

SOUTH EUROPEAN SOCIETY AND POLITICS SERIES

Europeanisation of Public Policy in Southern Europe

Comparative Political Economy from the 2000s to the Crisis

Edited by
Canan Balkır, H. Tolga Bolukbasi and
Ebru Ertugal



Europeanisation of Public Policy in Southern Europe

Large or small, old EU member or new, and even EU member state or not – political economies across Southern Europe have been increasingly but distinctively ‘Europeanised’. In political, public and scholarly debates on processes of Europeanisation, Southern Europe invariably features as *the* area of concern. These concerns have been all the more heightened when the current sovereign debt crisis disproportionately hit this ‘flaky fringe’.

This volume systematically investigates the dynamics of Europeanisation in the ‘Southern Periphery’ by tracing the domestic constellations of ideas, interests and institutions over the course of the 2000s which came to a close with the crisis. Bringing together a multidisciplinary team of leading specialists, the volume focuses on the political economy of public policy reform in Greece, Italy, Malta, Portugal, Spain and Turkey. In order to allow for cross-case comparisons, these original country studies follow a common template framed by what the Editors call the ‘Europeanisation as research programme’. The volume casts empirical light on the causes of the crisis in these cases as well as the past legacies conditioning their responses to the crisis. Its conclusions point to variegated patterns of Europeanisation in different policy areas across Southern Europe.

This volume will be of interest to students and scholars of European integration, European political economy, European public policy and comparative politics as well as specialists of Southern Europe.

This book was previously published as a special issue of *South European Society and Politics*.

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The parallel regime transitions of the 1970s, when Southern Europe was the vanguard of the 'third wave' of democratisation, the impact of EU membership and Europeanisation and more recently, the region's central role in the eurozone crisis have all made Southern Europe a distinctive area of interest for social science scholars. The *South European Society and Politics* book series promotes new empirical research into the domestic politics and society of South European states. The series, open to a broad range of social science approaches, offers comparative thematic volumes covering the region as a whole and on occasion, innovative single-country studies. Its geographical scope includes both 'old' and 'new' Southern Europe, defined as Italy, Greece, Portugal, Spain, Cyprus, Malta and Turkey.

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Canan Balkir, H. Tolga Bolukbasi and Ebru Ertugal
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Europeanisation and Dynamics of Continuity and Change: Domestic Political Economies in the 'Southern Periphery'

Canan Balkir, H. Tolga Bolukbasi and Ebru Ertugal

This article provides the framework for some case studies on the dynamics of Europeanisation in South European political economies. It summarises the key features of the common template each case study adopts. Following a discussion on political economy as it is conceptualised in this volume titled "Europeanisation and the Southern Periphery" in Retrospect: Another Decade of Dynamism, Asymmetry, and Fragmentation?, the article elaborates the defining attributes of the Europeanisation research programme by focusing on its theoretical core, research design and method of conceptualising and operationalising domestic continuity and change centring on the troika of 'ideas', 'interests' and 'institutions' in unpacking the dynamics therein. It concludes by providing a summary of the contributions to this volume.

This volume presents six case studies exploring dynamics of Europeanisation in South European political economies by tracing changes in the constellation of ideas, interests and institutions. It is inspired by an earlier volume edited by Kevin Featherstone and George Kazamias titled 'Europeanisation and the Southern Periphery' which appeared as a special issue of *South European Society and Politics* more than a decade ago. While it builds on some of the insights of this earlier special issue (as will be clear in direct references below), it hopes to reflect the theoretical refinements in what we term the 'Europeanisation research programme' (Bolukbasi, Ertugal & Ozcurumez 2010 and see below). It also aims to provide a fresh empirical look into how the European Union

(EU) shapes the unfolding substantive developments across Europe's 'Southern Periphery', in particular in the domestic political economies of Southern Europe in the first decade after the publication of the original special issue by Featherstone and Kazamias (2000). It surveys the dynamics of continuity and change in domestic political economies by focusing on particular public policy areas in six case studies on Greece, Italy, Malta, Portugal, Spain and Turkey.¹

The contributions in the present volume are designed as case studies within the Europeanisation research programme. To that end, each case study follows what we view to be the epistemological core of this research programme by relying on its common conceptual tools and the research design template. They address a set of key questions stemming from this research programme: What are the EU's key formal and informal rules, procedures, frames of reference, mechanisms and governance structures that may potentially bring about change at the domestic level? How can we portray the direction, extent and dimensions of domestic change (as well as continuity) in Southern European political economies over the course of the last decade? Once we have a picture of outcomes in different policy and governance domains at the domestic level, what are the different manifestations of Europeanisation in different public policy areas? How are the respective constellations of ideas, interests and institutions representing these domains evolving? How does the EU play a role in the evolution of these constellations over time?

In the rest of this framing article we discuss the key features of the common template each country case study has adopted by elaborating the main elements of research design and key conceptual threads. We, first, delineate the substantive scope of the volume by briefly discussing what we understand from the term 'political economy' as conceptualised in the comparative political economy literature and how this literature typically focuses on domestic public policies. In terms of its geographical scope, the volume focuses on differentiated processes of transformation across three clusters of countries in Southern Europe classified according to their actual or potential timing of accession. Second, we review what we consider to be the defining attributes of the Europeanisation research programme. Here we summarise the theoretical core (new institutionalism), the particular mode of designing research and the method of conceptualising and operationalising domestic continuity and change which is increasingly characterising new generations of empirical studies relying on the Europeanisation research programme. Third, we summarise our research strategy of using the troika of 'ideas', 'interests' and 'institutions' that comparative political economists rely on in unpacking the dynamics of continuity and change in Southern European political economies and the role that the EU plays in these processes. We survey how comparative political economists generally use ideas, interests and institutions as alternative explanatory principles representing different research programmes. Then we briefly describe our strategy of analysing the interplay of these categories in explaining the extent to which different public policy domains in the six Southern European political economies have been Europeanised. Finally, we conclude by providing a summary of the contributions of this volume.

Substantive and Geographical Scope: Domestic Political Economies of Southern Europe

In terms of its substantive scope, this volume explores the dynamics of Europeanisation in the domestic political economies of Southern Europe. While the scope of the earlier special issue by Featherstone and Kazamias (2000) was wider, focusing on institutional adaptation within government, transformation of structural power of domestic actors, adjustment of domestic macroeconomic policy regimes, changes in domestic party systems, redefinitions of national identity and foreign policy interests, this volume explores a narrower dimension of Europeanisation centring on the adjustment processes, or lack thereof, in selected public policy and governance domains in domestic political economies. Thus ‘the domains where the effects of Europeanisation are supposed to materialise’ (i.e. ‘the objects of Europeanisation’) are traced at the level of public policy and governance (Radaelli 2003, p. 35 and 30). We felt that a concentrated focus on continuity and change in domestic political economies would produce a rich set of findings amenable for comparisons across Southern European political economies through studying specific public policy areas.

While there does not exist a generally accepted definition of ‘political economy’, in our analyses we follow the conventional understanding of the term in the comparative political economy literature. A leading exponent of this literature summarises the conventional understanding by claiming that any domestic political economy ‘consists of several institutions, such as those governing finance, labour-management relations, corporate governance, labour markets, and more’ (Campbell 2010, p. 91). As another leading figure in the literature puts it, these institutional structures, which represent the interdependent pillars of the architecture of any domestic political economy, encompass ‘organisational relations among economic actors, the policy regimes supporting those relationships, and the international regimes underpinning them’ (Hall, forthcoming, p. 1). These institutional matrices are generally conceptualised as nationally specific while showing similarities across diverse varieties existing within capitalism, broadly defined.

In our accounts, we also subscribe to the view that comparative political economy is indeed an exercise in comparative public policy. As a classic review article puts it: ‘much of what passes for comparative political economy ... remains an exercise in comparative public policy in the sense that the dependent variable is government policy (some kind of economic policy) and variations on the dependent variable are explained by governmental institutions or processes’ (Pontusson 1995, p. 120). In this spirit, therefore, the case studies in this volume focus on various public policy domains representing different pillars of the domestic political economic architectures in exploring the extent to which South European political economies are Europeanised. It should be added that these case studies are authored by political scientists/political economists who carry out their assessments with an explicit emphasis on the qualifying adjective of ‘political economy’, i.e. on the ‘political’.²

In terms of its geographical scope, in studying the impact of the EU in processes of continuity and change in different public policy areas the volume focuses on political economies of Southern Europe for a number of reasons. Although the existing literature on Europeanisation is showing signs of maturity, breeding a rich and variegated set of findings, this literature has disproportionately focused on ‘older’ member states of northwestern Europe and more recently on new member states of Central and Eastern Europe. With the exception of Italy (and, to a lesser extent, Spain), South European countries (especially the new Southern member states and candidate countries for accession to the EU) have received less attention. In addition to this gap in the geographical focus of the Europeanisation literature, there are substantive and theoretical reasons that justify a focus on Southern Europe as a region. When they focus on Southern European countries, scholars in the Europeanisation literature implicitly have come to take these as ‘most likely’ cases, expecting a high degree of EU impact. Summarising the developments in the region, Featherstone and Kazamias (2000, p. 2) identified the region as the EU ‘periphery’ where ‘the challenge of “Europeanisation” can be expected to be set more starkly.’³ In fact, the authors (2000, p. 3) emphasised that processes of Europeanisation in Southern Europe are central to the dynamics of transformation in this region. Accordingly, they concluded that Europeanisation itself ‘represents a process of major structural transformation within the region; indeed, perhaps it is *the prime focus of change* that these states have in common’.

Aside from the Featherstone and Kazamias special issue that was the inspiration for the present volume, more recently, in another special issue of *South European Society and Politics*, on the financial crisis, Verney (2009, p. 3) referred to popular concerns over how Southern Europe was seen as the ‘Achilles heel’ not only in the processes of Europeanisation but also in the European integration project in general. It seems that even a decade after the original assessment of Featherstone and Kazamias (2000), Southern Europe is still capturing popular intellect as a region that does not quite fit the European model. Categorically characterised by a series of ‘misfits’ between their domestic structures and those of the EU in the academic, practitioner and public debates, Southern Europe is still assumed to be facing intense ‘adaptational pressures’ in processes of Europeanisation. These qualities render the members of this ‘flaky fringe’ (Verney 2009) as ideal test cases whereby the impact of Europeanisation is generally presumed to be potentially strong, *ex ante*.

Although the existing literature hints at differentiated mechanisms of the impact of the EU in different categories of states, we still do not have a full-fledged, differentiated examination of the intra-regional variations in ‘Europeanisation’. Therefore, this volume aims to study the differentiated processes of transformation across three clusters of countries in Southern Europe, classified according to their actual or potential timing of accession: ‘old’ member states (Italy, Portugal, Spain and Greece), a ‘new’ member state (Malta) and a candidate country (Turkey). These three clusters constitute ideal cases for testing the often suggested but rarely systematically verified impact of ‘differentiated Europeanisation’ within a broader area of Southern Europe.

In addition to studying the differentiated impact of the EU across different clusters within the region, this volume also aims to evaluate the empirical validity of the more implicit proposition that Southern Europe—as a regional category—continues to be characterised by categorically quintessential misfits, ever inviting adaptational pressures.

Europeanisation as a Research Programme

Europeanisation emerged as a research field starting from the mid-1990s and has quickly become well established in EU integration studies in particular and in political science in general. While the definition of Europeanisation differed across the early works on the issue, it has conventionally come to be conceptualised *tout court* as the impact of the EU on domestic policies, politics, and polities across not only member states, but also candidate countries and more recently, beyond. This volume builds on a classic conceptualisation of Europeanisation by Radaelli (2003, p. 30), who sees it as ‘processes of (a) construction (b) diffusion and (c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, “ways of doing things” and shared beliefs and norms which are first defined and consolidated in the making of EU decisions and then incorporated in the logic of domestic discourse, identities, political structures and public policies’. This conception of Europeanisation contains three key elements—*research design*, *theoretical core* and *operationalisation of domestic change*—which, when considered together, constitute the epistemological pillars of the Europeanisation research programme. It should be acknowledged that the domestic politics of member states, as different from candidate countries, shape the formation of EU level interactions, rules, policies or norms in the first place, as illustrated in the concepts of ‘uploading’ and ‘downloading’ to indicate the interrelated but analytically distinct processes of Europeanisation (Bulmer & Radaelli 2005; Börzel 2002). The focus of this volume is on the latter, i.e. on the ways in which and the extent to which downloading takes place.

In terms of *research design*, which is an integral component of the Europeanisation research programme, existing research can be categorised into three types with respect to their overall design. In a recent volume, Radaelli succinctly summarises (2012, p. 9) these design types with the help of the equation $Y = f(X)$ where X denotes the cause (i.e. the EU input), Y denotes the effect (i.e. domestic change) and f denotes the causal relationship between X and Y . The first type of Europeanisation research focuses on X (read, the EU input) as its point of departure and adopts a top-down research design whereby the degree of compatibility or distance between EU practices, inputs or frameworks on the one hand and domestic practices in policies, politics or polity on the other leads to ‘adaptational pressure’ (Heritier et al. 2001; Cowles, Caporaso & Risse 2001; Börzel 1999). In this type of research, analysis starts from the supposed cause (i.e. the EU input) and traces its impact all the way down at the domestic level, engaging in a search for ‘effects of causes’ (Exadaktylos & Radaelli 2009).