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## RESEARCH ARTICLE

# THE IDEOLOGY OF NEW PUBLIC MANAGEMENT, ASSOCIATIONAL REPRESENTATION AND THE GLOBAL FINANCIAL CRISIS

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**ABSTRACT:** This paper argues that the 2008 financial crisis accelerated a set of long-term dynamics which in turn have undermined two dominant models of state-society relations. On the one hand, the paper examines how the concept of social citizenship is based on a vision of state-society relations, which in recent years has been oriented by a philosophy of marketization of the state and of the relation between citizens and the state. On the other hand, it discusses an emerging emphasis on the role of organised civil society as a different and competing approach to state-society relations. Discussion will centre on how the interactions between these two ideologies and the related practices have impacted on conceptions of the modern state. Among the factors that affect this interaction are the impact of migration, the erosion of welfare states, and the redefined character of social vulnerability which now affect new groups of individuals. The paper considers all these changes as background phenomena which impact on relations between state and society in several ways, but particularly in terms of the meaning of social citizenship.

**KEYWORDS:** New Public Management; Human Rights; Civil Society; Citizenship; Crisis, Europe

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## **1. Introduction**

State-society relations – the distinctive area of inquiry of political sociology – can be approached from a variety of perspectives (Botelho 2014). State-society relations can be studied, for instance, at different territorial levels, in different policy sectors, focusing on different societal bodies, and in comparative perspective (Sellers 2010). Yet only a few and relatively recent works conceptualise the two constructs – state and society – as mutually constructing each other and evolving over time (Migdal 2001; Sellers 2010). The still dominant tradition of Weberian state analysis and its more recent institutionalist developments have often ensured that analysts prefer to focus on the elements of autonomy of the state from society (Evans, Rueschemeyer et al. 1985). This focus tends to downplay the evolving, dynamic and strategic perspectives that state actors espouse in response to changing societal trends. One of the most consequential events of recent years has been the 2008 financial crisis and its aftermaths. In order to assess states' responses to the crisis, this paper will instead focus on the mutual constitution of state and society as ongoing processes, and it will consider how the crisis contributed to altering institutional arrangements, ideologies and policy practices, and how in so doing it has contributed to redefining key features of European states.

The paper will then contrast two dominant conceptions of state-society relations. The first is a conception of a smaller, more accountable, more efficient and less wasteful state which is inspired by the principles of New Public Management (NPM). On this view, state-society relations are mediated by the pervasive role of business, both as an organizational domain and as a distinctive set of principles and practices. The second is a conception of participatory democracy which centres on the inclusion of civil society actors in a variety of roles and policy domains. Although these conceptions seem irreconcilable, it will be argued that they have several elements in common. Furthermore, it will be posited that the financial crisis of 2008 and its aftermaths have stimulated processes of interaction and hybridization which the paper will analyse. The main geographical area of reference will be the European Union, which although very diverse, is undergoing similar processes, and which in this paper can be treated as a unit undergoing similar changes.

First discussed will be the ideologies and practices of New Public Management (NPM) as a defining element of state-society relations in recent decades in which the business sector has come to support state legitimacy. This has taken place as a consequence of perceived shortcomings of previous state models. It will then be argued that a set of fundamental shortcomings attributed to the NPM paradigm have stimulated a search for alternatives, and particularly the inclusion of a wider range of non-state ac-

tors in the process of state legitimation. This wide range of actors notably include those generally categorised as civil society.

The paper will then examine state-society relations as a topic central to an ongoing normative discussion taking place in academic settings and in current political debate, and which results in different models of inclusion of non-state actors. This normative discussion implies contrasting views of the appropriate role of the state in relation to society. It will be argued that these contrasting views constitute emerging ideologies and types of state-society relations: that is, it will be argued that contrasting visions of the state are core elements in contrasting political visions. The paper will first briefly review the tradition of NPM reforms, which appeared earlier in Europe. It will then discuss the distinctive features of the ethos of the inclusion of civil society organizations (CSOs) in policy-shaping and policy-making. It will then consider the impact of the financial crisis and the evolution of these two ideologies in recent years.

## **2. The context of a changing European state**

Early analyses of the state typically emphasized features generally described as the Weberian state. These centred around the bureaucratic and hierarchical aspects, and also their professed and normatively pursued insulation from societal forces as a protection against particularism (Poggi 1990). The authority and autonomy of the state as conceptualized by Weber was mainly a normative concept that attributed maximum efficiency to self-contained and integrated political-bureaucratic organizations (Sellers 2010). This paradigm became increasingly untenable over time. Several historical developments contributed to eroding the image of the Weberian state. Briefly, one was the contraction of the European welfare state. Welfare states developed and expanded in relation to a variety of political actors and beneficiaries which the relevant literature has categorised into well-known models (Esping-Andersen 1990). For instance, different beneficiaries of the welfare state in different countries came to develop structured power relations with the state which eroded the autonomy of welfare states (Greve 2010). The second process which eroded state sovereignty was the acceleration of the process of globalization, which redefined key functions of states, taking away many aspects of their autonomy but also granting other roles, such as important steering roles in economic matters vis-à-vis the international arena (Weiss 1998). These and other dynamics contributed to promoting conceptualizations of the state not as an essential and fixed entity but as a set of relations within a changing political environment and as a set of changing societal discourses (Jessop 2007). Whilst preserving the notion of the

state's relative autonomy, recent state theories have broadened the set of determinants of state action, albeit in several and often contrasting ways. This paper focuses only on two areas of relations between the state and society: organised business and organised civil society (OCS). It argues that they correspond to distinctive modes of state-society relations which recent events have made particularly salient and forced them to interact across what still remain fundamental ideological divides.

By 'state-society relation' is meant the modal type or types of relations established between state institutions and social organisations to negotiate their mutual interactions, the exercise of public authority, and the institutionalised set of values that state and societal groups jointly agree to promote. This includes negotiating the allocation of public resources and accepted criteria of representation and accountability. This definition is in line with similar definitions of national and international organisation<sup>1</sup>. State-society relations can then be conceptualised as a complex set of social exchanges between the state and another (or other) organisational domain(s). It is an exchange that often implies exchanges of legitimacy, resources and delegation of power to achieve mutually valued goals. Clearly, more than one type of exchange can take place at the same time in plural societies, such as, in the case examined in this paper, states' structured exchanges with business groups and with civil society organisations (CSOs). Similarly, it is possible that conflicts take place in a set of social and political arenas on different visions and practices of state-society relations. With reference to Europe, examined in turn will be the NPM and CSO modal programmes and ideologies.

### **3. NPM, Citizenship and the state**

NPM reflects a fundamental paradigm change that took place in the 1970s and 1980s and accorded a prominent role as legitimacy providers and public policy inspirers to market actors. Politically, this change reflected the ideas of Margaret Thatcher and Ronald Reagan who on each side of the Atlantic launched sweeping accusations against what they regarded as the overpowering influence of the state in the daily lives of citizens. Their programme of concerted retrenchment of the state was particularly incisive in the public sector. It was however part of a broader programme of transition from Keynesianism to monetarism in economics which had far-reaching political implications. It was also a different way to conceptualise state-society relations. It gave new

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<sup>1</sup> See for instance DFID (2010). *Building Peaceful States and Societies*, London, Department for International Development.

dignity to economic actors such as bankers and the financial industry, and it undermined the power of some state actors. In the words of Peter Hall, who in his seminal analysis of the UK in the 1970s and 1980s postulated the notion of an elite-driven paradigm change in which institutions, interests and ideas interact to foster change: “Keynesians tended to regard the private economy as unstable and in need of government intervention; monetarists saw the private economy as basically stable and government intervention as likely to do more harm than good” (Hall 1992, 92).

This anti-state bias was a response to an economic crisis which the British state and also other European states were seen as unable to address. For different reasons it was enthusiastically embraced by a composite group of economic and political actors beyond the economic elites valued by the NPM ideology, and it set the stage for a global change in a wide range of public policies. Their emerging vision of state-society relations countered the previously dominant vision espoused by the labour movement in which legitimacy did not derive from business visions and practices, and in which the state was accorded an interventionist role. Similarly marginalised were the ideas put forward by spokespeople from universities, trade unions, and those of various kinds of welfare state representatives. In some respects, the social legitimacy of one elite replaced that of another. The type of relational model that emerged as a guideline for the conduct of state affairs was different from the one that had become institutionalised in previous years, and which was based on an elite of intermediaries operating at meso-level in corporatist arrangements in state-society relations (Jessop, Bonnett et al. 1989). Economic actors were glorified and incorporated as individuals and firms not as intermediary bodies; social actors were conceptualised as consumers and users of state services, not as citizens.

The ideology of business efficiency and of a retrenched state promoted interventions in the area that politics could best control: the public sector. This in turn resulted from what is now known as the programme and the ideology of new public management (NPM). Over the last forty years this has become an imperative which has permeated the entire European public sector and has been popularised by the guidelines of international organisations and supranational aggregations such as the EU, which have widely institutionalised NPM and more generally the role of market actors in public policy systems (Lane 2000, Pollitt, Thiel et al. 2007). Clearly, there have been significant differences in the timing and the types of implementation of NPM reforms. Nonetheless, they have often been adopted as new state mythologies and embraced by a variety of political and bureaucratic actors in garbage-can processes, and they have served an array of varied and even contrasting interests (Cohen D. et al. 1972; Meyer and Rowan 1991).

The distinctive features of the NPM programme have changed over time and have adapted to different contexts, to the point that comparative analysts of NPM reforms see them as “bogged down in a quagmire of critical revisions and assessments” (Gualmini 2008 ). However, besides the strong anti-state bias, there are recurrent elements which most analysts acknowledge (Van de Walle and Hammerschmid 2011). These notably include the assumption that the market discipline that characterises business organisations should also inspire the public sector, and often more generally society as a whole. This means that the relation between political actors and social actors should be a contractual relation that can be evaluated by well-defined criteria, interrupted in the case of non-performance, and enhanced by reforms that instil competition among market actors – reforms which include a reconceptualization of citizens as consumers able to choose in a marketplace of competing services. This also entails the fragmentation of services, the defined duration of contracts, and the fight against all situations of monopolistic closure of public sector provisions (See for instance: Lane 2000; Pollitt and Bouckaert 2011). As Van de Walle and Hammerschmid argue, this implies a low-politics level of managerial reforms and a broader vision of the role of government in society (Van de Walle and Hammerschmid 2011, 191).

With reference to the first level, Hood (1991) stresses the role of hands-on and entrepreneurial management; explicit standards and measures of performance; output controls; desegregation and decentralisation; competition in the provision of public services; stress on private-sector styles of management; and discipline and parsimony in resource allocation (Hood 1991; Van de Walle and Hammerschmid 2011). As an overall vision of relations between government and society, NPM articulates the New Right’s ideas of the small state, deregulation, privatisation and marketisation (Van de Walle and Hammerschmid 2011, 192). However, the NPM philosophy was quickly adopted by a set of political forces broader than the New Right. It was to some extent redefined and toned down but substantially adopted by New Labour in the UK, and to varying extents by a growing set of other European political parties.

If NPM arrived in Northern Europe after decades of the universal and ‘traditional’ welfare state, in Mediterranean and Eastern Europe the managerial approach was developed against a background of more recent and fragile welfare state structures (Lane 2000). Both in education and health the ethos of ‘free choice’ led to a growth of the private sector in Nordic countries. In southern countries such as Italy, NPM ideas have been developed later, and particularly since the 1990s due to increasingly generalised negative views of the public sector and the supposed inefficiencies of public employees. In Italy and elsewhere regime transformations such as the transition from the first republic to the second accomplished the task of institutionalising the NPM philosophy

through the electoral success and societal impact of a new set of political parties and movements, such as the Northern League and Forza Italia (Ruzza and Fella 2009). It should be noted that the ideological content of the NPM programme was such that in several cases the adoption of a NPM political discourse often corresponded to rather poor implementation of its principles, remaining nonetheless central to political manifestos and therefore consequential in terms of discrediting NPM opponents and legitimating supporters. In some countries, the adoption of the NPM model has been more selective and gradual, but nonetheless significant, at least at the discursive level.

In some cases NPM reforms met little opposition and were just taken for granted. In Poland and other East European countries, post-communist regimes adopted from the outset a neo-liberal reform programme that took NPM principles for granted, making them almost imperceptible to public debate. The UK is an example of an early adopter: it is the country that has most enthusiastically embraced the principles of NPM and has most prominently shifted away from strong universalistic programme coverage. A political culture favourable to NPM had deeply permeated the public sector, offering a paradigmatic test case for determining the overall impacts of NPM, for identifying its shortcomings, but also for evaluating its alternatives.

Nonetheless the diffusion and institutionalisation of the NPM philosophy has often met with strong principled opposition, as was clearly manifest in several south European countries. Criticisms concerned threats to public welfare as well as doubts about the efficiency and effectiveness of the reforms.

#### **4. Criticisms of NPM and alternatives**

The ideological nature of NPM principles and the fact that they have been enthusiastically spread by international institutions such as the IMF and the World Bank has often been acknowledged by the literature, which also acknowledges that precisely because of their diffusion and by now taken-for-granted character, they do not amount to a coherent and cohesive programme, but rather to a set of ideals that are likely to be interpreted and reinterpreted in different locations and modified over time (Kapucu 2006). Nonetheless, despite their prevalence, several observers criticize them on a number of grounds. While NPM principles have become a set of prescriptions, they have often been unable to deliver the cost-effectiveness and the efficiency that they promised (Christensen and Laegreid 2007). There have been problems with output steering and control, and staffing levels have not generally decreased as sought by NPM reforms (The Secretary-General of the OECD 2010). They have radically increased

institutional and policy complexity, making administration almost unmanageable and occasionally leading to “policy disasters” (Dunleavy, Margetts et al. 2006, 468). They have not been able to respond to new social demands, especially in the face of the processes of diversification enhanced in all European societies by globalization and by the proactive role of the EU (Van de Walle and Hammerschmid 2011). Thus their ability to address old and especially new vulnerabilities has often been questioned. Users are often bewildered by a vast array of competing services, by the extreme fragmentation of the market for services that NPM reform engender, and by the fact that users are often unable to choose among poorly and even falsely communicated alternatives. These problems are compounded for vulnerable users who may not have the cognitive skills to navigate a very complex marketplace (Misztal 2011). They may not have the citizenship entitlements necessary to support their access to services. Subgroups in the population, such as migrants and the increasing precariat, may not have the social, territorial and economic stability necessary even to be willing to use some of the services, such as health or educational services (Standing 2011 Falge, Ruzza et al. 2012).

Several reforms of NPM programmes have been attempted with varying results, and we can now speak of a second and a third generation of NPM programmes (Christensen and Laegreid 2007; Pollitt and Bouckaert 2011). Forty years of NPM have led to a set of ever-changing implementation methods, but the ideology has retained many of its distinctive features. With all its limitations, as an ideology NPM is so entrenched that it is not going to lose relevance even when subjected to severe criticisms. This is also because the neo-liberal ideology that justifies and anchors its prescriptions remains salient in political programmes, even amidst the worst crisis of recent generations and despite the widespread opinion that it contributed to creating it (Crouch 2011). Rather, it is adjusting to the new challenges that recent technological, social and economic developments are raising. Thus the literature on NPM has now attempted to come to terms with the impact of the Europeanisation of governance structures in various policy sectors, the impact of internet technologies in the monitoring and implementation of public policies, and the need to enlarge the range of non-state actors involved in policy shaping and delivery (Dunleavy, Margetts et al. 2006; Christensen and Laegreid 2007).

Analysts and practitioners have started to investigate how to transcend market-centred models of policy delivery while retaining the NPM focus on cost-effectiveness and accountability (Christensen and Laegreid 2007). In doing so a number of alternative avenues have been suggested and at least partially institutionalised. One such approach includes supporting the role of the state and of the market through contributions from other non-state actors, notably organised and un-organised civil society



(that is, for instance, single individuals or small informal groups active in the public sphere) in their advocacy and service-delivery roles (Dunleavy, Margetts et al. 2006: 468). This effectively amounts to a merger of the NPM program with the alternative approach described below, which is based on the inclusion of public interest groups and other civil society actors.

In a way, it was precisely the institutionalisation of the role of business actors in various policy sectors and in political discourse which made possible and legitimised an influential role of other non-state actors in a variety of policy-related capacities, such as NGOs, advocacy groups, think-thanks, institutionalised social movement groups, church-related groups, anti-discrimination groups of various kinds. This expansion of the role of non-state actors in state-society relations occurred, not as a complete reversal of the ethos of NPM, but rather as an integration and a modification of existing principles. It also produced an integration of the two models – those of the NPM and the CSOs. For instance, a model of public-private mix in healthcare system reforms has emerged as dominant in several polities, while at the same time evidence of its limitations and failures has grown. It is a model in which non-state organisations often span the divide between the for-profit and the non-profit sector. As we will see, they merge the two models under the heading of the ‘social economy’ (Amin 2009). However, it is useful first to discuss the emergence of the civil society ethos as an application of ideals of deliberative and participatory democracy in policy arenas.

## **5. Civil society and active citizenship as models for state-society relations**

In recent years, citizens’ involvement has become an even more recurrent issue on political and policy agendas. The interest in social and civic participation can be explained by multifarious reasons. There is for instance a need to introduce monitoring organisations to control policy implementation as a response to rather generalised episodes of political corruption, which have highlighting deficiencies in democratic processes and produced widespread anti-political sentiments. There is a need to address issues of political representation and enduring public sector inefficiency. A further contributory factor is the difficulty of developing persuasive mechanisms of political representation in complex governance structures like the EU.

Calls for the involvement of civil society groups in public policy and more generally in the public sphere have emerged at the broader international level, and they have been strongly supported by international organisations and by civil society groups active in international and developmental arenas (Colas 2002; Bartelson 2006, Joachim and

Locher 2008; Liebert and Trenz 2010). A belief in improving citizens' involvement has permeated European states at all territorial levels. This is an important cultural and structural change that has marked most European states.<sup>2</sup>

Calls for a stronger impact of civil society on democratic rule have a long history dating back to Tocquevillian approaches and the Scottish Enlightenment. An emphasis on civil society has resurfaced in recent decades. In the 1990s the ethos of civil society involvement gained new impetus in response to the collapse of the Soviet bloc (Cohen and Arato 1999). Soon references to civil society emerged as a new ideology, a 'grand narrative' that opposed civil society as the voice of the people against vested interests, state corruption and self-referential political systems (Misztal 2001).

In Europe the imagery of civil society also emerged as an attempt to find new responses to an interconnected set of crises which NPM programmes had been manifestly unable to resolve. The growing process of Europeanisation over the post-war years had meant a transfer of sovereignty to the European level that undermined the legitimacy of decision-making by European member states and, to a growing extent, produced a rejection of the process of European construction as a whole, which was perceived to be in crisis, particularly after the failure of the Constitutional Treaty. Indeed the evolving structure of European governance remained obscure and unwelcome to large part of the European population. It was perceived as being based on unfair mechanisms of political representation (Kröger and Friedrich 2012). In this context, OCS provided alternative channels of representation (Ruzza 2010). A large body of official literature issued by EU institutions promoted the role of CSOs as channels for better information on the policy needs of Europeans. Typical in this respect was the White Paper on Governance and the documents that supported its preparation (ESC 2001; European Commission 2001; European Commission, Preston et al. 2001).

Civil society came to constitute a new mythology not only as a response to anti-political and anti-statist sentiments but also in response to a process of Europeanisation that was often perceived as pursuing a neo-liberal strategy which imposed the costs of globalisation on the weaker components of the labour market. CSOs have a strong role in anti-discrimination policies at EU level. They focus on protecting fundamental rights and the rights of discriminated groups in the population, and their role is

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<sup>2</sup> Important differences in openness to non-state actors persist, as the literature on the impact of social movements in policymaking has often shown – see: Rootes, C. A. (1999). "Political Opportunity Structures: promise, problems and prospects." *La Lettre de la maison Française d'Oxford* 10: 75-97. However, this literature emphasises that state openness is a variable that characterises in different ways different policy sectors and different levels of government, whereas in recent years one observes a general and growing ethos of increased state openness to civil society.

enhanced by the fact that they act at the top of a system of public interest representation within which they can convey information from member states to EU institutions (Ruzza 2014). Civil society then became one of the central political mythologies that have characterised the EU in an attempt to provide it with popular legitimacy (Della Sala 2010).

## **6. Civil Society and the Crisis**

However, despite the strong legitimacy of CSOs at EU level and their varying but growing importance in member states, the financial crisis of 2008 and its aftermaths have undermined their power in several ways. At a general level, sweeping budget cuts in several member states have reduced funding for civil society initiatives throughout the years of the crisis. This has had a particularly strong impact on smaller NGOs, which are less able to withstand financial hardship because a small reduction in the budget of a small CSO may mean that the organisation is no longer viable. Secondly, the shift to the right that has marked the EU in the years of the crisis has fostered a vision of civil society which is typically different from the leftist vision of a civil society empowered by the state – a civil society which relies more fully on volunteering, and which is active in service delivery roles rather than in advocacy roles. Also the political right tends to favour local-level civil society initiatives, which deprive CSOs of national policy-shaping impact.

Apart from these general considerations relative to the crisis, the role of civil society has been undermined by fundamental problems in selection of the CSOs to be funded, and by self-selection of volunteers and activists who often tend to come from those sectors of the population less in need of additional associational representation. These problems have been widely addressed by the literature on associational representation, but they are still largely unsolved (Cohen, Rogers et al. 1995; Hirst and Bader 2001; Warren 2001).

In addition, as has often been argued, a strong and effective civil society sector needs a strong and effective state if it is to work to its best ability, but this is not often the case in times of crisis, and in times of still triumphant NPM ideologies (Knight, Chigudu et al. 2002). The effectiveness of the state is crucial in ensuring the effectiveness of the role of civil society as it supports CSOs' implementation role, their role in monitoring effective legislative compliance, their information-gathering role, their occasional redistributive role, the formation of CSO personnel, etc. The crisis and the cumulative impact of globalization on the autonomy of European states indicate that these are

often no longer able to play these roles. As a consequence, the effectiveness and range of action of CSOs is widely differentiated in Europe. It is maximum in Nordic countries where strong trust and social capital in the population, a tradition of overall state openness, high levels of education and rich and articulated organisational ecologies of CSOs have supported the multifarious functions of civil society (Wallace and Pichler 2007). For instance, in Denmark, over 10 % of GDP derives from non-profit production and 38 % of the population is involved in voluntary work. However, this is not the case in other contexts. In poor areas CSOs have additional problems in accessing, acquiring, and effectively utilising public funding and creating effective working relations with other CSOs, as shown by comparative studies on the role of NGOs in the field of health and migration (Falge, Ruzza et al. 2012).

There are countries, such as Italy and Poland, which have moved in the direction of a general openness of state structures to a wide range of non-state actors, and which attempt to include public interest associations of various kinds in consultations, but low state effectiveness and poor civil society professionalization hamper these attempts. The UK is a Member State which has broadly experimented with the inclusion of civil society groups in local policy processes in a variety of policy sectors – an emphasis that has often accompanied both a declared intent to weaken state-based provisions, as well as a desire among different political actors to address growing concerns about social exclusion (Fanning and Dillon 2011). However, different UK governments have understood the roles and functions of civil society in very different ways – from New Labour's state-centred tradition of 'compacts' to the very different Conservative 'Big Society' – and this has generated much uncertainty on how to regulate the sector (Hilton and McKay 2011).

If CSOs are to achieve the objectives that they set themselves, they need access to policymaking circles, and often an amount of resources, legal knowledge and some stability over time. These features are differently distributed among different types of organisation in the sector. In effect, civil society should be conceptualised as an ecology of organisations that differ in terms of levels of institutionalisation, propensity for social and political conflict, service delivery, social research, representation of specific constituencies and ability to network (Warren 2001). While organisations inspired by social movements may be best at confronting vested interests and impacting on the public sphere, more conventional CSOs are often more effective in gaining and retaining access. It is therefore useful to consider the internal differentiation of the ecology of associations that constitutes civil society. In particular, the CSO sector has undergone further differentiation in recent years. On the one hand, there are large, institutionalised, politically accepted NGOs, which in several European contexts are further

expanding their broad competences in several domains, such as health policy. On the other hand, there are small monothematic NGOs, which have often been severely penalised by the crisis and the diminished state resources that this has entailed in several European Member States.

## 7. The crisis and state-society relations

The two paradigms of state-society relations – NPM and OCS -- described in the previous sections have operated next to each other for decades. They have been differently incorporated and reinterpreted by different political forces. As mentioned, in some areas and for some actors they have merged at least to some extent. However, since 2008 their importance and interaction has changed. The impact of the crisis has been important in orienting this interaction.

The European landscape during the crisis has been marked by an overall sizeable decline in social protection (Natali 2013). On the basis of recommendations by international organizations such as the IMF, the OECD, the G20 and also the European Commission, as the financial crisis progressed European countries increasingly interpreted it as a crisis of public debt, substantially reducing public-sector state expenditure. The average Eurozone deficit level fell from a deficit equivalent to 6.4% of GDP in 2009 to 3.1% in 2013. (ETUI 2014, 22). The risk of poverty increased, particularly in the Eurozone<sup>3</sup>.

The measures adopted included sharp increases in indirect taxes such as VAT, and cuts to public spending, which included cutbacks in state benefits and unemployment support, often by reducing the time of entitlement (ETUI 2014, 22). Over the years of the crisis, employment levels fell very markedly in some countries and overall by 1.7 percent in the period 2008-2010 alone, and then they stagnated. However, these figures mask a transformation in types of employment contracts, because one outcome of the crisis was a decline in men's permanent employment and an increase in part-time employment (ETUI 2014, 28). Unemployment disproportionately affected the population with lower education levels. At member state level, patterns of employment were also rather differentiated, with the proportion of temporary employment increasing or remaining constant in twenty-one countries and declining in seven member

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<sup>3</sup> This is defined as "the share of the EU population either with income below 60 percent of the median average household income or facing severe material deprivation or living in a low work intensity household" ETUI (2014). *Benchmarking Working in Europe*. Brussels, European Trade Union Institute.

states, but this included countries such as Greece and Spain where the overall rate of employment of all types sharply declined (ETUI 2014, 28). One must add to these alarming trends long term issues such as the very high levels of youth unemployment in southern countries. Similarly worrying is the likelihood of young women in southern Europe and several eastern European countries becoming trapped in inactivity and unemployment (ETUI 2014, 43).

It is apparent from data such as these that the current crisis has contributed to an increase in the number of vulnerable people – people with low levels of unemployment and often without the skills necessary to improve their prospects. This crisis has also had a major impact in terms of general standards of living, particularly for southern European countries. It has had a substantial impact on the public sector, whose size has declined across Europe (Glassner 2010). While marked differences remain in the overall relative size of the sector in terms of employment, some of the largest member states have witnessed the sharpest decline: for instance Italy, where the size of the sector declined sharply during the crisis and in the period 2004-2008 leading up to the crisis (Glassner 2010, 11). Austerity measures became the priority of international bodies, and this had a decisive impact on highly indebted countries of Southern Europe, which focussed on reducing the size of the public sector as one of the measures less difficult to achieve (Glassner 2010, 5).

In the context of shrinking public sectors, declining state resources, and particularly declining support for vulnerable groups of the population, which as mentioned include the young, the unemployed, migrants and increasingly a transversal sector of the population – the precariat – NPM recipes appeared increasingly unavoidable to analysts. Reverting to or creating strong welfare states appeared untenable even to a generally dissatisfied electorate. Growing anti-political sentiments, increased perceptions of ethnic rivalry for jobs and for the remaining resources of shrinking welfare states instead resulted in a shift to the right that was clearly visible in the 2014 European elections. This turn also undermines the possibility of utilising CSOs to address some of the negative impacts of the crisis.

Whilst an expanded role of civil society and its organisations has been debated for several years, the occurrence of an extended financial crisis has had a complex impact on the societal search for alternatives to a system of service delivery for vulnerable groups which in recent decades has been guided by NPM principles, but which broad sectors of the European population and an increasing number of scholars consider inefficient, at least in its original formulation (Christensen and Laegreid 2007). In this context, the financial crisis may well induce a paradigm shift of the kind that other crisis have induced and which the literature has well documented (Hall 1993). However, it is

not going to be a simple replacement of NPM values with the ethos and practices of voluntarism. A redefined role of civil society could be at the core of such a paradigm shift.

## **8. Discussion**

The paper has identified NPM and civil society as two opposing visions. – two ideologies still not fully crystallized and frequently reinterpreted and complemented by historically and socially variable elements which emerge at different points in time and in different contexts. This context can usefully be described through the metaphor used by Freeden in his studies on ideology (Freeden 1996; Talshir, Freeden et al. 2006). He conceptualises ideologies as varying in degrees of formalisation. Those which are still not fully formed have a strong centre which consists of key tenets which, in our case, set value on competition, accountability, cost-effectiveness, on the one hand, and on deliberation, participation and volunteering on the other. However, Freeden argues that non-fully formed ideologies are surrounded by clusters of other concepts that vary like the dialects of a language and become suited to different environments, and connected to broader over-arching ideologies. Thus, the OCS and the NPM ideologies change in different contexts and evolve in response to major challenges, such as the current crisis.

The crisis is making the contribution of CSOs indispensable. Their volunteers provide service delivery support that states can hardly afford. But this selects out certain OCS organisations and marginalises others, such as advocacy-oriented groups, which find themselves disadvantaged, as EU-level research indicates (Ruzza 2014). On the other hand, the hardship caused by the crisis also encourages political protest. Thus in the years of the crisis a number of social movement-inspired organisations have emerged, sometimes providing services to disadvantaged groups. CSOs operating in a financially difficult environment are themselves obliged to embrace NPM values, and some do so by becoming prominent actors in public-private service delivery systems together with for-profit organisations. The crisis is thus inducing an integration of the two main models of state-society relations of recent decades.

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