PPA Special journal issue 'EU-driven Public Sector Reforms' - Introduction article

EU-driven Public Sector Reforms

Abstract

This paper is the introduction article to the special issue on *EU-driven Public Sector Reforms*. European Union (EU) governance has dramatically changed since the outburst of the financial, economic and fiscal crises in 2007-08. The dramatically changed circumstances have led to heightened EU influence in the field of the organisation of the public sector of Member States, leading to major reforms of the public sector of Member States under conditions of radical fiscal consolidation. We call these 'EU-driven Public Sector Reforms'. The Greek, Hungarian, Irish, and Italian cases of reform of the public sector in recent years accounted for in this special issue are different instances, with diverse outcomes, of this phenomenon. This article reviews the theoretical perspectives that can be employed for the study of EU-driven Public Sector Reforms – these include notably the policy of conditionality; Europeanization; and a combination of learning, leadership and multiple streams theories - and the evidence about the features, doctrinal contents and effects of such reforms arising from the four case studies in the special issue.

Introduction

European Union (EU) governance has dramatically changed since the outburst of the financial, economic and fiscal crises in 2007-08. As part of the EU response to the multiple fiscal crises that menaced to tear apart the EU edifice, a set of far-reaching measures aimed at modifying the architecture of the EU economic governance. These are known as 'Six-pack', 'Two-pack' and 'Fiscal Compact' (the first two being regulations, the latter an international treaty adopted by 26 Member States, with the exclusion of the Czech Republic and the UK).

Jointly, these regulatory changes have introduced or further developed a set of instruments whereby EU institutions may pervasively influence socio-economic and fiscal consolidation in Member States (these instruments include the Stability and Growth Pact, the Excessive Deficit Procedure, the Macroeconomic Imbalance Procedure, and the 'European Semester').

This shift in EU governance has encompassed also the field of the organisation of the public sector at the national level, although this area is not (or is only limitedly and indirectly) a formal competence of the EU under the extant treaties. The dramatically changed circumstances during the unfolding of the multiple crises have led to heightened EU influence (flanked by IMF influence in certain cases) in the field of the organisation of the public sector of Member States: the Greek, Hungarian, Irish, and Italian cases of reform of the public sector in recent years accounted for in this special issue are different instances, with diverse outcomes, of this phenomenon (for reasons illustrated in detail in the individual papers). We will call these 'EU-driven Public Sector Reforms', by this label meaning that such reforms have been, at least partly, triggered and significantly influenced in their developments by EU actors - hence 'EU-driven' - and that they encompass the form of the public sector at the national level in Member States - hence 'Public Sector Reforms'.

To further clarify defining issues, by *public sector reforms* we here mean deliberate attempts to reconfigure the public sector, or significant portions of it, broadly intended –the regulation and organisation of public services at large (thereby including social security, taxation, economic regulation, etc.) -, in order to make the public sector work better, according to given criteria of 'goodness' and 'improvement' (Ashworth et al., 2010); public sector reform is in this sense a notion broader than *administrative reforms* (focused on attempts to reconfigure the public administration of a given jurisdiction) and *public management reforms* (focused on the structures and processes of public sector organisations – their management systems). In a nutshell, public sector reforms encompass a larger phenomenon; administrative and public management reforms concern subsets of the broader public sector reforms. Our focus is on the broader phenomenon of the EU influence on the processes of reconfiguration of the public sector.

A set of both theoretical and empirical questions arise. Theoretically, we may ask the question of what theories can explain the dynamics of EU-driven public sector reforms. Empirically, we may ask: what are the dynamics whereby EU actors influence the organisation of the public sector of Member States? What features do these EU-driven public sector reforms display, and what doctrines inspire such reforms? And what effects – intended or unintended by the EU actors – do they produce?

This special issue investigates empirically the features and dynamics of such reforms by means of four selected single-country, multi-period case studies: the EU-driven Public Sector Reforms occurred in Greece, Hungary, Ireland, and Italy over the period 2008-2016 are investigated in depth.

The rationale for choosing this four countries – alongside the more 'opportunistic' considerations whereby we have able to rely on very knowledgeable scholars about the dynamics of public sector reforms in each of these - is as follows. Primarily, we sought for a significant extent of dissimilarity amongst the investigated cases, in order to try and detect – in an exploratory fashion – variation in the dynamics of public sector reform under different conditions of EU influence. Notably, the cases have been selected to provide variation along both domestic and European dimensions. First, we have variation in terms of presence

(Greece, Hungary, Ireland) or absence (Italy) of the IMF in the fiscal consolidation process (presence or absence of the troika); second, we have variation along the dimension of whether the country belongs (Greece, Ireland, Italy) or not (Hungary) to the euro-zone; third, we have variation in terms of whether EU influence is wielded through direct conditionality (Greece, Ireland, for a brief period Hungary) or indirect forms of conditionality (Italy, via the purchase of government gilds by the European Central Bank, ECB). Additionally, we also tried to combine in the same investigation better known cases of fiscal consolidation like Greece and Italy with lesser known cases in the dedicated scientific literature like Ireland and, especially, Hungary – indeed the latter is a case of unintended consequences (from the perspective of EU actors) of purposive social action which for this sole reason would be worthy of investigation.

This article commences by tackling, in an exploratory fashion, the question of what theories can explain the dynamics of EU-driven public sector reforms, to then address the empirical questions and try and take stock of the evidence about the dynamics of EU-driven public sector reforms.

Theories

Policy Conditionality. One way of explaining, or at least framing and modelling, this phenomenon is through the lens of policy conditionality and the politics of conditionality. Notably we are here referring to a variation on the theme of how conditionality operates, shaped by the distinctive circumstances to which the unique governance arrangements of the EU have given rise during the fiscal crises. Two models may be employed here: one is the quite consolidated model of loan-driven conditionality; this theoretical perspective is employed in the Greece paper, where the author – Calliope Spanou – also delves at length into policy conditionality as a reference framework for the study of EU-driven public sector reforms, as well as in the Hungary and Ireland papers (more in a complementary fashion with other theoretical perspectives). Policy conditionality can be defined as the practice of requiring specific domestic policy changes as a condition for financial support. Policy conditionality has been widely used for describing the operating mode of 'Washington Consensus' institutions like the World Bank (WB) or the International Monetary Fund (IMF) when asking of the borrowing country to enact a set of changes as part of the conditions for the loan to be granted (generally such asked-for changes take the form of required macro-economic adjustments, whereby public sector reforms are seen as purely instrumental to such adjustments). The three cases investigated in this special issue in which the troika (European Commission, ECB, and IMF) intervened as part of a formal bailout are all at least to a certain extent instances of policy conditionality: in this regard, the three cases provide empirically think, longitudinal studies of how policy conditionality unfolds in practice, in a region of the world (Europe) which has more rarely seen formal bailouts and IMF interventions.

The other model drawing on the logic of policy conditionality is the one proposed by Schimmelfennig and Sedelmeier (2004), which is a model contrived within the field of EU studies and originally applied to explain the dynamics of accession of several countries to the EU in 2004. This model has been adapted by Di Mascio et al. in the Italy paper for this special issue for application to the case of coping with EU pressures for fiscal consolidation and public sector reform. The Schimmelfennig and Sedelmeier framework was originally elaborated for explaining conditionality under accession conditions, that is, for explaining what happens in prospective Member States when they have to adopt the *acquis communautaire* as a condition for joining the EU, and before that, what explains the decision by such countries to apply or not for joining the EU in the first instance (e.g. to explain why the government of Poland did choose to apply for EU membership but the neighbouring government of Belarus did not). In its original formulation, it is a rationalist bargaining model whereby ‘actors involved are assumed to be strategic utility-maximizers interested in the maximization of their own power and welfare. In a bargaining process, they exchange information, threats and promises; its outcome depends on their relative bargaining power.’ (Schimmelfennig and Sedelmeier, 2004, p.663). The reward pursued by the country bargaining with the EU in the original formulation of the model was ultimately the full membership of the EU, and the model was initially applied to the Central Eastern European countries that joined in 2004. However, the model takes into account a full range of EU rewards, consisting more broadly of assistance and institutional ties and ranging from trade and co-operation agreements via association agreements to then also encompass full membership (so the model can be applied also to countries with limited or no prospects of joining the EU, like Ukraine which however enjoys a trade agreement with the EU, or like – paradoxically – a soon-to-be former member state like the UK (assuming the path of exiting the EU on which the UK is at the time this paper goes to press) for which the reward would be a trade agreement with the EU). EU conditionality, like any conditionality, basically works in the way that the EU pays the reward if the target government complies with the conditions, and withholds the reward if it fails to comply. The basic logic is that the target state adopts EU rules if the benefits of EU rewards exceed the domestic adoption costs, otherwise it does not embark in adopting EU rules. Additionally, it is assumed that EU rules would not be adopted by the target government if the EU did not set them up as conditions for rewards (in other words, in this model EU rules are not seen as beneficial in themselves, but their adoption is done by the target government in an instrumental way, that is, to receive a reward from the EU in exchange for adopting EU rules). In the cost–benefit model originally developed by Schimmelfennig and Sedelmeier, the balance between costs and benefits depends on: (i) the determinacy of conditions (the higher the clarity and formality of the rules the EU asks in exchange of the reward, the higher the likelihood of the rules being adopted, every other thing being equal), (ii) the size and speed of rewards, (iii) the credibility of threats and promises, and (iv) the size of adoption costs (Schimmelfennig and Sedelmeier 2004, 664), which can lead domestic veto players to mobilize against adoption.

The adapted version employed in the case study of reforms under fiscal consolidation in Italy basically singles out the last factor, i.e. the size of adoption costs, in order to enable to link the externally imposed costs and benefits of adopting prescribed fiscal consolidation measures and public sector reforms, contrasted with the domestic adoption costs. However, for other cases in this special issue, notably the Greek and Irish ones, also the size and speed of reward as well as the credibility of threat and promise might be factored in the equation: so the size and speed of reward lie, e.g., in the amount and speed in transferring a tranche of the loan; and the credibility of threat and promise may consist e.g. in the withholding of the tranche of a loan. In the case of Italy these latter were deemed as less significant as there were no direct loans involved, rather a programme of purchase of government bonds backed by the European Central Bank (ECB): whilst at the outset the ECB intervention was to some extent 'conditional', after a certain point the ECB could not really threaten to end the purchase of Italian government bonds – which was the main reward in the case of Italy - as this would have impaired or menaced the very existence of the euro-zone, given the size of Italy's economy and public debt.

However, the model also has an ideational dimension, based on social learning and a logic of appropriateness (March and Olsen 1989). Within this perspective, the transfer of EU rules depends on whether domestic policy-makers consider EU rules to be appropriate according to the country's "collective identity, values, and norms" (Schimmelfennig and Sedelmeier 2004, 667). In turn, the degree of appropriateness will be affected by factors such as the perceived 'legitimacy' of EU rules (affected by whether they are formal, whether they were drafted through an inclusive process, and whether they are unique to the EU or not) and identity (identification between the Member State government and society and the EU). As illustrated by the case of Italy (Di Mascio et al., this issue), "affective" Europeanism among Italian decision-makers, i.e., the extent to which they have been willing to follow EU recommendations based on their adherence to the ideals of European integration, has been part and parcel of the explanation of the behaviour of the Italian government when the leadership was entrusted to an exponent of this long-standing tradition in Italian politics (e.g. this applies to the Monti and Letta governments, staunch Europhiles and stalwarts of European integration).

When however the reward coincides with a coveted loan for the target government, then the Schimmelfennig and Sedelmeier model tends to overlap with models of loan-driven conditionality – discussed above – which have been developed to explain the workings of much of the macroeconomic stability (IMF) or aid to development (WB) conditionality loans. Indeed, in the case of Greece, Ireland and, at the beginning, Hungary we can only limitedly talk of rationalist utility maximising pattern of behaviour, in which the decision-maker enjoys a range of realistic alternative courses of action amongst which it pursues optimization: the governments of these countries at some point had very limited leeway and ultimately only one option (that is, to accept tough conditions in exchange for the loan to be granted), as the only actual alternative would have been the very undesirable one of the default of the country.

Loan-driven conditionality has in the literature often been coupled with the framework of *coercive policy transfer* (Dolowitz and Marsh, 1996): the condition for the loan to be granted lies in adopting a policy which is transferred from elsewhere into the target country. The transferred policy may be an actual policy (the policy actually implemented in another jurisdiction) or a blueprint, an off-the-shelf generic pattern that is passed on to the target government for replication. In the cases studied in this special issue, the transfer of policies from other jurisdictions is limitedly detectable, and this has occurred to some extent in Greece and Hungary. In Greece, as part of the first phase – 2010-11 – of the plan of compulsory reforms, two programmes for the reform of central and local government were initially led, respectively, by France and Germany according to the rationale whereby for central government reforms the French state should have served as a pattern, and for local government reforms Germany would have provided a pattern, but the results were very limited and the dominant note has been the imposition of a pre-packaged blueprint which, especially in the first years after the outburst of the crisis, was mostly informed by the dominant economic(istic) rationale (see Kickert, and Ongaro, forthcoming 2018). So reforms were copy-pasted from a stylised and artificial 'Washington consensus', fiscal austerity driven and neo-liberal economics inspired blueprint. The theory of policy transfer is also employed as a reference in the Hungarian case study (Török, this issue): in this case too it appears that transfer has mostly occurred from a blueprint, rather than from actual instances of public sector reforms.

Europeanization theories. Alongside the framework of policy conditionality, another way of interpreting the phenomenon of EU-driven public sector reforms is to read it as a novel form of *Europeanization*. One definition of Europeanization is as the becoming influential of EU institutions, actors and processes in a given policy domain (Europeanization of public policies), and/or a given area of political activity (e.g.: Europeanization of the public debate, or Europeanization of political parties behaviour); notable for the purposes of this paper is the Europeanization of governmental activity and specifically the Europeanization of public administration. Indeed, a model we have already reviewed, namely the Schimmelfennig and Sedelmeier model, belongs also to the broad family of Europeanization theories, and Europeanization studies have developed so widely over the past three decades and more to have come to form a very broad parish, and one containing very sophisticated theorisations.

With this caveat in mind, however, we would (very humbly) dare to suggest that one olden notion might still possibly be useful, at least to some extent. Indeed, it might be argued that one mechanism whereby Europeanization spreads to novel policy sectors is by spilling over, as in the olden theories of European integration. According to this frame of analysis, because of the interconnectedness of two or more policies, Europeanization in one policy field leads to Europeanization in another one. In the case of EU-driven Public Sector Reforms, it might be conjectured that spill over has operated *from* the (partial) Europeanization of the fiscal and budgetary policy determined by the new European economic governance *to* the (partial) Europeanization of the public sector reform policy, defined as the specific governmental policy concerned with the organisation of the public sector at the national level in a given country.

Interestingly, it may possibly be inferred from the investigated cases that spill over may be operating in the direction of EU institutions forcing abidance within the Eurozone, but in the utterly opposite direction outside of it: if spill over occurred more or less in accordance with the wishes of EU policy-makers, it did so (to a varied degree) in Greece, Ireland and Italy – all euro-zone countries-, but not in Hungary. In this sense, Hungary is the counterfactual case in point: it is not in the euro-zone, and the government managed to 'shrug off' EU influence and totally bend to its interest the EU-driven Public Sector Reforms that had been pushed by the EU intervention, namely the outcome was for the politicians that came to the office of government in the country to reshape the public sector in such a way to strengthen their grasp over the civil service.

Learning theories, leadership and policy windows. Besides conditionality and Europeanization models, other theoretical frameworks could be proposed for explaining the dynamics of EU-driven Public Sector Reforms. One is that of the *learning theories*, especially those studies at the intersection between policy learning and organisational learning (Dunlop and Radaelli, 2018). If this frame is unlikely to be capable to explain 'how it all started' – the triggers of EU-driven public sector reforms -, it may nonetheless be useful to nuance our understanding of 'how it unfolded' over time. It arises from the case studies that actors – at both EU and national level – have modified and adapted their decision-making patterns over time: e.g., the European Commission (Commission) and the European Council (Council) have somewhat 'softened' their stance and seem to have become in the later part of the observed period less unflinching in their enforcement of 'fiscal austerity' (a brief empirical account of shifts in the stance of the Commission *vis à vis* reforms in Italy is for example reported in the Italy paper, see Di Mascio et al., this issue). Empirically, in fact, the cases point to a different state of affairs towards the end of the observation period, whereby the EU, and notably the Commission, rather tiptoes into the field of the administrative reform policy and adopts a collaborative and supportive approach towards Member States, aiming at furnishing expertise and additional support funding on a voluntary, demand-driven basis to EU Member States engaging in reforms of the public sector (the role of the Commission as 'enabler' rather than – or at least next to – 'enforcer' (Schmidt 2016).

Whilst in broader matters of public sector reform the ‘Policy Recommendations’ contained in the Semester may still sting, in the more specific domain of public administration (administrative and public management reforms), as of latest a period of ‘soft Europeanisation’ of the field of administrative reform seems to being replacing the harsh period of ‘driven’ (i.e. mostly imposed) reforms. The policy field of EU-driven Public Sector Reforms is possibly at the same time widening and lessening its coercive element in favour of an on-demand, more voluntary and ultimately more cooperative, approach towards EU Member States. It has been widening as the EU and notably the Commission is utilising the experience with the successive reform programmes in Greece and it has transformed the Greek Task Force into the Structural Reforms Support Service, which has a mandate to support and enable administrative reforms in all Member States, not just those affected by fiscal consolidation measures. Over time, the Commission has been building capacities in matters of administrative reforms that it did not initially have: these capacities have mostly been built in the Secretariat General as a development of the Task Force for Greece, which morphed into a full-fledged service for supporting structural reforms, a dedicated division for supporting Member States in engaging with public sector reforms. Capacities have also been built around programmes funded by the European Social Fund, explicitly dedicated to the building of skills and expertise in matters of administrative reforms. At least to a certain extent, we may observe[2] that this process may be attributed to learning processes having occurred within and between key organisations involved in the policy subsystem of EU-driven public sector reforms.

[2] One of the authors of this article (Edoardo Ongaro) has happened to have had the opportunity, over the entire period concerned, of holding a number of formal and informal meetings and talks with Commission officials involved in the process: we base our claim also on these insights.

Another theoretical framework which may be resorted to is that of *political and public leadership* (Hartley and Hinksman, 2003). The direction taken by events in Hungary have in all evidence been shaped by the kind of leadership and vision of what Hungary was to become that Viktor Orban provided. The reform of the public sector in Hungary was triggered by the European pressures and the demands of fiscal consolidation, but it has then been dramatically swayed and changed of direction to end up having centred around power restructure, and notably a shift of power from tenured officials to elected officials, who have strongly enhanced their grasp over the civil service: EU-driven Public Sector Reforms have turned into a major state restructure for power-seize purposes by the government of the recipient country – clearly a totally unintended effect of purposive social action when seen from the EU/IMF perspective, yet deliberate goal-attainment from the perspective of the Hungarian leadership of the time, at least from the viewpoint of the leader – Viktor Orbán – of what since became the dominant party.

In a much more ‘orthodox’ fashion, leadership in the Irish government proved capable of transforming the constraints of policy conditionality into an opportunity: in the Irish case, fiscal consolidation and EU/IMF pressures have resulted into an opportunity to push through and effectively implement reforms, and to also at least partly shift the public management model from a relatively traditional – though already quite managerialised public sector when assessed comparatively with most other European countries - to a public management model shaped by a set of ambitious reforms, compound in nature and very wary of importing NPM doctrines in a a-critical fashion (especially in the most extremist and messianic variants of it), which has been deemed to have led Ireland to a ‘post-NPM’ state of affairs (Christensen and Lagreid, 2007/2016) as regards the configuration of its public sector (see MacCartaigh and Hardiman, this issue).

Albeit displaying utterly opposite outcomes, both the Hungarian and the Irish case point to the seizing of a window of opportunity for policy change. The *opportunity window model of policy change* was first theorised by Kingdon who, studying the American political system, noticed how major policy changes may occur when three streams intersect: the problem stream, the political stream and the policy stream (Kingdon, 1984/2014). Their intersection opens up a window of opportunity for policy change, given how the image of the issue gets construed. What we may read when sketching an application of this model to our European cases is that the burst of the fiscal crisis clearly determined the sudden rise of a ‘problem’, shaped in the image of a dramatic urgency (*issue image*) compelling a country to implement drastic fiscal consolidation measures (*problem stream*). Such problem climbed the governmental agenda and figured prominently in the political life of the country, entering pervasively every aspect of it; so ‘the crisis’ gets the centre of the stage in the search for consensus and electoral competitions, it becomes an unavoidable mainstay that forces each political actor to define its stance towards it (*political stream*). Policy alternatives get sought, the environment is scanned, would-be policy entrepreneurs get into action attempting to push through their petty policy alternatives (*policy stream*) – and chief amongst them the mighty EU and IMF policy-makers put forward their favourite policy alternatives, behind the doors as well as in public documents (like a *Memorandum of Understanding* in Troika-led rescues, the country-specific recommendations, official ‘missives’ e.g. from the European Central Bank, and the like, as widely reported in full details in the case studies). Thus, the Kingdon’s model may be seen as a frame to interpret episodes of policy change occurring under circumstances of fiscal conditionality in the changed EU governance. Kingdon emphasises the role of policy entrepreneur in making policy change happen: indeed, leadership theory and the policy entrepreneur theory may in part overlap: on one hand leadership theories may help define the personality traits of leaders who put into effect policy change, on the other hand, the policy window model describes the circumstances in which leadership may be wielded and determine the outcomes of EU-driven public sector reforms.

These theoretical frames may, broadly speaking, be seen as complementary to the theories of conditionality and Europeanization, and it may well be argued that ultimately a combination of these models may provide a framework of reference in terms of the toolkit of theories, a frame that is then to be applied in a bespoke fashion to the individual cases of EU-driven Public Sector Reforms. We thus argue that the combined application of these theories may advance our understanding of the dynamics of EU-driven Public Sector Reforms.

Taking stock on empirical evidence

In the first part of this script we have dwelled on what theories may explain EU-driven Public Sector Reforms, but we may also ask, empirically, what forms these reforms take and what wider dynamics are implicated. Alongside the more explanatory question of 'what explains' EU-driven Public Sector Reforms, this symposium also tackles more descriptive, yet we argue highly significant, questions. This second set of research questions can be formulated as follows:

- What features do EU-driven Public Sector Reforms display?
- What doctrines – if any – inspire such reforms? (e.g., are they 'NPM', or what?)
- What effects do these reforms produce, and under what influencing conditions (e.g. the presence or absence of IMF, or whether or not the country belongs to the euro-zone)?

Addressing such questions enables to tackle significant issues: on the policy side, EU-driven reforms are reshaping in dramatic ways the public sector of a number of countries, with likely short- and long-term consequences for millions of people, citizens and residents of the affected countries. From a social scientific standpoint, accumulation of empirical knowledge about the dynamics of public sector reforms under conditions of EU influence and fiscal consolidation adds to the general literature on the dynamics of public sector reforms (Pollitt and Bouckaert, 2011/17).

Empirically, the cases point to a combination of national and European factors interacting to explain the dynamics of public sector changes. Indeed the cases have been selected to provide variation along both domestic and European dimensions in order to empower our study and be able to discern which factors hold sway; in fact we have: the presence (Greece, Hungary, Ireland) or absence (Italy) of the IMF in the fiscal consolidation process; the belonging (Greece, Ireland, Italy) or not (Hungary) of the studied countries to the euro-zone; the presence of direct conditionality (Greece, Ireland, for a brief period Hungary) or the absence of direct conditionality and only indirect conditionality (Italy, via the purchase of government gilds).

Features displayed by EU-driven Public Sector Reforms

Starting from the first question about the features displayed by EU-driven Public Sector Reforms, the paper by Spanou on Greece (this issue) provides an analysis of the effects of policy conditionality on the reform capacity of the country, an important dimension of the overall administrative, policy and state capacity of the country (we refer to administrative, policy and state capacity as theorised by Painter and Pierre, 2005). The case of Greece is characterised by a combination of explicit conditionality and a maximal amount of reforms demanded of the country in a coercive way: a case of 'reform overload'. The Greek case is characterised by the impressive width of reforms which have been government-wide in touching virtually all areas of the public service, as well as by the radicalness and speed of them. Albeit radical process-wise, however, content-wise reforms in Greece were heavily patterned on traditional and quite conventional cost-containment measures. The study by Spanou clearly shows that even under these conditions of extreme external pressures domestic actors did play a decisive role, and that indeed providing more leeway for domestic politics would have given breathing space for more effective implementation of reforms – a finding which furnishes an important lesson to draw from the Greek case for EU-driven Public Sector Reforms.

The Hungarian case illustrated by Török (this issue) is one of a non-Eurozone member, and a very early case of IMF intervention in Europe in the aftermaths of the financial crisis, which showed the totally unexpected effect of purposive social action by EU decision-makers ultimately leading to a quasi 'regime change', and to a state of affairs in which some core EU values got challenged, in quite explicit a way, rather than being reinforced by the EU intervention in the politics of the country: a case of backfiring of EU-driven Public Sector Reforms, at least from the viewpoint of EU decision-makers. As to the technical contents of reform in Hungary, they initially manifested themselves as quite conventional, 'old-fashioned' reform centred on abolition of public agencies or mergers of ministries as methods of cost-containment, to then touch key areas for attaining savings in the state budget like pension reforms at the peak of the fiscal crisis. But after the bailout procedure was closed and the IMF left, cost-containment measures came to be flanked by more transformative reforms, notably including an in-depth political control of the civil service, up to the point of challenging consolidated, and till that moment apparently untouchable, core values of the EU like equality of treatment before the law and non-discrimination.

Altogether different is the ‘poster child’ case of Ireland. In Ireland, the EU intervention resulted in both the fastest exit from conditionality procedures of all the affected Member States in the EU and a very significant amount of reforms. The story of Ireland (MacCartaigh and Hardiman, this issue) is one of a crisis grabbed as an opportunity (much in the spirit of the often-deceiving but here squarely applicable motto: ‘never waste a crisis’). It is also an interesting case of transition from pre-NPM (or at least a mild, non-ideological version of NPM in a politico-administrative system whose culture of governance is akin to the ‘public interest’ one and in which management, rather than law, is central) to post-NPM doctrines of reform, at least in the sense that reforms were more than just cuts (they were *re*forms of the public sector) and notably that they were more sophisticated than a mere transposition of NPM doctrines. Content-wise, reforms in Ireland were very comprehensive and emphasised post-NPM ‘tenets’ like whole-of-government approaches and inter-organisational coordination. Indeed, with regard to the contents of reforms, the Irish case shows that it is not only NPM recipes that are necessarily served in the menu of the countries in need of quickly putting into effect a major fiscal consolidation.

Finally, the paper on the Italy case of public sector reforms under conditions of fiscal consolidation (Di Mascio et al., this issue) illustrates the significance of ideational factors like affective Europeanism by the elite and rising scepticism by the people-voters in affecting both the extent and the ways in which EU pressures on fiscal consolidation translate into public sector reforms.

Doctrinal contents informing EU-driven Public Sector Reforms

Shifting to the second empirical question of what *doctrines* have informed the blueprint for the reforms that were proposed, a first observation is that, especially at the beginning, reforms have been fiscally cyclical. The underpinnings for such an approach, espoused by decision-makers both in the EU and IMF, lie at least partly in a series of studies done by Alesina and colleagues (Alesina 2010, 2012; Alesina and Ardagna, 2010; Alesina, Favero, and Giavazzi 2014). As we argue elsewhere (Kickert and Ongaro, 2018) the predominant economic rationale in Brussels - and Washington - was that fiscal consolidation based on cutting public expenditure and avoiding tax increases would be more likely to at the same time achieve fiscal consolidation targets and contribute to economic recovery (Alesina, Favero, and Giavazzi 2014), although the danger of fiscal austerity leading to another economic recession were highlighted by other economists (most famously Noble Prize Winner Paul Krugman) as well as by European economists (Corsetti 2012; De Grauwe 2013; Gros 2011) and top officials of the IMF (Cottarelli 2012) and the EU (Buti and Carnot 2013; Buti 2014).

The political economy findings about the beneficial fiscal effects of public sector cuts rather than tax increases have been presented as amply empirically grounded, but political economy is not value free: the seemingly neutral, purely empirical findings are actually normative, and the debate about fiscal austerity and economic recession is heavily burdened with political ideology (Kickert and Ongaro, 2018) and underlying political philosophical assumptions about public governance (Ongaro, 2017). Nevertheless, as a matter of fact institutions like the EU and the IMF were at the time outspoken advocates of these political economic ‘insights’, up to the point that it has been argued (Stolfi, 2013) of an ideological-doctrinal dominance of the *austerity paradigm*, prescribing cyclical (rather than anti-cyclical) responses, i.e., curtailing rather than expanding public expenditure as means to tackle an economic and fiscal crisis. This policy paradigm seems to have shaped decision patterns at the Commission, and notably in its Directorate General responsibile for economic and financial affairs (DG ECFIN), during the initial phase of the response to the fiscal crisis. However, such dominance of the austerity paradigm has been challenged in more recent times, and possibly a shift can be detected in the proposed recipes for reform between the initial approach and a later approach, following criticisms mounted against the damages of austerity, notably on economic recovery, on (un)employment, and on politics by providing the combustible that has lit nationalist populist movements in the anti-EU variant. At the beginning, reforms were characterised by the sheer fact that fiscal goals trumped any other or broader goals, such as the 'modernisation' of national administrations, but this feature seems to have at least partly morphed over time.

In terms of the doctrinal contents of reforms, we observe an interesting mix. On one hand, reforms seem to have been characterised by a significant dose of pure and simple application of linear cuts and the tightening of 'traditional' expenditure controls (this has been observed widely in Greece, Ireland and Italy – for other empirical reviews corroborating such finding see Ongaro et al., 2015; and Randma-Liiv and Kickert, 2018 – and to an important extent also in Hungary). Another set of reforms seems to have plucked some contents from the New Public Management toolkit, like the attempt to establish a semi-autonomous executive agency for inland revenue in Greece, or the emphasis on performance-related pay in an early reform in Italy (Bellé and Ongaro, 2014: Ongaro and Bellé, 2010; Ongaro et al., 2013). Finally, it has been argued that some reform doctrines were of the 'post-NPM' variant (Christensen and Laegreid, 2007), most notably in the Irish case where emphasis was given on issues like cross-policy coordination or standardisation of the terms of public employment to reemphasise criteria of equality and impartiality to guide the behaviour of public servants as core public values (MacCartaigh and Hardiman, this issue).

Another aspect of the observed reform policies deserves to be highlighted: reforms have been characterised by an emphasis on the *contents* of the prescribed reform, often in the form of relatively detailed lists of prescriptions, while overlooking the *process* of reform (how to implement such contents?) as well as the *context* of reforms (how to adapt the contents to the distinctive circumstances of the target country?). Process and context were simply disregarded - though this was the case especially at the beginning, and in more recent times heedfulness to context and process seems to have increased

Results of EU-driven Public Sector Reforms

The final empirical question we tentatively address, in mostly a speculative fashion as we simply lack the hard data for more substantiated conclusions, is about the ‘results’ of such EU-driven public sector reforms. We may ask: what have been the effects of EU-driven public sector reforms? What state of affairs have they produced? Although we have at most scattered evidence to attempt to address this question, some tentative remarks include the following (we try to narrow the focus in this initial and very tentative assessment, and we focus exclusively reforms of public management in the strict sense, rather than the broader effects of changes to the various areas of the public sector). A first consideration is that effects very much depend on the kind of boat (‘we are in the same storm, not on the same boat’: see the multiple austerities/vulnerabilities argument developed by Lodge and Hood, 2012), that is, on the pre-existing features of the national public sector, as well as its degree of (mis-)fit with the super-imposed reforms: Ireland coped much better than Greece with conditionality pressures also because the prescribed measures fitted better the Irish public sector than the Greek one.

A second remark is that effects depend on what you measure: economic effects, political effects, or administrative effects (Kickert and Randma-Liiv, 2015). If we focus just administrative effects, and we tentatively adopt the Pollitt and Bouckaert (2011/2017) taxonomy for classifying results of public management reforms, we may try to sketch some of the effects as follows. Regarding operational effects, that is, changes in terms of savings, efficiency and effectiveness of the public sector[3], it appears likely that short term 'savings[4]' (mainly in the form of across-the-board cuts) have been achieved to a certain, at times quite significant, extent, but this has likely happened to the detriment of efficiency gains, let alone effectiveness enhancements.

Shifting to the effects of reforms in terms of changes of capacities and the processes whereby the public sector works, it may be conjectured that there has been some substantive depletion of morale and motivation of public servants in the affected countries: public employees are unlikely to be more motivated in their job after successive waves of externally imposed cuts, though this picture may vary widely from country to country.

The broader range of effects of EU-driven Public Sector Reforms beyond the attainment of savings - that is, impacts on efficiency, effectiveness, satisfaction and trust by citizens in the

[3] In the 2017 version of their work, Pollitt and Bouckaert encompass also the effects of reforms in terms of an impact on satisfaction by citizens and service users as well as the trust in the public service by citizens. In this article we do not discuss these dimensions of results for the simple reason that we lack the data to link modifications in these dimensions to EU-driven Public Sector Reforms.

[4] Savings can be succinctly defined as the reduction in the resources consumed by the public sector. The notion is however more nuanced that it appears face value: we refer the reader to the detailed conceptualisation developed by Pollitt and Bouckaert (2017, pp137-138).

public sector, the morale of the civil service and the administrative and policy capacities – are to our knowledge so far unmeasured outcomes of EU interventions in the organisation of the public sector in member States which have undergone processes of radical fiscal consolidation. Given the importance of the public sector for the life of citizens and residents across the EU, it would appear of high policy relevance that the impacts of EU-driven reforms are measured across the broader spectrum of dimensions than just the results in terms of savings, nearly the only effect to have been measured so far.

It thus does not appear to be an exclusively 'academic' concern to call for the fullest range of the effects of reforms to be measured: significant accountability issues are at stake. Reforms of the public sector that are driven by institutions at the EU level – institutions that receive a mandate from the peoples of the EU in a collective way – and are then implemented and produce results in selected countries only manifestly display a misalignment of democratic accountability chains: those who are elected in office at the national level have a limited say in reforms that are forced through in their country. However, the 'solution' to restoring democratic accountability is unlikely to pass via a return to the exclusivity of accountability chains at the national level: ultimately, the EU has intervened in the field of public budget and the organisation of the public sector to respond to a crisis which member states were unable to face on their own, and in doing so resources have been pooled from other countries' taxpayers and made available in the countries selected for direct or indirect bailout. As Piattoni (2015: 332) frames it, 'the illusoriness of pursuing a notion of democracy based on delegation and accountability (in a conventional sense) which cannot obtain in interconnected settings [shows] that a fuller notion of democracy requires more than simple delegation-accountability relations [...] transnational regimes and networks [represent a challenge to] accountability in representative democracy [hence] we must update our notion of democracy both for the national and for the inter- or supra-national setting.' Piattoni further argues that transnational democracy implies non-domination and this in turn implies that the interests and ideas of all affected parties should be fully tracked for a decision, which potentially interferes with their freedom, to be considered legitimate. While attaining full 'non-domination' appears a tough call when harsh conditionality is involved as has happened in the cases investigated in this special issue, we can subscribe to the advocated remedy that things may be improved if 'the interests and ideas of all affected parties are fully tracked for a decision', and a first step in this direction lies in measuring the broader spectrum of effects for informing collective decision-making. When EU-driven Public Sector Reforms are being carried out, the demand arises, from a democratic accountability standpoint, for the systematic measurement of the broader range of effects of such reforms.

Conclusion

This special issue takes the move from the assumption that the study of what we have qualified as EU-driven Public Sector Reforms is a worthy endeavour for both research and policy reasons. Research-wise, since public sector reforms have generally been understood and considered a 'national competence', a field of study in which the main unit of analysis is the individual country rather than broader transnational regimes, but this is less and less so within the multi-level governance framework of the EU. Policy-wise, due to the significance of the impact of these reforms on the lives of millions of people across Europe. The purpose of this special issue is to flag the phenomenon of EU-driven Public Sector Reforms, bring it to the attention of scholars and policy-makers, and commence a systematic inquiry into it, by means of the four longitudinal in depth case studies of Greece, Hungary, Ireland and Italy.

A range of theories, notably if applied in a combined way, may be employed for advancing this research agenda. They include policy conditionality and the Schimmelfennig and Sedelmeier model, adapted for application to countries which are already EU member states; variants of Europeanization theories; and a blending of leadership theory, learning models and the multiple stream model of policy-making. These theories, alone or more often in combination, proved useful for explaining the dynamics of EU-driven Public Sector Reforms in the cases investigated in this special issue.

We hope this initial venture into the study of reforms of the public sector under conditions of EU influence may elicit further inquiry, both social-scientific and policy-orientated, given the significance of the phenomenon and the impact public sector reforms have on the everyday lives of citizens and public services users.

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