public administration reform in Greece. *Journal of European Public Policy*, 22(3), 295-314.

³²⁷ Spanou, C., Sotiropoulos, D. (2011), “The odyssey of administrative reforms in Greece, 1981–2009: a tale of two reform paths”, *Public Administration*, 89(3), 723–737.

study given the common roots of their administrative tradition, on the grounds that they share certain similar historical, political, economical as well as social characteristics, and also the case that the peripheral countries were hard-hit by the crisis.

The Greek and Portuguese adjustment programs content and design present several similarities. In both cases, the strong influence of external actors shaped the domestic political agendas, and additionally, the austerity and contractionary fiscal policies set the tone. The Memoranda directly included the agreed upon strict conditionality administrative reforms. The policy mix was a combination of structural as well as fiscal measures. The primary aim of the programs was the reduction of the cost and the enhancement of the efficiency of the public sector. Great emphasis was placed on downsizing and cost-cutting measures having an impact on the formal structures of public administration, the administrative procedures, as well as the civil service. The areas that were the most affected were those that could have a fiscal effect, such as wage cuts, personnel reductions, and budget monitoring.

Quantitative and qualitative indicators assess the impact of the adjustment programs on public administration. Although some targets were met, thus, certain implementation gaps were observed. Additionally, the actual results often diverged considerably from the expected ones. Moreover, the crisis directly affected positively the public sector financial performance and most indicators recorded improvement. The horizontal cuts were largely responsible for the abovementioned. Contrary, the adjustment programs qualitative effect is not as clear as its fiscal effect. Evidence gave mix results. Regarding the quality of governance, there is a clear deterioration of Greece's scores, while Portugal has exhibited relative improvement. Indicators recording the executive capacity in both countries showed a downward inclination in most areas. In the crisis years, citizens' trust has declined and, especially in Greece, has remained at a very low level.

Compared to other previous reform efforts, the aim of the administrative reform programs of the crisis period was the downsizing and cost reducing measures. These measures had priority on the basis of the implementation towards the structural adjustments and quality improvements. Although initiated policies partly reflected a neoliberal agenda, there was no

clear reform pattern.³²⁸ In this point of view, there can be an argumentation that those reforms were primarily technical driven by fiscal urgency. Thus, it is partly explained that, while financial performance has improved, the public administration's quality was often negatively affected. This negative correlation was especially intense in the Greek case that achieved the largest fiscal adjustment, and simultaneously, experienced a sharp deterioration in the quality of governance as well as administration.

Various social, political, as well as economic factors that affected policy outcomes, explained the divergences observed between Greece and Portugal. Along with the different starting points and including the scale of required adjustments, implementation conditions deviated considerably between these two countries. Reform prospects also vary. Portugal exited the financial program in May 2014, under present circumstances. Contrary, Greece was till recently under a bailout program having uncertain prospects. Nevertheless, in both cases, no evidence proves the shift from the fiscal adjustment phase to one of the structural reforms.

This part investigated the process of administrative reform during the bailout programs in Greece and Portugal. Though, there is a difficulty in estimating the long-term consequences of the described adjustments on the public administration yet. Further research remains to be done concerning the sustainability of the implemented reforms in the post-adjustment period. Additionally, a more detailed from a theoretical point of view way could address the implications of the Eurozone crisis for public administration. For case in point, an intriguing issue would be the degree of convergence or even divergence to a reform pattern, pressuring by external fiscal constraints. Similarly, the linearity of the pre-crisis, and also, the post-crisis reform paths could be assessed, as well. This study focused on two cases studies; yet, further work should include broader clusters of countries affected by the crisis. Finally, a valuable direction for future research would be the crisis's effect comparative assessment of different administrative systems and especially between the EU core and periphery countries.

³²⁸ For instance, with reference to NPM and/or NWS models.

Conclusion

Whether, in a developed country like Greece, the administrative crisis is a persistent phenomenon remains a basic question. The reason is that although the implied various reforms that have taken place over more than the last 40 years, as well as, the widespread consensus for the need of modernizing the political system as a whole, however, the state bureaucracy along with the administration have failed to improve in a substantial way. Additionally, the worst symptoms of maladministration and bureaupathology have not been overcome.³²⁹ The crisis features and characteristics seem to persist, if not intensify; additionally, they manifest themselves not only in the public's finance widening gap or deficit but also in the public's sector nearly negative efficiency and effectiveness of the administrative behavior. Related aspects of the administrative crisis include the following:

1. The excessive, especially in the past, size of personnel.
2. The uneven allocation of duties and responsibilities, as well as the limited professional expertise of public employment.
3. The outmoded and ill-shaped organizational structures.
4. The virtual absence of modern management principles, methods, and techniques.
5. The prevailing legalism, formalism, and underdevelopment of professional ethos as well as disrespect for morality in modern Greece's administrative culture.

The administrative crisis does also seem to reflect, and thus, perpetuate the whole wider inertia and weakness of the public sector. However, the causes of this inertia ought to be sought both at the structure as well as foundations of the political behavior over the years rather than a particular coincidence.

The current economic crisis, that Greece is facing from 2008 and onwards, has dramatically proven the weakness of the Greek economy along with plenty of state inefficiencies. There is an important implementation gap as far as certain reforms related to

³²⁹ Makrydemetres Anth (2013), "Weaving Penelope's Web. Administration and Democracy in Contemporary Greece," Administration and Society – No 9, Athens-Thessaloniki: Sakkoulas Publications, p. 121.

managerialism and de-politicization of personnel recruitment and career development are concerned. Other reforms, such as decentralization, regulatory agencies, inspection and control bodies, have promising results but uneven in the medium term. In the Greek context, a short-term horizon limits every new reform in which each reform either has to produce its results or die. Changes of policy priorities, even within the same government, are led by ministerial turnover and are widespread given the absence of long-term policy goals, as well the lack of serious preparation of reforms. Furthermore, changes in government structure indicate changes of personnel in top administrative positions, and thus institutional memory and experience are lost. This constitutes a phenomenon that underlines the way the political system traditionally operates, and at the same time, a source of fragmentation of efforts along with lack of continuity and political commitment. Additionally, this phenomenon is also linked to the lack of sustainability, and thus even to the cessation of reform efforts. Greece is a sum of semi-closed markets, concerning the political one, where corruption and nepotism prevail. Its political system has been characterized as an environment of weak institutions and of strong special interest groups that privileges the lack of transparency and accountability. In that weak institutionalized system, complex interactions between the various government branches, voters, interest groups etc. do dominate and exist, making reforms difficult to implement. Each of the aforementioned groups plays an important and a given role in this power game and seeks to defend the status quo against any reforms. In such a context, clientelistic or corporatist pressures, which prepare the ground for resistance to change, enter with great ease in decision-making centers, distort official policy objectives, as well allow the implementation to drift. Hence informally operating procedures and domestic political dynamics are at the center of this type of resistance to change or in other words, are an obstacle to reform. In another vein, budget constraints often impede reform efforts. Typically, an incoming government firstly introduces a policy initiative, then allocates limited funds to its implementation, and finally starts reducing government spending until the whole thing expires. Although, parties of the whole political spectrum widely accept the importance of administrative reform, in practice, reform initiatives lack persistence and continuity.

National Strategy for Administrative Reform 2017-2019

The National Strategy for Administrative Reform 2016-2018 noted the number of weaknesses to be addressed in the context of a medium to a long-term action plan:

i. Inability to design and implement public policies:

The design and implementation of integrated public policies is a major weakness as it leads to fragmented interventions, overlaps, and mutually exclusive actions, maintaining an environment characterized by intense fragmentation and dispersion across all parameters (responsibilities, structures, infrastructure, human resources, etc.) etc.) that define the policy field.

ii. Lack of coordination:

The main obstacles are the lack of a coordinating mechanism for the implementation of reforms, the absence of co-operation networks in the public administration, the existence of administrative constraints and the fragmented and disrupted operational model of the Greek public administration.

iii. Insufficient utilization and irrational distribution of human potential:

Human resources management has also been problematic. It is characterized by its narrow perspective, lack of design and strategic perception. The reduction in staff, coupled with political choices that alienated staff from the objectives of reform policy, are factors that have destabilized the system and reduced its coherence. At the same time, the irrational distributions that still exist, both in terms of the number of employees and their skills, lead to the phenomenon of uneven staffing and the inappropriate use of valuable human resources.

According to the "Analysis of Regular Staff of the Year 2016" (Ministry of Administrative Reconstruction, 24.4.2017), the total change in the regular staff of the public administration for the years 2009-2016 is -18.4% and corresponds to 127.236 employees. Moreover, according to OECD data, public sector employment as a percentage of total employment in Greece is lower than the average of OECD countries.

Setting a strict quota as a measure to reduce the public sector's human resources (retirement recruitment ratio), without prior consideration of the demographic characteristics of the already "aging" Greek public administration, resulted in:

- The deterioration of the average age of human resources
- The subsistence of a significant number of services.

iv. Problematic regulatory framework:

The plurality, the malignity and the complexity of regulatory texts and regulations create problems of understanding, compliance and legal certainty for both citizens and businesses, and for the public administration itself.

v. Lack of eGovernment issues:

E-government and e-services for citizens remain at an early stage, and there are vital deficiencies in data collection, processing, and management.

vi. The absence of modern methods, techniques and management tools:

In Greece, public policy-making has not yet been developed on the basis of documentation, reflecting both the poverty of data held by the administration and the culture of legalism. The procedures for collecting, compiling and analyzing data are inadequate. Incomplete and inappropriate data collection and classification makes it more difficult to develop policies based on empirical data and limits the ability to identify early and effectively resolve problems.

Action Program 2017-2019 aimed at:

1. New partnerships and the exploitation of international know-how
2. New institutional interventions in the direction of meritocracy, transparency, and impartiality
3. A new framework for addressing corruption and maladministration
4. Addressing the lack of implementation of public policies
5. Improving the horizontal and vertical coordination of public administration bodies

6. Addressing overlays and lack of competence
7. Upgrading the quality of services
8. Abbreviation of the quality of administrative services
9. Functional separation of executive and executive responsibilities
10. Improving assessment methods

According to the national plan, by the end of 2019 the following reforms should be completed:

1. The completion of the Development of a Register of Procedures in the Public Administration Bodies
2. The implementation of a plan and standardization of services under the new Quality Assurance Framework
3. A complete transition to the digital Citizens Service Centers (KEP),
4. The completion of the Digital Action Plans with all Ministries and Regions,
5. The implementation of its structural elements eGovernment and Digital Economy and horizontal actions
6. The implementation of projects and ICT actions in the public sector

The Optimal Strategy

In any case, the Greek setting represented a ‘least likely case’ regarding external conditionality to stimulate domestic reform.³³⁰ There has been a long notice of the dysfunctionalities of the Greek public administration.³³¹ The party-state relationship has involved clientelistic appointments across the public sector, constraining the political will to reform. Thus, the Greek case indicates the conceptual relevance of differences of administrative

³³⁰ Flyvbjerg, B. (2006), ‘Five misunderstandings about case-study research’, *Qualitative Inquiry* 12(2): 219–45.

³³¹ Dimitrakopoulos, D. (2001), ‘Learning and steering: changing implementation patterns and the Greek central government’, *Journal of European Public Policy* 8(4): 604–22.

Flogaitis, S. (1987), *Το Ελληνικό Διοικητικό Σύστημα* (The Greek Administrative System), Athens: Ant. Sakkoulas.

Makrydemetres, A. and Michalopoulos, N. (2000), ‘Εκθέσεις εμπειρογνομώνων για τη δημόσια διοίκηση 1950–1998’ [Experts’ Reports on Public Administration, 1950–1998], Athens: Papazisis.

Spanou, C. and Sotiropoulos, D. (2011), ‘The odyssey of administrative reforms in Greece, 1981–2009: a tale of two reform paths’, *Public Administration* 89(3): 723 – 37.

tradition as well cultural norms, but also the dysfunctional application of the strategy with impacts on actor interests and ownership. Consequently, it raises important strategic issues for the EU, namely the question of its effectiveness in reaching into robust domestic settings to lever institutional reform, the question of ability or appropriateness of imposing the EU a preferred policy model. The extent to which the crisis has incited a paradigmatic shift in administrative reform remained ambiguous. This appeared more in the realm of the middle-level policy change; it was not a crucial break with the established, Napoleonic state tradition.

Regarding the prospects of reform, the optimal strategy would rather tend to focus on both increasing and improving the capacity and also the quality of state machinery. Thus, that would entail to a certain extent taking measures for reducing the overall size and scope of state involvement as well as intervention in the economy and society. It seems that a necessary reversal of the overstretched and oversized state involvement of the overregulated economy and society is likely required for rolling back to more manageable proportions.³³² Simultaneously, a relevant precondition, a *conditio sine qua non*, for the further development in the economy's productive sectors would relate to the substantial amelioration of the quality, and furthermore, professionalism of public services. Namely, the capacity of the state to act effectively and efficiently, in a manner that is responsible and accountable to the people as well civil society at large is urgently needed. The raising of the capacity level of the Greek administrative system does unquestionably involve the reshaping of the structure of central service units, and particularly, the reduction of the number of the related to the central policy determination units.

All-inclusive, a kind of a *pragmatic shift* is underlying the whole effort for reinventing public governance and administration in contemporary Greece. Therefore, a new emphasis is more than visible on the vital need to circumscribe the institutional monopoly of the centralized state administration through attempting to reduce as well optimize its regulatory intervention in the economy and society.

³³² Makrydemetres Anth (2013), *Weaving Penelope's Web. Administration and Democracy in Contemporary Greece*, Administration and Society – No 9, Athens-Thessaloniki: Sakkoulas Publications, pp. 133-135.

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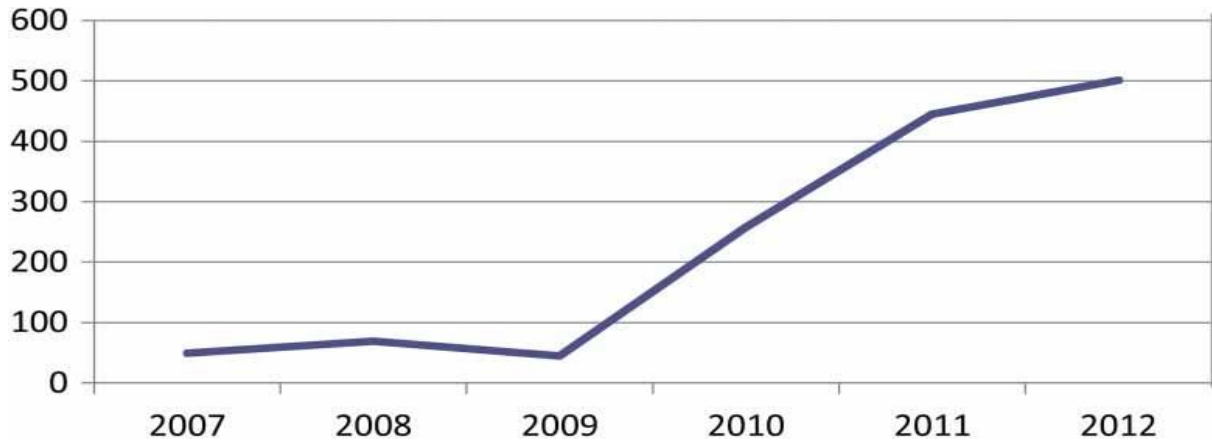
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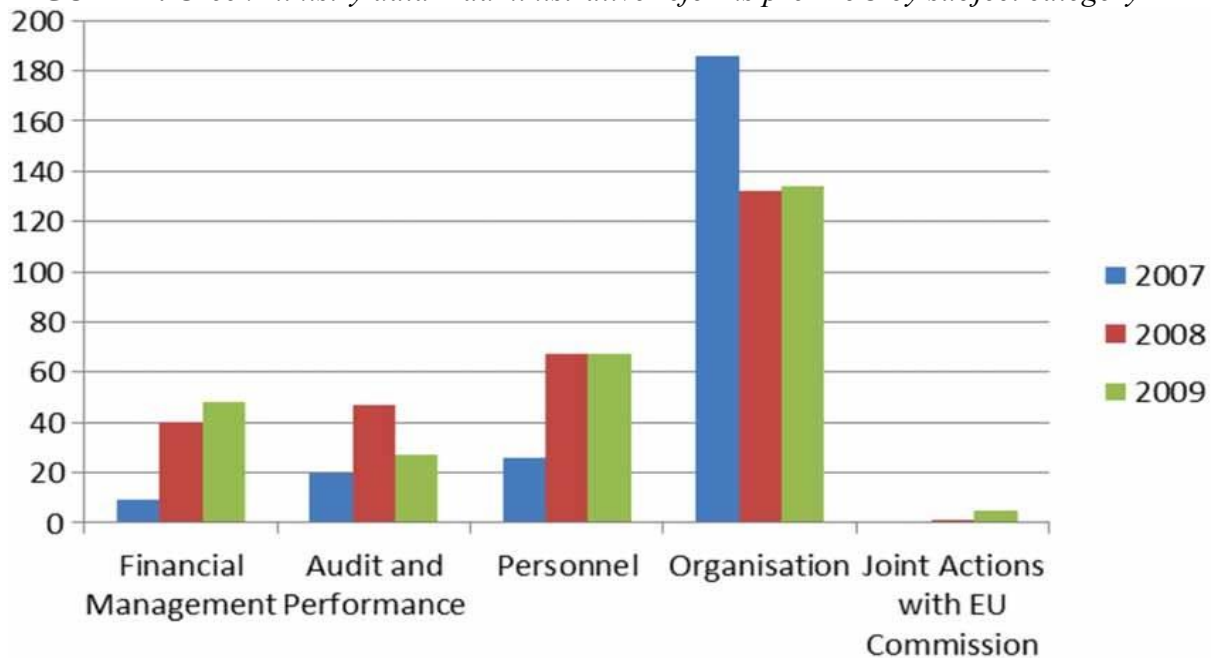
Appendix

FIGURE 1: Greek ministry data – the total number of administrative reform actions in Greece, 2007–13



Source: Data from the website of the Ministry of Administrative Reform and e-Governance, Greece, collated by LSE Hellenic Observatory

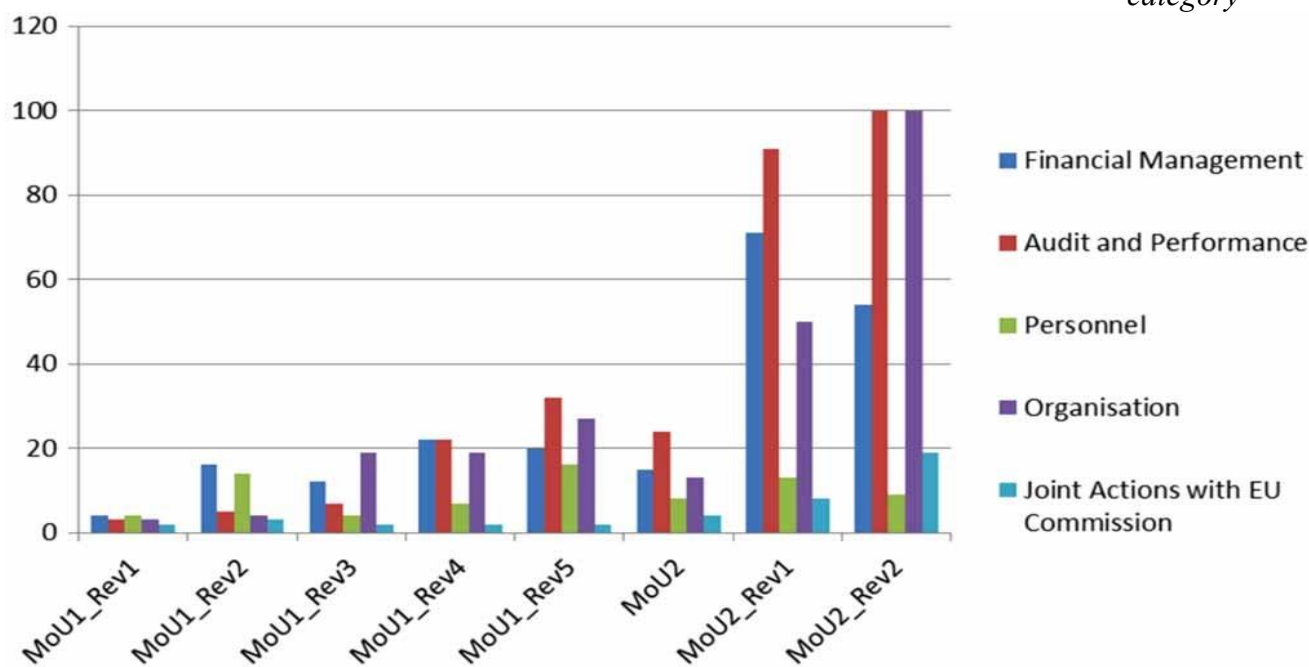
FIGURE 2: Greek ministry data – administrative reforms pre-MoU by subject category



Source: Data from the website of the Ministry of Administrative Reform and e-Governance, Greece, collated by LSE Hellenic Observatory

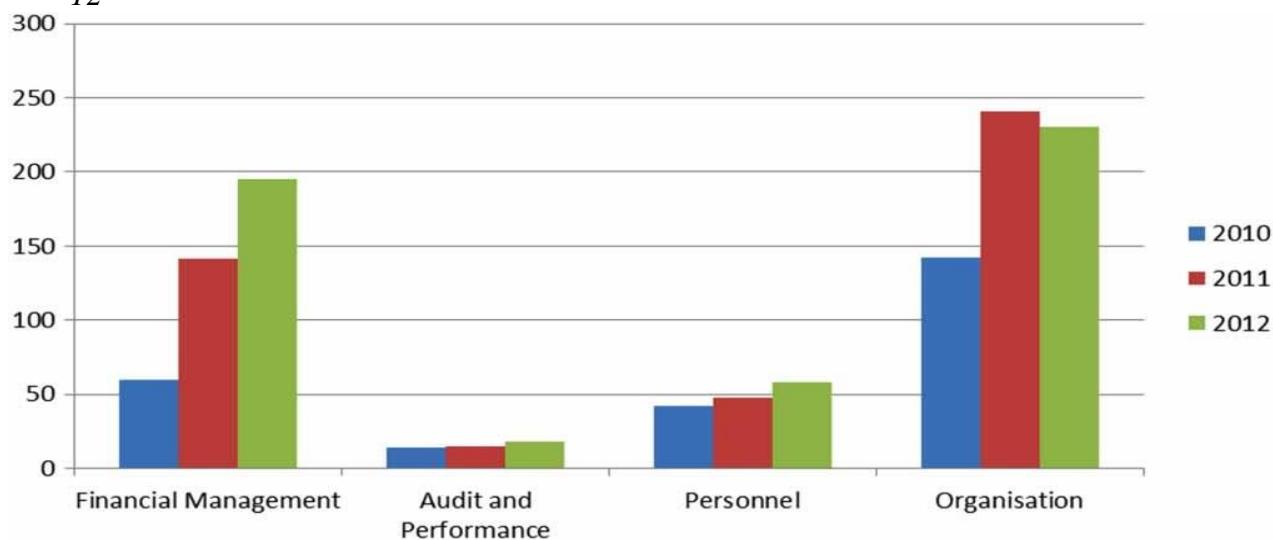
FIGURE 3: Troika reports – administrative reforms in Greece post-MoU (2010–13) by subject

category



Source: The data here is taken from the reports of the 'Troika', differentiated according to the typology of Ongaro³³³.

FIGURE 4: Greek ministry data on administrative reforms of Greek government by type, 2010 – 12



Source: Data from website of Ministry for Administrative Reform, Greece, and differentiated according to the typology of Ongaro³³⁴.

³³³ Ongaro, E. (2009) Public Management Reform and Modernization: Trajectories of Administrative Change in Italy, France, Greece, Portugal and Spain, Cheltenham: Edward Elgar.

³³⁴ Ongaro, E. (2009) Public Management Reform and Modernization: Trajectories of Administrative Change in Italy, France, Greece, Portugal and Spain, Cheltenham: Edward Elgar.

TABLE 1: State organization & Administrative Divisions

	LEVELS & STRUCTURE OF PUBLIC ADMINISTRATION	ADMINISTRATIVE DIVISIONS
Greece	Central Administration Decentralised Administrative Units Local Government (Municipalities /Region)	Decentralized Administrative Units (7) Regions (13) Municipalities (325)
Portugal	Direct State Administration Indirect State Administration Autonomous Administration (Regional/Local/Associations)	Administrative Regions (18) Intermunicipal Communities (21) Municipalities (308) Parishes (3.091) Metropolitan Areas (2) Autonomous Regions (2)

TABLE 2: Public Employment (2009-2015)

	2009	2010	2011	2012	2013	2014	2015
Greece	865.153	796.947	715.686	629.114	599.207	576.856	566.913
Portugal	-	-	727.642	699.829	674.660	656.056	658.459

Source: Hellenic Ministry of Administrative Reform; Boletim Estatístico do Emprego Público

TABLE 3: Governance Scores* (2010-2015)

	2010	2011	2012	2013	2014	2015
Government Effectiveness						
Greece	0.55	0.50	0.32	0.46	0.40	0.25
Portugal	1.02	0.96	1.05	1.24	1.01	1.23
Regulatory Quality						
Greece	0.63	0.49	0.51	0.62	0.34	0.40
Portugal	0.73	0.63	0.82	0.80	0.77	0.94
Rule of Law						
Greece	0.61	0.55	0.40	0.45	0.34	0.24
Portugal	1.04	1.03	1.05	1.04	1.13	1.14

* -2.5 to +2.5

Source: World Bank Worldwide Governance Indicators

TABLE 4: Governance: Executive Capacity: 2009-2016*

	Greece						Portugal				
	2009	2011	2014	2015	2016		2009	2011	2014	2015	2016
Strategic Capacity	3,0	4,0	5,5	5,0	4,5		6,5	6,0	5,0	5,0	5,0
Interministerial Coordination	5,2	4,7	6,0	5,7	5,0		6,5	6,7	6,8	6,8	7,0
Evidence-based Instruments (RIA)	1,0	2,0	1,3	1,3	1,3		2,3	5,0	1,6	2,7	3,0
Societal Consultation	5,0	5,0	2,0	2,0	3,0		5,0	5,0	4,0	4,0	4,0
Policy Communication	4,0	6,0	2,0	3,0	3,0		9,0	8,0	7,0	5,0	6,0
Implementation	4,0	3,4	4,5	4,6	4,0		6,8	6,5	6,8	6,6	6,4
Adaptability	3,7	4,5	4,5	4,5	4,5		8,0	7,0	7,0	7,0	7,0
AVG	3,70	4,23	3,69	3,73	3,61		6,30	6,31	5,46	5,30	5,49
* 1 to 10	<i>Source: Bertelsmann Stiftung Sustainable Governance Indicators</i>										

TABLE 5: Inefficient Government Bureaucracy* (2010-2016)

	2010-2011	2012-2013	2014-2015	2016-2017
Greece	27.2	21.0	19.8	15.6
Portugal	20.6	15.2	19.2	15.3

Responses weighted according to a 1-5 ranking of the five most problematic factors for doing business⁽¹⁾
Source: World Economic Forum - Global Competitiveness Index

TABLE 6: Trust in Government (2009-2016)

	2009	2010	2011	2012	2013	2014	2015	2016

GREECE	44%	21%	8%	7%	10%	11%	16%	11%
PORTUGAL	32%	19%	24%	22%	15%	17%	15%	33%
EU27/28	29%	28%	24%	27%	23%	29%	27%	27%

Source: EC Eurobarometers 72, 74, 76, 78, 80, 82, 84

Index I

Public Sector Indicators (2009-2015)

		2009	2010	2011	2012	2013	2014	2015	% Change	
									2009/2014	2009/2015
TOTAL GENERAL GOVERNMENT EXPENDITURE (% GDP)										
Greece		54.1	52.5	54.2	55.3	62.1	50.7	55.3	-6.28%	2.22%
Portugal		50.2	51.8	50.0	48.5	49.9	51.7	48.3	2.99%	-3.78%
TOTAL GENERAL GOVERNMENT REVENUE (% GDP)										
Greece		38.9	41.3	44.0	46.4	49.1	47.0	48.1	20.82%	23.65%
Portugal		40.4	40.6	42.6	42.9	45.1	44.5	43.9	10.15%	8.66%
COMPENSATION OF EMPLOYEES (Q4)										
Greece	% GDP	13.9	12.6	13.2	13.5	12.6	13.1	12.7	-5.7%	-8.6%
	Cur. Prices (mill. €)	8,697.7	7,155.3	6,798.7	6,479.0	5,649.4	5,878.2	5,674.7	-32.41%	-34.75%
Portugal	% GDP	17.5	16.7	16.1	14.4	15.2	13.5	13.2	-22.8%	-24.5%
	Cur. Prices (mill. €)	8,032.4	7,770.6	7,168.0	6,120.7	6,703.0	5,881.7	5,971.8	-26.78%	-25.66%
NET LENDING/BORROWING (% GDP)										
Greece		-15.2	-11.2	-10.2	-8.8	-13.0	-3.6	-7.2	-76.32%	-52.63%
Portugal		-9.8	-11.2	-7.4	-5.7	-4.8	-7.2	-4.4	-26.53%	-55.10%
GDP (market prices)										
Greece		237,534.2	226,031.4	207,028.9	191,203.9	180,389.0	177,559.4	176,022.7	-25.25%	-25.89%
Portugal		175,448.2	179,929.8	176,166.6	168,398.0	170,269.3	173,446.2	179,376.4	1.14%	2.24%

Source: Eurostat