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### **Accountability in post-crisis politics: assessing contemporary challenges for decision-making and democracy**

#### **Introduction**

The recent financial crisis has highlighted the significant challenges faced by liberal European democracies, particularly in terms of how they balance inherent commitments to representativeness, accountability and legitimacy in the face of external demands resulting from a more integrated and interdependent political landscape. Existing mechanisms for decision-making, in terms of formal political institutions as well as policy-making processes and public discourse, have been opened to fresh alternatives and the heavily contingent and contextualised nature of European politics has become more explicit. This has manifested itself in a variety of ways, from outright rejection of the existing order (e.g. Brexit and the rise of populist movements) to the embrace and consolidation of existing policies and institutions (e.g. the adoption of neoliberal austerity, the concentration of power in executives and the increased dominance of technocratic governance). Post-crisis politics in the post-crisis polity is characterised by accommodation between these two tendencies.

In this paper we outline some of the preliminary reflections on this situation, taken from an ongoing project on post-crisis politics. These will tackle three specific areas which are of particular importance to the issue of accountability in the liberal-democratic state:

- How has the crisis contributed to shifts in power, at both the institutional and geographical level – reorganising relations between legislatures and parliaments; governments and oppositions; the state and international actors.

- How has the crisis constrained or expanded the range of policies and policy instruments available to political actors and their ability to implement them within their national context.
- How has opposition to governmental action been empowered or inhibited post-crisis, both formally and informally as well as materially and discursively.

While a number of these questions have been asked discretely or within a single national context, the aim of this paper is to take a broader European perspective to understanding the post-crisis political landscape.

## **Objectives**

While many studies have examined the content and effects of the reforms passed during the crisis in different countries (the 'what'), very little is known about the process leading to their adoption (the 'how' and 'why') and the long-term implications of such a process. Moreover, two contradictory narratives co-exist: on the one hand, scholars argue that governments have been forced to implement very specific reforms against their will, in return for bail-out loans (Ladi 2014) or after implicit blackmail by the ECB (Sacchi 2014); on the other hand, there are studies which claim that the crisis empowered governments to pass reforms they wanted all along (Moury and Freire 2013). In both cases, there are implicit challenges to traditional decision-making process and political accountability, whereby power is concentrated either in national governments/executives or in international bodies.

In contrast to the existing literature, which typically focuses on a single country or specific group of countries (such as peripheral countries) and concentrates on decision-making in the period of crisis, this project aims to understand the long-term changes in the decision-making process, the impact of the crisis and its implications on post-crisis politics. This will be done by adopting a multi-disciplinary and comparative perspective, through the formation of an international team of scholars drawing experience from politics, economics, international relations, political sociology and discourse analysis, who will examine a wide number of European cases.

This project is the testing ground for four main theoretical proposals:

1) We want to investigate whether the pressure on sovereign debt has concentrated power in the hands of the executives, away from parliaments, domestic groups and citizens. While there has been a trend towards the empowerment of core executives since at least the 1990s, we claim that this concentration has reached unprecedented levels from 2008 onwards, because of the rising importance of 'the market' exploited by executives vis-a-vis potential veto players. Hence, we wish to

investigate whether there is a relationship between market pressure on sovereign debts and power concentration. This proposal implies that executives have been empowered both in countries which received a bail-out and those which didn't.

2) We intend to probe the extent to which the ability of empowered executives to implement their policies in times of crisis depends on their partisan preferences. Namely, we posit that when ministers favour neo-liberal reforms, they will often be able to use the crisis context strategically to overcome initial resistance to those policies – sometimes going far beyond the conditionality required by international actors. Otherwise, the content and type of reforms will result from a bargaining process between governments and international actors – the outcomes of which will depend on their respective resources.

3) As we do not expect the preferences of core executives to be completely exogenous, we aim to demonstrate that the international context (globalisation, 'the markets', international actors) plays an important role in the formation and embedding of domestic preferences. Hence, we will also test whether ministers (both partisan and technical) and their advisors have increasingly been appointed according to their positions on the IMF and/or the ECB. Furthermore, we aim to test whether ministers' and their advisors' preferences about the appropriate actions to take have been influenced by their interaction with international actors ('learning').

4) We claim that this process of power concentration raises many accountability issues and, in particular, an alarming reduction of openness and transparency in the policy-making process. For this reason, we wish to assess governments' actual room for manoeuvre and the discourse of policy-makers (the claimed room for manoeuvre) and test whether there is a gap between process and discourse. In so doing, we will be able to assess whether (and under which circumstances) there is a 'discursive depoliticization', i.e. a strategic form of statecraft that seeks to deny the political nature of decision-making, and the role of crisis in its application.

### **Research plan and expected results**

Since the onset of the GFC, policy-makers have introduced a large number of ambitious reforms across socio-economic sectors. Many analysts have argued that it was the crisis context which made these reforms possible, but almost nothing is known about the causal links of such a process. Two contradictory narratives co-exist in the scarce literature addressing this topic: were governments

forced to adopt fiscal consolidation and structural austerity or was the crisis exploited by governments to implement long desired reforms? This project addresses these questions by bringing together political scientists, economists and argumentation scholars from countries affected in different ways by the crisis: on the one hand, Greece, Italy, Portugal, Spain and Ireland, on the other, Belgium, Denmark, Germany, the Netherlands and UK.

This project intends to demonstrate four main theoretical proposals across four research tasks:

In task 1, we aim to compare the evolution across time of quantitative indexes of the concentration of power for the five countries most severely hit by the crisis (Italy, Greece, Portugal, Spain and Ireland). We will rely on the following indexes and methodology developed by peers, bringing them up to date when necessary: the index of openness of the budgetary process (Lienert 2005, Wehner 2006), the index of executive dominance over parliament (Rasch and Tsebelis 2013) and the proportional use of decree law (Chaques et al. 2014). With the economists from our network, we will also compile an index of pressure on sovereign debt that includes changes in interest rates, spread, percentage of national debt and percentage of deficit. In fact, market pressure is not best measured by interest rates alone, given the downward effects of ECB interventions.

Expected Results:

- Evidence that the increase in power concentration closely follows the increase in pressure on sovereign debt in both bailed-out and not bailed-out countries;
- Identification of factors explaining variation across countries and governments.

In task 2, we look at how economic, social and political factors influence decision-making in key social policy reforms (or reform failures) over the long run (1986-2018), with the insights from historical institutionalism that “policy makes politics” (Pierson 1994) and early policy initiatives shape long-term policy development (Huber and Stephens, 2001). We shall create an index of benefit generosity of pensions, sickness and unemployment benefits, in order to provide a parsimonious empirical assessment of the timing, extent and cross-policy variation of retrenchment, both before and after the crisis. We shall also deploy qualitative study of cases in which the government was able to achieve significant reforms; and alternatively, when it tried to do so but had to step back, adopting an identical methodology to that of Pierson (1994) and the use of Fuzzy Set Method (Ragin 2000) that was already applied by our team members (Moury 2004).

Expected Results:

- An understanding of how the 'new' and 'old' social policy types compete for the shrinking fiscal space in the long run, and particularly after the bail-out;
- An understanding of why and when reforms are effectively carried out (or alternatively, fail);
- An understanding of why policy-makers decide to tackle (or not) reforms in the first place;
- An understanding on how executive actors (and their constituencies) were empowered and/or constrained by international and/or European institutions and possibly overcame old opposition to reforms.

In task 3, we endeavour to explain how and when governments are constrained and/or empowered by international actors and market pressures during the GFC. To this end, we propose to carry out a comparative qualitative study of the decision-making leading up to one type of structural reform (labour market regulation) for all ten countries (2008-2018). Relying on the extensive documentation on the content of recent labour reforms (Rocha and al. 2014), the available databases on social pacts and collective bargaining (Visser 2013) and on labour market reform (European Commission), we shall create an indicator to compare the timing, the extent and the direction of reforms. We will produce a qualitative analytical study of decision-making focused on crucial reforms, identifying 1) the preferences of policy makers, international actors and stakeholders, 2) whether these preferences have changed, and 3) the bargaining processes that took place leading up to the reforms.

Expected Results:

- Shift, most often under centre-right governments, in the equilibrium of labour markets away from workers in both bailed-out and not bailed-out countries;
- Acknowledgment of a 'window of opportunity' by state managers, especially those of centre-right;
- In bailed-out countries, inclusion of some policies in the memorandum at the government's request;
- Evidence and acknowledgment of political calculus when reforms are drafted;
- Evidence that reforms undertaken during the crisis had been favoured or proposed by the governing party in the past;
- Evidence of a shift of preferences after interaction with international actors;
- Perception of strong decline/increase in the influence of Unions/Employers respectively.

In task 4, we wish to assess the distance between the fatality/necessity of the discourse employed by political elites and their real capacity to act. Our primary argument is that political elites engage in a strategy of 'discursive depoliticization' in order to minimise the electoral costs of unpopular reforms

and circumvent domestic veto players. They do this by inaccurately positing that certain issues lie beyond the state's capacity to control – 'there is no alternative' (Flinders & Buller 2006: 307; Standing 2014; Jessop 2014) – or that the crisis context should be interpreted as a 'state of exception' (Schmidt 1985; Agamben 2005) which gives them licence to bypass the normal constraints and implement wide-ranging structural reforms. We will first employ a Computer Aided Textual Analysis (CATA) of Prime Ministers' and Finance Ministers' speeches covering the pre-crisis/crisis period across three case countries (Portugal, Ireland and the UK), using a correspondence analysis to identify discrete elite discourses (Anstead 2015). We will then use a Critical Discourse Analysis approach (Wodak & Meyer 2001) to identify the rhetorical distance between elite discourses and their real capacity for action. Depending on initial results this analysis could be extended to further cases.

#### Expected Results:

- Identification of crisis discourses (political/ideological vs. technical);
- An understanding of the justification for actions communicated by Ministers to citizens and MPs;
- Investigation on 'blame-shifting', 'no alternative' and 'state of exception' discursive strategy;
- An understanding of how executives gain political leverage from an inaccurate (or biased) description of their room for manoeuvre;
- Verification of the evolution of the discourse according to the distance from the elections.

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