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Kevin Featherstone & Dimitris Papadimitriou, *The Limits of Europeanization. Reform Capacity and Policy Conflict in Greece*, Palgrave Macmillan, 2008, p. 247

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## **Kevin Featherstone & Dimitris Papadimitriou, *The Limits of Europeanization. Reform Capacity and Policy Conflict in Greece***

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**T**hree decades since Greece's accession to the then EC and close to reaching the target-date set at the Lisbon European Council (2000) during which Heads of States or Governments set the ambitious goal aimed at making the EU the most competitive economy in the world by 2010, the debate on the EU's impact on domestic policies and reform processes seems more topical than ever. Against this background *The Limits of Europeanization. Reform Capacity and Policy Conflict in Greece* by Kevin Featherstone & Dimitris Papadimitriou constitutes an insightful contribution to the growing literature on Europeanization by focusing on a country-Greece- that is considered as providing a critical test for the Europeanization hypothesis. As argued "*if the case studies show significant domestic impacts as a result of the EU stimuli, then this would validate that the EU has "teeth" when it acts in these areas*".

The principal aim of the book is to explore the EU's impact across areas where the power of the EU to act varies. The core question relates to the relevance of the EU stimuli and processes and in particular of EU's agenda of structural reform in Greece. The authors seek to address this by answering a series of questions related to the reach of the EU's system of governance, its effectiveness in shaping and steering the major policies found across its member states and the differences in reform outcomes through the examination of three case- studies; pension and labour market reforms and the privatization of a national airline. The period covered by the study expands from 1996 to late 2007. All three cases combine soft instruments with some aspects of hard law, thereby enabling an assessment of EU's reform agenda, while allowing to test Greece's reform capacity in areas challenged by various EU stimuli.

The central argument is that while EU commitments have shaped to a significant extent the domestic reform agenda in terms of its normative content and priorities, reform outcomes have proved modest in all sectors under study as a result of significant problems of administrative and reform capacity. The introductory chapter (Chapter 1) sets the overall framework, the core questions and arguments and the methodology applied in the empirical chapters. Chapters 2 & 3 provide the conceptual framework through a presentation of the literatures on Europeanization and the varieties of capitalism. The empirical part focuses on three case studies; pension reform, labour market reform and the restructuring of Olympic Airways/Airlines (Chapters 4, 5 and 6 respectively). Each chapter includes a presentation of the EU stimuli to reform relevant to the sector under study, followed by a presentation of major reform initiatives undertaken over the reference period. A brief conclusion summarizes the main findings.

Results indicate that while successive Greek governments have not challenged the key European priorities in all three sectors, i.e. a competitive airline industry, a financially sustainable pension system and greater labour market flexibility, domestic change is not an inevitable outcome of EU stimuli. As aptly stressed by the authors "*In the absence of strong EU coercive leverages, domestic veto points pushed the Greek government towards "defection" from EU commitments*". Pension reform serves as a critical case as "*It offers the opportunity*

to examine the relevance of “Europeanization” in a critical sphere: one at the heart of debates on the “social state” and one into which the EU has entered only recently”, thereby widening the analysis beyond the economic sphere. The reform of the pension system proved an extreme case of low reform capacity; EMU opportunity was lost –having no impact on the restructuring of the debate and the facilitation of a meaningful reform- while the Open Method of Coordination, even though it has helped in shaping policy ideas, is characterized by low non-compliance cost. European pressures may have reinforced already existing domestic incentives for reform, yet the latter proved too strong, ultimately “trapping” the Greek pension system into a path of gradual and incremental reforms. The study of pension reform cannot however be examined in isolation from the changes in the labour market. The study of the labour market reform highlighted that the key question in the successful implementation of the reform was not one of “why” but one of “how”; while successive governments acknowledged the need to adopt to the changing external economic climate requiring greater labor market flexibility, the strategies adopted –i.e. a strategy displaying among other inconsistency, lack of unity of purpose, while exacerbating issues of commitment and trust- ultimately led to modest results. Within this context, Karamanlis has fared somewhat better, yet the authors stress that structural impediments remain deeply rooted and thus difficult to overcome by a simple change of personnel. Overall, in the case of labour market reform, the timing of the domestic reform owed little to the EU momentum. Turning to the case of the Olympic Airways/ Airlines, despite the fact that the EU largely shaped the agenda of domestic reform –once more- domestic pressures proved (again) too strong, consequently determining solutions that proved to be failures, while highlighting the limitations of the European instruments. As summarized by the authors “*It was impossible to reconcile the constraints of the EU and domestic levels*”.

The concluding chapter (Chapter 7) recapitulates the key findings of the empirical analysis, while raising challenging questions in relation to governance in contemporary Greece and the effectiveness of the EU system. In terms of the former the authors go as far as to raise the issue of Greece’s ability to remain part of the EU’s core and its willingness to adapt to “Europe”. It seems however that this resistance to Europe does not stem from Greece’s attempt to defend its social model; the resistance is rather the result of the ability of sectional interests to defend their current privileges in a way that traps the system into stagnation. The resistance towards Europe is also manifested in the country’s inability-unwillingness to upload its ideas at the European level therefore constituting a typical case of what T. Borzel refers to as “foot-dragging”, yet this issues is not touched upon in the book. In terms of the second question –i.e. the effectiveness of the EU system- important issues are raised regarding the governability of a system that fails to deliver.

Overall, *The Limits of Europeanization. Reform Capacity and Policy Conflict in Greece*, capitalizing on the authors’ previous work on the subject, provides a sophisticated analysis of the impact of the multiple European governance instruments and their impact on domestic reform processes in key policy sectors. One of the book’s assets is that it while a country-study, the findings raise interesting and challenging issues in the Europeanization literature (concluding chapter). In summary, the book constitutes an insightful contribution for scholars with an interest in the increasing interaction between the European and the national level and the changing nature of the EU influence and in comparative public policy.