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Crisis, clientelism and institutional resilience: Reflections on a public sector reform under the MoUs

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ABSTRACT

Structural reforms, particularly in the area of public administration, have always proved a challenge for Greek governments. During the 2010s crisis, the magnitude of the policy and institutional failures of the previous politico-administrative establishment and pressure from the creditors, led to an ambitious public administration reform programme. While many reforms were successfully implemented during this time, the overall implementation record remained erratic with many delays, gaps and even reversals in key reforms. Seeking to provide an explanation for the observed implementation record, this paper examines alternative propositions for the resilience of public administration institutions under conditions of deep crisis and external conditionality. Empirically, the paper focuses on one of the flagship public administration reforms in the conditionality programme, the reform of the remuneration system for public sector employees. It is shown that the implementation record for this reform can be best explained by recourse to the dynamics of the clientelist equilibrium at the core of the politico-administrative nexus in Greece.

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1. Introduction

The three successive bailout agreements signed by Greece and its creditors between 2010 and 2015, included a long list of structural reforms. Time and again they proved the most difficult issue to handle for successive Greek governments, both internally and in their interaction with the creditors (Katsikas et al. 2018a). One of the most difficult areas of reform was public administration, where progress was partial and inconsistent, and accompanied by significant implementation gaps (Ladi 2014; Featherstone 2015; Lambropoulou and Oikonomou 2018; Spanou 2018, 2020a).

How can we account for this implementation record? One line of reasoning would be that given a long list of deficiencies associated with the Greek public sector (Spanou 1996; Makrydemetris 1999; Sotiropoulos 2001; Spanou and Sotiropoulos 2011) and the poor record of reform implementation even before the crisis (Pelagidis 2005; Featherstone and Papadimitriou 2008), Greece seemed like a least likely case for external conditionality to instigate domestic reform (Featherstone 2015:296). In this context, failure was the expected outcome.

This approach is not satisfactory for two reasons. First, such an approach is not entirely consistent with the empirical record during the crisis; despite delays, inconsistencies and even reversals, there were many reforms that were implemented under the policy conditionality of the bailout programmes. What is needed, therefore, is a more nuanced approach to account for the implementation pattern observed; why some reforms were implemented while others were not? Secondly, such an approach discounts the impact of the crisis as a potential catalyst for change. Major economic crises are typical examples of critical junctures (Collier and Collier 1991; Capoccia and Kelemen 2007). Critical junctures are times when the impact of an exogenous shock disturbs the former institutional equilibrium opening up space for change and the creation of a new institutional path (Capoccia 2015). While recent developments in the institutionalist literature emphasize the fact that non-path dependent change can also be incremental and endogenous (Streeck and Thelen 2005; Mahoney and Thelen 2010), critical junctures continue to be regarded as the most likely time for radical institutional change (Thelen and Conran 2016). The crisis could have acted as a catalyst for reform and the formation of a new path of institutional development in Greek public administration.

The nature of the crisis and the stakes involved created conditions conducive to such an outcome. First, the depth and duration of the crisis were unparalleled for any developed economy in the postwar period. The resulting economic and social devastation produced widespread discontent with the established institutional order leading to unprecedent pressure for change. Moreover, the intensity of the crisis left Greece in dire need of financial support to avoid a catastrophic disorderly default. The funding provided to Greece was subject to conditionality which included a substantial structural reforms programme, whose implementation was monitored closely, not by one, but by two international creditors, the International Monetary Fund (IMF) and the European Union (EU). Finally, abandoning the reform programme could lead to the suspension of the bailout agreement and possibly default, which in all likelihood would lead to an exit from the European Economic and Monetary Union (EMU), an outcome with incalculable negative economic consequences, and one which was clearly rejected by a substantial majority of the Greek population (Clements et al. 2014; Verney and Katsikas 2020).

Under these circumstances, the lack of institutional change should not be taken for granted; it should be viewed as an empirical puzzle to be investigated. In this sense, it would be more useful, for learning purposes, to treat the Greek case not as a typical case -a least likely case for successful structural conditionality, which verifies pessimistic predictions- but rather as an extreme case, where we observe both high institutional resilience and great pressure for change under conditions of crisis and external conditionality (Flyvbjerg 2006). Studying the interaction of these two extreme forces can lead to valuable insights on the dynamics of institutional development and critical junctures.

Accordingly, the aim of this paper is to reflect on the failure to instigate radical institutional change in the context of a key public administration reform during the period of the bailout programmes in Greece, the reform of the remuneration system for public sector employees. Using a process tracing methodology to delve deeper into the pattern that emerges from the more general accounts, the analysis of a single reform can help uncover causal mechanisms that explain the observed outcome. Process tracing here is understood in the sense of Hall's 'systematic process analysis', that is, as an analysis 'attentive to the general causal inferences that can be drawn from observing the sequence and timing of events and the contemporary interpretations of those events' (Hall 2008: 3).

The empirical methodology combines an analysis of primary sources (legislation and official documents, but also media investigative pieces providing new information), secondary sources and a series of interviews with high level public servants who participated in the design and implementation of the reforms.

The paper is structured as follows. The next section shows how the crisis fulfilled the conditions of a critical juncture. This is followed by a review of the literature on public sector reforms in Greece during the crisis. The following section offers a narrative of the progress of the implementation of the single remuneration reform during the period of the crisis (2010-2018). This is followed by a discussion of the empirics through the lens of the arguments developed in the literature. The concluding section summarizes the findings.

2. The Greek crisis as a critical juncture for reform

The saga of the Greek crisis begun with the revelations about Greece's unexpectedly high fiscal deficit in the autumn of 2009, which ultimately reached 15.2% of GDP. These revelations dealt a severe blow to the country's credibility; in combination with its already known problems of high public debt and low competitiveness, it was enough to lock Greece out of the financial markets, which were still reeling from the global financial crisis. As a result, in April 2010, Greece was forced to make an official request for financial assistance to its European partners. On May 2, 2010, Greece signed a bailout agreement for a three-year, €110 billion loan, provided by the Eurozone member-states and the International Monetary Fund (IMF).

The agreement came with strict conditionality in the form of a comprehensive policy programme (Memorandum of Understanding - MoU) that would be supervised by the so-called Troika, consisting of representatives from the IMF, the European Commission and the European Central Bank (ECB). Despite early projections for a quick resolution of the crisis and return to the financial markets as soon as 2013, it soon became evident that the crisis would be long-lasting, as the country was plunged into a downward economic spiral. The first bailout programme was never completed, and neither was a second programme agreed in early 2012. A third programme was agreed in August 2015, as Greece was teetering on the verge of Grexit, following an acrimonious and ultimately failed negotiation between the creditors and a new government formed by 'anti-Memorandum' parties from the radical left and the nationalist right. This was the only programme completed on time, in August 2018, marking the end of a decade-long crisis.

The intensity of the crisis was unprecedent. During the crisis, mean disposable income decreased by more than 30%, while private consumption declined by 25%; approximately half of the deposits left the banking system, while almost 50% of all loans were in the red; unemployment rose to more than 27% at its peak and Gross Domestic Product (GDP) fell by more than 26%. The economic deterioration led to a deep social crisis (Katsikas et. al 2018b) that shook the political system, reshaping the balance of political forces and parties established since the restoration of democracy in 1974 (Teperoglou and Tsatsanis 2012). The two parties that dominated this period, centre-left PASOK, and centre-right New Democracy, saw a dramatic decline in their popular support, with the former being almost completely wiped off the political map of Greece. New parties were created during the crisis and old fringe parties rose to prominence. The change in the political landscape was completed with the elections of 2015 when Syriza, a radical left party, won the election and formed a coalition government with Anel, a party of the nationalistic right.[1]

The crisis meets the theoretical conditions of a critical juncture defined as 'moments in which uncertainty as to the future of an institutional arrangement allows for political agency and choice to play a decisive causal role in setting an institution on a certain path of development' (Capoccia 2015: 2-3).[2] Its unprecedent economic, social, and political consequences, led to disillusionment with the previous politico-economic status quo. Politicians and political parties, but also businesses (e.g., banks), which formed its core, were targeted as responsible for the crisis and its handling. Following the collapse of the previous economic growth regime and of the political equilibrium that dominated the 'metapolitefsi era', the crisis period was characterized by pervasive uncertainty in both the economic and political realms, allowing the emergence of new political and economic actors and the formation of new socio-economic coalitions (Hall 2016). The domestic politico-economic dynamics were accompanied by strong external pressure for change; as the country entered an eight-year 'Memorandum' era, structural conditionality sought to reform almost every aspect of public policy and the economy.

From the beginning of the crisis, the public sector, and public administration in particular, were identified as key areas where drastic change was needed. This was hardly surprising, given the dominant presence of the public sector in the Greek political economy (Featherstone 2008), and the well-known pathologies of the Greek public administration, such as inefficiency, red-tape, low professionalization, clientelism and corruption (Spanou 1996; Sotiropoulos 2001; Kickert 2011). As the European Commission put it, in its description of Greece's first bailout programme: 'With the public sector responsible for many of Greece's woes, a reform of public administration is urgently needed and is a key element of the programme' (European Commission 2010: 20). Accordingly, public sector reforms became an integral part of conditionality, with the scope and number of the measures increasing with each economic assistance programme (Katsikas et al. 2018; Spanou 2018). In this context, there was strong pressure and ample opportunity for institutional change.

3. Public sector reforms during the crisis: a review of the literature

Creditors' pressure and domestic discontent notwithstanding, all accounts on the public sector reforms in Greece during the crisis agree on their assessment of the reform process: the implementation of the reforms was partial and inconsistent and did not lead to a 'paradigm change' in the way the public administration in Greece operates (Ladi 2014; Zahariadis 2014; Featherstone 2015; 2020; Lambropoulou and Oikonomou 2018; Spanou 2018, 2020a, 2020b). Where different analyses diverge is the factors that they emphasize as responsible for this outcome.

Summarizing the relevant literature, there appear to be three basic propositions put forward. The first posits that the inconsistent implementation record was the result of weak political authority. In other words, the politicians in charge of the reform process were unable and/ or unwilling to implement (at least some) the reforms. This line of reasoning has been articulated in different ways. First, Ladi (2014), based on Hall's (1993) framework on policy changes and social learning, argued that the lack of a coherent, strong and persuasive political authority, to steer the reforms and overcome institutional resilience, was the most important factor accounting for the lack of a paradigm shift. The PASOK government that handled the first economic assistance programme did not have the expert knowledge or 'reform technology' (Monastiriotis and Antoniades 2009), to engineer deeper change, which led to policy experimentation and failure. The problem was compounded by the lack of policy coherence in the reforms, as much of the programme, particularly cost-cutting measures, was in complete contrast to PASOK's pre-electoral promises and its ideological profile, which led to a lack of 'ownership'.

Zahariadis (2014) proposed a variant of this account. Building on Heclo (1974), his aim was to demonstrate that learning can occur even under conditions of crisis and external conditionality, when 'powering' -power struggles among competing groups to determine the content of policy- typically dominates. Past failures and feedback will spur learning as policy makers experiment with new tools and instruments or redefine objectives and target populations. Zahariadis however had a specific type of learning in mind. Employing the concept of ‘learning under conditionality’ (Dunlop and Radaelli 2013: 610-611), he argued that during the crisis, policy failures and experimentation allowed Greek politicians to learn how to get around formal targets and standards, in effect purposefully undermining certain reforms.

Finally, a different explanation has been developed by Trantidis (2016), who argued that the implementation of reforms during the crisis was shaped by the desire of incumbent governments to protect groups which belonged to their clientelist networks. Trantidis work offers a broader framework for studying the nature of clientelism. In Greece, he argues, clientelism has developed beyond the traditional individual patronage and clientelist network conceptualizations, into a broad clientelist system where networks of political clients are integrated both into the party system and autonomous interest groups such as the trade unions. The concurrent role of individual clients as party and trade union members creates a symbiotic relationship characterized by a high degree of interdependence between patrons (parties) and clients, which inserts a systematic clientelist bias in economic policy and renders reform (at the expense of the clients) very difficult. While Trantidis applies his framework to reforms and economic policy making in the pre-crisis period, he also offers a tentative review of conditionality during the early years of the crisis based on his framework.

From the analysis above, it is obvious that this first line of reasoning operates on the implicit hypothesis that there is no ‘ownership’ of the promoted reforms. If there was ownership, policy makers would not omit, delay or undermine reforms. In effect, this is the second proposition of the work on public sector reforms in Greece during the crisis. It is examined more explicitly and thoroughly by Featherstone (2015). Employing the framework of external conditionality for EU membership developed by Schimmelfenng and Sedelmeier (2004), Featherstone argues that the crisis and the imposition of conditionality instigated a wave of reforms, which however was circumscribed in its scope and depth. This was mainly due the incongruousness between the Greek administrative model, influenced by the so-called Napoleonic tradition, which stresses hierarchy, centralization, legal formalism and procedural regulation, and the reforms promoted under conditionality, which were largely (but not only) inspired by the New Public Management (NPM) paradigm, which stresses efficiency and promotes ‘performance management’. This undermined ownership of the reforms and led to resistance towards reforms that could produce a paradigmatic shift. A second significant factor for the observed outcome was the inconsistent design of the conditionality strategy itself. Given the lack of ownership, this allowed governments to handle the reform effort in ways that were often dictated by political cost-benefit analyses leading to inconsistent implementation of the reforms.

The in-built limitations of the conditionality strategy are at the core of the third major proposition in the literature. The analysis of conditionality and its limitations has been a constant theme in the work of Spanou (2018, 2020a). More specifically, she identifies three major flaws of the conditionality programme implemented in Greece. First, the overly ambitious reform agenda; the adoption of a ‘big-bang’ reform strategy not only stretched the already limited resources of the Greek public administration, but due its lack of prioritization, it also undermined coordination both between the government and the creditors and among the creditors themselves. The resulting lack of coordination produced an erratic and inconsistent implementation record. Second, and related to the first point, there was a clash of objectives and priorities between the fiscal consolidation and structural conditionalities, which undermined the implementation of the latter. Finally, conditionality did not consider the political resources available to incumbent governments. The top-down character of policy making, to ensure effectiveness under strict time-constraints, undermined the legitimacy of both the promoted policies and of the governments themselves, which led to a loss of trust and reduced capacity to press on with reforms (Spanou 2020a: 151).

4. Remuneration in the public sector: a system in need of reform

The public sector policies included in the Memorandum comprised both fiscal measures and structural reforms. On the one hand, given the bailout programs' priority of restoring fiscal sustainability (Pisani-Ferry 2013; Petralias et al. 2018), public administration was targeted as an area where substantial savings could be made. This policy was pursued in two ways: (a) through austerity measures, like cuts in the wages of public servants and operating expenses, and (b) through so-called fiscal-structural reforms, which referred to changes with a permanent positive fiscal effect, like for example the re-design of the budgetary process to include expenditure ceilings and more sophisticated surveillance mechanisms (Spanou 2018). On the other hand, broader structural reforms were also promoted, with a view to improve the efficiency and effectiveness of the public administration, itself necessary to design and implement a host of other reforms in the broader economy.

In principle, the reform of the remuneration system of Greek public servants touched on both policy priorities; its rationalization could have permanent positive fiscal effects, but most importantly could help build a new approach to human resources management in public administration to help it overcome its long-acknowledged pathologies.

In terms of fiscal savings, a reform of the remuneration system could help bring down the increasing cost of the wage bill in the Greek public sector. From 2003, and particularly after 2007, remuneration costs started to rise fast, as a percent of GDP, showing a significant and increasing divergence from the euro area averages. Measured in nominal terms, the wage bill in the public sector between 2001 and 2009 almost doubled, rising from 16 to 30 billion euros (Eurostat).[3]

Public sector compensation was high not only compared to other euro area member states, but also compared to private sector wages in Greece. This is important for the economy, as a high level of wages in the public sector drives up wages in the private sector and deprives it from qualified staff, undermining competitiveness (Holm-Hadulla et al. 2010). Although this is not only a Greek phenomenon (Giordano et al. 2015), differences in Greece have been particularly high, ranging in previous decades from 25% to 50% (Kioulafas et al. 1991; Papapetrou 2006; Christopoulou and Monasteriotis 2014).

In addition to the fiscal implications of the rising wage bill for civil servants, the remuneration system in the public sector had created other, even more serious distortions, which undermined the latter's performance. An independent study commissioned by the government at the beginning of the crisis, provided a detailed examination of the operation of the remuneration system in the Greek public sector. The study identified numerous weaknesses in the way the remuneration system operated. Summarizing the findings, some of the most important problems were (ICAP and Hay Group 2011, pp.118-120):

(a) The bureaucratic and inward-looking operational logic of the system, which was cut off from economic and social policy priorities (which were typically ill defined), and accordingly the lack of adaptability to its external environment, with changes being typically introduced in a piecemeal and ad hoc manner, without any type of strategic planning and connection to policy objectives,

(b) the pervasive fragmentation, as large and completely unjustified pay gaps existed between different categories of civil servants, which undermined the unity of the public service. The importance of the organizational unit to which employees belonged to, was verified by a study which used real remuneration data; the most important factor differentiating public servants' pay was the ministry to which they belonged. For some ministries, the median wage was 20-50% higher than that of the entire wage distribution, with differences between individual ministries reaching as high as 75% (Anastasatou et al. 2018),

(c) the decoupling of compensation from grade, tasks or performance, creating disincentives for assuming responsibility, taking initiative and more generally improving productivity. Years of service and typical qualifications were the principal criteria for moving up the wage ladder and even their importance started declining after the middle of the wage range (Anastasatou et al. 2018), leading to an overall flat wage distribution,

(d) the similarly fragmented and poorly implemented benefits policy; benefits varied greatly among ministries and public agencies. Even those that were supposedly linked to performance or management duties, were either exceptionally low or were received by all employees irrespective of their performance.

While these problems were obviously linked to the increasing wage bill, they also had broader and more important implications for the ability to implement a comprehensive, efficient and fair human resources management system.

5. The reform of the public sector remuneration system

The reform of the public sector's remuneration system was introduced with the first Memorandum in May 2010. The Memorandum stipulated that by September 2010, a process should be launched to 'create a simplified remuneration system to cover basic wages and all allowances applying to all public sector employees' (European Commission 2010: 78). This process should lead, by June 2011, to legislation for a comprehensive, simplified remuneration system in the public sector. The process did get under way, and the legal framework setting up the single remuneration system, was voted in parliament in late October 2011, with a 5-month delay.

The new system was a substantial improvement over the previous situation. It introduced a single unified payment system for all public sector employees, terminating the unjustified fragmentation of payment according to ministry or organizational unit. This made the system much easier to operate and therefore more cost efficient, but also more transparent, by substituting for example over 100 different allowances with three basic allowances common for all public sector personnel.[4] The payment discrepancies that existed before the reform were reduced through the application of a common methodology for determining wages, based for the most part on measurable typical qualifications such as the level of education and work experience; after the reform employees at a higher educational level and with more experience were paid more

(Anastasatou et al. 2018). The reform also rewarded employees holding positions of responsibility. More significantly, the reform linked payment to rank and thereby to performance appraisal, since promotion through the ranks was designed to be primarily based on the assessment of the employees' performance according to certain criteria and targets.[5] The details of the new performance evaluation system in the public sector were supposed to be outlined in a forthcoming presidential decree.

Despite the improvements however, not all was well with the new system. During the summer and early autumn of 2011, when the legal framework for the new remuneration system was being discussed, the government adopted a unions' proposal, for a 'personal difference' scheme. This in effect was a new type of benefit that would bridge, for several years, part of the difference between the old pay that public sector employees received and the new pay, in order to limit the losses due to the transition to the new system. The personal difference would be abolished in a period of two years after the entry into force of the relevant legislation.[6] At the same time, a new performance bonus was introduced for units with quantifiable targets, as well as a new performance bonus specifically for employees responsible for fiscal revenues. Despite their obvious cost-benefit rationale, these bonuses were, in effect, meant to make up for the losses from the previously received benefits that were now abolished.

Another problem was the scope of the reform, which was far from perfect. A host of public corporations and general government organizations were exempt from the new system. However, a ceiling on benefits and the average monthly per capita pay per organization was imposed. Another major exception was the so-called 'special' remuneration grids, for personnel such as academics, diplomats, doctors and the judiciary, as well as security forces. Their remuneration grids were never part of the reform. Hence, the new remuneration system started from its inception as a two-tier system, exempting some personnel categories.

These exceptions were partly remedied in October 2012, when the public legal entities operating under private law (NPID) were brought in the new system, and reductions were imposed on the special remuneration grids;[7] in their case therefore, there was no reform, but simply a fiscal consolidation-induced reduction of salaries across the board. At the same time however, the personal difference was extended until such time that the new bonus system rewarding performance was in place. According to official planning this was supposed to happen at the end of 2016.

The formal incorporation of NPID and public corporations and utilities (DECO) into the single remuneration regime was not enough to ensure its implementation. Many of these organizations did not comply with the requirements of the new system (Nikas 2013). In autumn 2013, in reply to a request by a parliamentarian, the government released data on the wages of public sector employees, which showed that public corporations and organizations of the general government, but also certain ministries, continued to pay different wages. The discrepancies were substantial, with some employees receiving benefits that increased their total pay by as much as 40% (Chiotis 2013). As a result of these revelations, the government was forced to request inspections in 150 organizations of the general government in early autumn of 2013, while following revelations by the General Inspector of Public Administration about extravagant wages and non-compliance with the new remuneration system in several public corporations, another inspection round of 94 organizations of the general government and 17 independent authorities was scheduled for the first semester of 2014 (Tsitsas 2013; Tsachacis and Tsitsas 2013).

Most importantly, one of the key features of the new system, the introduction of a uniform, transparent and effective personnel evaluation scheme, was not implemented, as the presidential decree ordained in the legislation never materialized. The lack of evaluation, combined with the maintenance of the personal difference continued to undermine the uniformity and fairness of the new system.

In view of these problems, in April 2014, four years after the launch of the reform, the government announced that in the context of its latest negotiation and agreement with the Troika, a new system (including an evaluation scheme) would be implemented as of 1st January 2015 (Karamanoli 2014). It did not happen; the final review of the second MoU was not completed as scheduled, the country went to early elections, and the new government became engaged in a lengthy negotiation that resulted in an altogether new bailout programme.

Following the signature of the third bailout agreement, the new coalition government brought its own legislation regarding the public sector remuneration reform.[8] The new legislation cancelled some of the most important features of the previous reform. First, the link between grades and payment was broken. This meant that employees could progress on the payment scale irrespective of their rank. The new remuneration system was based almost entirely on typical qualifications and progression was automatic, depending on the passage of an ordained period of time. Evaluation of performance or overall conduct played a role only in exceptional circumstances set out in the law. Moreover, the new system was effectively geared towards non-evaluation, in the sense that it promoted good to very good employee assessments; assigning either an exceptional or a bad assessment required a special justification and where such assessments occurred systematically, a special Government Reform Board could 'correct' the results.[9] Moreover, the departmental or directorate assessment, which also affected individual performance, had to be approved by the assembly of the employees being evaluated. The promotion of employees would take place semi-automatically with a loose reference to the assessment results and the decision not to promote someone would require a special justification. Finally, on top of the previous personal difference, which was tacitly rendered permanent, another personal difference, following the introduction of the new system would be introduced, if needed, and would apply retrospectively to cover employees hired since 2011.

6. Accounting for the lack of radical change

By the end of 2018, more than eight years after its introduction, the reform of the remuneration system in the Greek public sector was only partly implemented, and gradually some of its core features had been reversed. There was no radical change in the way the public sector employees were being paid. Link of payment to tasks or performance was never introduced and the link to grade was short-lived and never really enforced. A public sector wage policy, linked to management and policy priorities was still lacking and fragmentation in pay, while reduced, still existed through the retention of the personal difference scheme.

This evaluation was confirmed by the responses of the officials that participated in the interviews for this research. When asked to assess the importance of the reform's objectives, as described in the Memoranda and in the various legal texts implementing the reform, and their degree of realization, the interviewees were clear in their verdict. The most important objectives according to their own evaluation -the incorporation of the remuneration system in an integrated human resources management system and its link with employee tasks, responsibilities, and productivity, were the least realized, while less important objectives, such as creating an operationally simple and universal system, were realized to a moderate degree. In other words, the features of the system that could lead to a paradigm shift in the way public sector employees are being paid were not implemented; progress was mainly recorded in procedural aspects of the system, such as its scope and operational efficiency. To explain this outcome, in the remainder of this section, we consider the arguments reviewed previously.

Starting from the first proposition about the role of political authority, it is difficult to deny that this resonates well with the empirical record. There is clear evidence that certain parts of the reform were purposefully delayed, omitted and even reversed. How can we explain the willingness of incumbent governments to proceed with certain aspects of the reform while resisting others? The lack of expertise does not seem a very convincing argument. Efforts to reform public administration in Greece had started well before the crisis broke out. During the 2000s there was increased legislative activity to improve regulatory quality, reduce administrative burdens and introduce performance management, particularly under the auspices of the Operational Programme 'Administrative Reform 2007-13', funded by the European Structural Funds (OECD 2011). Significant work had already been done on many of these issues, but the resulting proposals, bills and regulations were not enacted (Ibid:103). Therefore, knowledge of the problems and proposed solutions was available in many cases even before the crisis. Moreover, the ICAP study systematically recorded all the problems and distortions produced by the previous remuneration system early on. As administrative reform became part of the conditionality programme, more technical help became available from international organizations, experts from other European countries and the Task Force for Greece established in 2011 to help with the design and implementation of reforms (Spanou 2020a).

In a similar vein, the overextension of the state's limited resources, as a result of a big-bang approach to reforms, was certainly true for the overall reform effort, but does not seem significant in this case. Leaving aside the existing expertise and technical help available, it is unlikely that lack of resources was the reason behind the failure to complete the reform. The most technical aspects of the reform, including the introduction of a single payment scheme across the public sector and the related reform of establishing a single payments authority,[10] were completed early on without problems. The reform remained incomplete due to the retention of the personal difference, delays and exceptions in its application and the failure to connect pay with tasks or productivity. With the potential partial exception of the latter aspect, the rest of the problems cannot be attributed to the lack of resources.

The stress between the government's ideological profile and the proposed reforms also does not seem a convincing explanation for the observed pattern of implementation. While it is true that in Greece conditionality included many cost-cutting measures, as was the case for many other countries during the crisis (Di Mascio and Natalini 2015; Randma-Liiv and Kickert 2016), the reform under study was not one of these measures. The single remuneration system reform was, from the start, described as a structural reform, whose aim was to improve the efficiency, transparency and fairness of the remuneration system. According to the description of the reform in the first Memorandum, the new system would ‘form part of the wider reform of the human resources management system. This should lead to a system that reflects productivity and tasks’ (European Commission 2010: 78).

In other words, the reform was never about fiscal savings, but about the way human resources are employed in the Greek public sector. The reduction of the public sector wage bill was pursued through other measures. This is clearly illustrated in the table outlining the fiscal consolidation measures for the years 2010-2013, included in the Memorandum.[11] Whereas recurring reductions to the so-called 13th and 14th salaries of the public sector employees and related allowances were projected to produce savings of 1.5 billion euros, and the restriction of new employees’ recruitment another 1.1 billion euros, the introduction of the single remuneration system was estimated to produce savings of only 100 million euros. Fiscal measures reducing the wage bill had already been introduced before the signature of the Memorandum and others would follow, including the imposition of an upper limit to the total compensation of employees in NPID entities. Accordingly, the lack of ownership for this reform cannot be attributed to the desire to avoid painful, austerity-induced cost cutting measures that clashed with PASOK’s ideological profile.

On the contrary, we have a paradox, whereby, the centre-left PASOK government proceeded with the wage reductions described above, while failing to implement a reform with no comparable fiscal implications. What is more, this applies to all governments that implemented a bailout programme. The coalition government that followed, led by New Democracy, also failed to introduce the ‘paradigm shifting’ elements of the reform -which entailed no new fiscal measures. If anything, rationalizing public administration along the principles of performance management should be fully endorsed by a centre-right party like New Democracy. Similarly, Syriza, a radical-left party, elected on an anti-memorandum electoral platform, continued implementing austerity policies consistently and at the same time reversed innovative elements of the previous reform, effectively bringing the remuneration system back to its pre-crisis status.

While ideological bias cannot account for the lack of ownership, the incompatibility of administrative traditions seems a more promising approach. The proposed reform incorporated elements of the NPM administrative paradigm, such as target-based personnel evaluation and link of pay to performance, which clearly clashed with the established institutional order and its underlying Napoleonic principles of hierarchy and formalism (Featherstone 2015). The introduction of such ‘alien’ concepts threatened established privileges that public sector employees in Greece traditionally enjoyed, like higher salaries, supplementary benefits and generous overtime arrangements, among others, which had come to be regarded as unassailable workers’ rights in the public sector, the so-called, ‘kektimena’. The impact of such a change for the public sector employees cannot be overstated, particularly in circumstances characterized by pervasive uncertainty.

Uncertainty was further increased by the inconsistency of the conditionality strategy. The latter, by introducing personnel reduction targets, in a rather heavy-handed and arbitrary manner, largely due to IMF’s ideological bias (Spanou 2018: 172-173), effectively sabotaged the reform process. Featherstone (2015:306-308) stresses how fear about possible dismissals overshadowed other reform efforts and proved counter-productive. Spanou (2018: 171-179) describes in detail how the issue of dismissals undermined the mobility reform in the public sector, as mobility was linked with a reserve list, which served as an ‘antechamber’ for dismissals. In this context, personnel evaluation was also perceived through the lens of employment and wage security; consecutive governments, with different ideological profiles, faced hard resistance from the civil servants’ trade union (ADEDY) in their efforts to introduce personnel assessment. Resistance did not abate even when, to alleviate the employees’ concerns, the laws introducing the proposed assessment schemes explicitly precluded any negative repercussions for the employees, including on their wages, their position (mobility) or the security of their employment (Spanou 2018). The result was either delay and eventually non-implementation of the reform, as in 2012-14, or reform reversal, as in 2016.

The discussion on the second and third propositions, on administrative traditions and the incoherence of the conditionality strategy, highlights the importance of uncertainty as a key feature affecting the attitude of public sector employees towards the reform. The employees resisted the reform, not only because they would lose some of their past privileges, but also because they feared what the future held, as the proposed measures signified a radical departure from the status quo. This fear was further fuelled by a lack of trust in the political elites. The lack of trust is related to what Painter and Peters call 'state capacity', which is 'a measure of the state's ability to mobilize social and economic support and consent for the achievement of public-regarding goals…It draws attention to the achievement of outcomes in addition to the production of policy and administrative outputs' (2005:2). Trust is a crucial element of the state's ability to operate as an 'honest broker' able to achieve consensus on proposed reforms, which is necessary to ensure their effective implementation. In low trust environments, long-term strategies -such as structural reforms- do not work because their outcomes are uncertain. Actors discount heavily the future as they cannot trust that promised outcomes will be delivered (Gyorffy 2013).

These arguments account for the fierce opposition on the part of public sector employees, and this is an important part of the story. However, they do not explain why political elites succumbed to the employees' pressure. After all, the public sector employees were equally vociferous, and more justified, in their opposition towards wage cuts and other austerity measures, but for the most part these were implemented as planned. Why were consecutive governments unwilling to complete a reform that would improve human resources management in the public sector without imposing additional economic costs on the employees?

In a sense this brings us back to the paradox noted earlier, regarding the differences in implementation between certain structural reforms and austerity measures. Spanou (2020a), attributes this paradox to the nature of the two types of policies. Austerity measures are typically temporary, one-off measures (or at least of a limited life span), that can be decided and implemented rapidly and do not necessitate the consensus of interest groups or society at large. Structural reforms on the other hand, are complex policy projects with extensive and long-lasting effects. As such, they require technical expertise, institutional capacity and consensus from affected parties in order to be properly designed and implemented (Katsikas and Manasse 2018:10-11). The latter is also important for their long-term sustainability, since political and/or social dissent can lead to a reversal of structural reforms in the future (Grüner 2013). For Spanou these considerations bring to the fore the issue of political resources, defined as the ability to compensate those who stand to lose from the reforms. Given the inability of governments to compensate through direct fiscal transfers, Spanou views delays and omissions in certain reforms as a way to compensate the losers (2020a: 147). This is a compelling argument but as it stands, it doesn't help us explain the variability of omissions and delays between different reforms. In other words, why affected parties were compensated in some cases, but not in others?

An explanation compatible with the compensation thesis, which however could provide us with more guidance on the expected implementation deviations, is that compensation is dependent on the existence and thickness of clientelist ties. Clientelism has long been identified as a core feature of the Greek political system in the 'metapolitefsi' era (Lyrintzis 1984; Mavrogordatos 1997), and one which has shaped its relationship with the state apparatus, leading to the creation of a 'clientelist state' (Sotiropoulos 2001). As Trantidis has convincingly argued, the clientelist system that has developed differs from traditional notions of patronage politics and clientelist networks and constitutes a clientelist system of interest intermediation (2016: 9-14). The embedded interdependence between political parties and client organizations (trade unions) makes their clientelist linkages endogenous parameters of the political system and its operation (Ibid:19). According to Trantidis, this kind of network can withstand external pressures for change, such as economic crises. Following a similar line of reasoning, as the compensation thesis, he suggests that under conditions of crisis, politicians will 'seek to mitigate the costs [...] on client groups'; 'political parties can choose strategies such as delay in the introduction of reforms, the gradual adaptation of reforms, compensation to clients for losses, rhetorical inconsistency, delay in the implementation of reforms and a shift of patronage to residual areas where the pressure for reform is less pronounced' (Trantidis 2016: 19). Following this line of argument, we can identify the client groups that stand to lose more from a particular reform and to evaluate whether adjustments in the reforms and delays in their implementation could be convincingly interpreted as compensation towards these groups.

In the case of the single remuneration system reform, opposition was strong from the beginning, particularly from employees who belonged to the Ministries of Finance and National Economy. These were the employees that benefited the most from the previous regime, as clearly shown by the empirical analysis of Anastasatou et al. (2018), who used the employees' actual remuneration data. Before the introduction of the single remuneration scheme, the median wage for the Ministries of Finance and National Economy stood at 2,460 and 2,254 euros respectively, substantially higher (49% and 37% respectively) than the median wage for all ministries, which stood at 1,648 euros (Ibid:55).

Their privileges stemmed from their place in the politico-administrative nexus. The Ministry of Finance is responsible for collecting tax revenues. Therefore, its employees and trade unions have always yielded significant power and have been able to veto policies affecting their interests. The political ties between the trade unions and governing parties were particularly strong in the ministry. As a result, the employees enjoyed a unique payment scheme, with allowances that in many cases exceeded their basic wage. It is also worth noting that the allowance was subject to a different (more favorable) tax treatment than their wage. On the other hand, the Ministry of National Economy had authority over a large number of general government entities, including NPIDs and DECO, which had traditionally developed their own remuneration schemes, featuring some of the most glaring excesses in wages and allowances (ICAP 2011).

Employees from these ministries applied pressure to their political supervisors, through lobbying, but also through prolonged periods of striking (including so-called white strikes, that is, silent and unofficial abstinence of the employees from their duties). Their leverage -particularly that of the Ministry of Finance employees- was magnified during the crisis, as the success of fiscal adjustment was dependent on the course of tax revenues, for which they were responsible. The employees' pressure bore fruits, as during the summer and early autumn of 2011, when the legal framework for the new remuneration system was being discussed, the government adopted their proposal, for the 'personal difference' scheme. This measure effectively defeated the very purpose of the reform, which was to abolish the different payment regimes. As noted above, the duration of the scheme was extended and effectively became permanently embedded in the payment system. The principal beneficiaries of these arrangements have been the employees of the Finance and National Economy Ministries. More specifically, the median personal difference for the Ministry of Finance employees was 637 euros,[12] and for the ministry of National Economy 277 euros, while 90% of all employees outside the Ministry of Finance received a personal difference below 37 euros (Anastasatou et al. 2018:56).

Another front where resistance was fierce, was the incorporation of general government entities into the system, many of which, as noted above, were under the authority of the Ministry of National Economy. Here again, NPIDs and DECO resisted their incorporation into the single remuneration system, as they would lose their privileged wage arrangements and special allowances. As described above, they were able to withstand governmental pressure for years.

Performing thus a typical political economy analysis, which traces winners and losers before and after the reform and its 'adjustments', we can explain some of the observed implementation problems. The personal difference scheme was a form of compensation to the groups of employees that stood to lose more from the reform, and which also happened to be some of the most important 'client groups' of the dominant political parties. That explains the fierce initial resistance to the reform, despite its low fiscal impact. The reform would not result in large wage reductions, compared to the pre-crisis period, for most of the personnel; the exception were the employees in the Ministries of Finance and National Economy whose wages would converge to those of the other employees.[13] As it turns out, for the majority of the Ministries, there was hardly any difference in the median wages of their employees with or without the personal difference scheme (Anastasatou et al. 2018:56). In the case of the Ministry of the National Economy, beyond the retention of a sizable personal difference as described above, policy makers also tried to allow the general government organizations under its authority to retain their privileges, first by excluding them from the single remuneration system and then by tolerating for several years their lack of compliance with its rules.

The clientelist bias explanation can also help us explain the failure to introduce the most radical elements of the reform such as the link of pay to grade, tasks and productivity and the embedding of the single remuneration grid into a broader human resources management system, measures which did not involve any fiscal intervention. The puzzle is intriguing given that the issue of compensation for wage reductions incurred due to the introduction of the new system, had already been taken care of with the personal difference scheme. The most compelling explanation is that a paradigm shift in the way human resources were managed in the public sector would cost political elites more than any painful, one-off austerity measure. More specifically, the cost of such a reform would be the loss of the clientelist networks formed between political elites and public sector employees.

As described above, during the metapolitefsi era the state machinery had been used as a redistributive mechanism, not least through a highly politicized recruitment and promotion process in the civil service (Sotiropoulos 2001). Special payment regimes, allowances and privileges (e.g., tax exemptions and overly generous overtime arrangements) were an integral part of this mechanism; each government, minister and public corporation head would hand out new benefits and privileges, adding another layer to an already heavily distorted system. Such a system served the political elites' desire to manage, without the constraints of formal rules, public resources as 'privileges' to be distributed in exchange for political support (Spanou 2020b). In addition to the inefficiency and fiscal waste that such practices produced, they also skewed employees' incentives, as it was clear that in order to progress, they should invest not in raising their performance or improving their skillset, but in cultivating relations with their political supervisors. Over the years, a symbiotic relationship developed, whereby civil servants accepted a limited role over policy making in exchange for privileges (Spanou 2020b).

Nobody wanted to disturb the clientelist equilibrium. This can be seen from the fate of previous efforts. The introduction of a single remuneration scheme was already proposed from the 1980s as necessary for the rationalization of public administration but was never fully implemented due to the continuous introduction of privileges in the form of exceptions (Spanou 2018: 162-163).[14] Even the introduction of institutions like ASEP (the Higher Council for the Selection of Personnel), meant to rationalize and depoliticize the recruitment process, did not stop such practices. If anything, finding it harder to appoint personnel to satisfy traditional patronage networks, political elites relied even more on the manipulation of the remuneration and advancement aspects of public sector employment to deliver benefits to their client groups. The introduction of a formal and comprehensive system of human resources management in the Greek public sector, would deprive political elites of their ability to distribute rewards according to political calculations, unravelling thus the bargain at the core of the clientelist system.

A final question remains to be answered. Why did the Troika tolerate the delays, exceptions and even the reversal of key aspects of the reform? As Spanou notes (2020a), this was not an uncommon occurrence; while fiscal consolidation measures and related reforms were fully implemented, other reforms had a mixed implementation record. Was this the result of the big-bang approach, which led to the clash between different policy objectives described earlier, and which, unavoidably entailed different levels of prioritization for certain measures and reforms compared to others? Undoubtedly, to some extent this is true, but if that was the only reason, we would expect to see a haphazard pattern of non-compliance, depending on the contingencies that arose during the crisis.

On the contrary, as noted before, we observe a distinct pattern. Beyond the side-effects of trying to implement an over-ambitious reform programme, in terms of both priorities and resources, the existence of this pattern obviously reflects a specific ordering of preferences on the side of creditors. The prioritization of fiscal consolidation in the design of the MoUs was noted early on (Pisani-Ferry et al. 2013). Although the first Memorandum of Understanding (MoU) signed between the Greek government and its debtors acknowledged that the resolution of both the fiscal and competitiveness problems of Greece should be the programme's two main objectives,[15] it nonetheless went on to pronounce fiscal adjustment as the 'cornerstone of the programme'.[16] Moreover, fiscal adjustment continued being the top priority in the adjustment programmes that followed. It is telling that the fiscal consolidation that was achieved was bigger compared not only to that of the other Eurozone countries (Daude 2016), but to any fiscal adjustment undertaken by a developed economy in recent decades in such a short period of time (Anastasatou 2017).

As has been noted in the literature, this owes much to the preferences of the principal creditor states -above all Germany- which wanted to preserve the Eurozone but shift the cost of adjustment to the crisis-hit countries; their highly asymmetric negotiating advantage in the crisis context, allowed them to dictate the terms of the 'rescue' (Schimmelfenning 2015). Under this prism, even the complex, and at times, chaotic bailout governance, with the different institutions and the conflicting priorities, could be viewed as a deliberate strategy on the part of the principal creditor states, to allow flexibility and room for trade-offs, necessary to accomplish their priority objectives (Henning 2017).

As it was gradually becoming evident that reform fatigue was setting in, already from the beginning of the second programme (Katsikas et al. 2018), and that reforms were destabilizing further an already unstable political system, the Troika seemed to focus more on the fiscal aspects of conditionality, leaving other reforms 'to their fate'; that was primarily the case with politically challenging reforms such as the public administration reforms, several of which were eventually reversed after 2015, with no objections raised by the creditors (Spanou 2020a). In this context, given the employees' resistance to performance evaluation, the unwillingness of Greek governments to promote a comprehensive remuneration system, and the absence of further fiscal benefits, the single remuneration reform didn't seem to be on anyone's priority list anymore.

7. Conclusions

The difficulty of promoting and implementing reforms, has been a staple of the literature on the political economy of modern Greece. This failure is at the root of many of the ills that eventually led to the great crisis of the 2010s. During the crisis the previous politico-economic status quo unravelled and the pressure for change, not least by the country's creditors, was unprecedented. Despite this, the implementation of an ambitious structural reforms programme, put forward during the crisis, proved erratic and incomplete. Given the circumstances, the institutional resilience observed in certain cases is impressive and puzzling. This paper has sought to shed light on the implementation record of structural reforms under the MoUs, by focusing on one reform, the introduction of a single remuneration system in the public sector.

The preceding discussion showed that weak political authority was mainly responsible for the erratic progress and the incompleteness of the reform. This weakness is not attributed to lack of expertise and resources or the inability to formulate ideological narratives consistent with the principles of the reform, although these factors may have had some impact; the most convincing explanation for the delays, omissions and reversals observed, is that they were intended as compensation and protection of political elites' client groups. The analysis of the evidence presented suggests that in addition to a typical clientelist exchange, which mostly concerned the compensation for losses incurred to specific categories of employees, a more fundamental clientelist bias prevented the introduction of paradigm shifting elements of the reform. Employing Trantidis' (2016), conception of clientelism as a system of interest intermediation, it was argued that the intended reform threatened the clientelist bargain at the core of the politico-administrative nexus, itself an endogenous parameter of the political system in Greece. Losing the ability to compensate public sector employees according to political calculations would eliminate one of political elites' most valuable assets, rendering them unable to sustain the clientelist bargain.

This explanation is compatible with some of the other propositions presented in the literature. For example, the clash between the Greek administrative tradition and the paradigm shifting elements of other administrative traditions promoted by the reform, described by Featherstone (2015), can be viewed as complementary to a clientelist explanation. The attributes of the Greek administrative tradition have been instrumentally employed to support the clientelist networks underpinning politico-administrative relations, shaping through time, a rather unique administrative system, which deviates from the ideal Napoleonic model and features certain pre-Weberian features (Spanou 2020b). In this sense, the employees' resistance to paradigmatic change did not stem from their wish to defend the operational features of the previous system (e.g., formalism, legalism, hierarchy and concentration of powers), but rather, it was driven by their need to preserve the informal, clientelist system sustained by these features. The introduction of a new comprehensive system of human resources management, including the remuneration grid, would not simply remake formal operational procedures, but would threaten the very existence of the clientelist system.[17]

This created uncertainty as the employees would not be able to rely any more on the informal politico-economic exchange which ensured employment and compensation security under all circumstances, even for the least privileged public servants. The inconsistency of the conditionality strategy highlighted by Spanou and Featherstone increased uncertainty and therefore resistance, as aspects of the reform, like evaluation, were associated with austerity priorities and dismissals. Political promises to the contrary were not credible because incumbent governments could not exercise control over Troika's conditionality, but also because political elites were not trusted to begin with.

Does the analysis presented here mean that clientelist bias accounts for the implementation record of all reforms under the MoUs? Not so. The analysis of the single remuneration reform points to a specific causal mechanism which is useful for the analysis of reforms in areas where thick clientelist networks have been developed. Thus, for example, it is very likely that the implementation record of other reforms affecting the relations between employees and political supervisors in the public sector (e.g., mobility, promotions, restructuring of organizations, etc.), are also satisfactorily explained by the clientelist bias account. On the other hand, some of the other propositions reviewed here may hold significant explanatory power for understanding the progress of other reforms in areas where clientelist ties are weaker or do not play a role.

Still, the clientelist bias argument offers a unique insight for understanding why certain reforms have proven so difficult to implement. Institutional resilience is likely to be very high in cases where radical change undermines deep clientelist ties because these are *endogenous to the operation of the political system*. Undoing them, undoes part of the political establishment itself and its operation; the impact of such reforms therefore is much broader, and their full implementation would require political parties to shed their clientelist practices and reinvent themselves, a remarkable feat even under conditions of political disequilibrium. Having said that, the clientelist bias argument does not offer a complete explanation. As shown in this paper, in conditions of external conditionality the priorities and pressure of the creditors must also be considered. Clearly, the Troika's priorities facilitated policy-makers rear-guard fight against the reform, particularly as time progressed and reform fatigue seemed to affect not only incumbent governments but the creditors as well, who increasingly, turned their attention to reforms with fiscal implications.

This does not necessarily mean that more pressure from the Troika would guarantee full and sustained implementation. A large literature on IMF conditionality has shown that externally imposed solutions are often unsustainable and ineffective. In the long run, escaping the clientelist trap requires a fundamental re-evaluation of attitudes, practices and interests, perhaps as a result of lessons learned from past crises. Although no radical reform in human resources in the public sector was implemented during the crisis, it is too early to pronounce the crisis a 'near-miss' critical juncture. Some lessons were certainly learned, and a paradigm shift may yet occur in the future.[18]

[1] The same parties formed a new coalition government after the snap election of September 2015, following the failure of negotiations with the creditors and the signature of the third MoU.

[2] Fulfilling the conditions for a critical juncture does not automatically translate into radical change. Despite the pressure and opportunity for change the latter may not come. For a discussion on 'near-miss' critical junctures see Capoccia 2015.

[3] The increase could also be the result of an increase in the number of civil servants. The data show that this was not the case (OECD 2011).

[4] According to a Ministry of Finance official, before the reform there were more than 100 different benefits being paid to public servants (Interview with Ministry of Finance official, 26/11/2016). The new grid allowed three basic benefits, common for all employees irrespective of their organizational unit.

[5] Although the introduction of such elements is viewed here in a positive light, the final assessment of such a regime will always depend on its details, as often an overly narrow view of performance management can lead to negative results. In this context, the NPM doctrine with its extreme emphasis on efficiency has often been criticized in the literature. Having said that, there is little doubt that from both an efficiency and a democratic accountability perspective some sort of evaluation scheme in public sector human resource management is necessary.

[6] Law 4024, Official Government Gazette 226 A'/ 27.10.2011.

[7] Law 4093, Official Government Gazette 222 A' / 12.11.2012.

[8] See law 4354, Official Government Gazette 176 A' / 16.12.2015 and law 4369, Official Government Gazette 33 A' / 27.02.2016.

[9] See law 4369, Official Government Gazette, 33 A'/27.2.2016, art. 17

[10] The Single Payment Authority (SPA) was meant to become the sole mechanism for all types of payments for all employees in the public sector, a step necessary for the government to assume control over personnel-related expenses. It was set up by Ministerial Decrees in the summer of 2010 and started operating as a Directorate under the General Accounting Office in the Ministry of Finance, on November 1, 2010.

[11] See European Commission (2010) 'The Economic Adjustment Programme for Greece', European Economy, Occasional Papers 61, Brussels, Attachment 1, *Greece, Memorandum of Economic and Financial Policies*, May 3, 2010, Table 1

[12] It is worth noting that this difference was higher than the minimum wage prevailing in Greece during this time, which stood at 586 euros.

[13] The employees at the Ministry of Justice also received a high median wage before the crisis and retained a meaningful personal difference after the reform (median of 110 euros).

[14] Actually, efforts to introduce a single remuneration scheme go back at least as far as the 1960s, but as with later efforts, they met with significant resistance.

[15] Ibid. 10, 2

[16] Ibid.

[17] This does not necessarily mean that all, or even most public sector employees were opposed to the reform. Many skilled and hard-working employees were certainly frustrated by the lack of meritocracy and the ineffectiveness of the previous system. However, as collective action theory has long established, smaller groups of interested parties with a greater stake and better organization (including through client trade unions), have a stronger voice and influence on policies.

[18] In June 2022, a new system for evaluating the performance of public sector employees was voted in parliament. The new system re-introduces some of the elements of the first reform, like productivity bonuses.

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