CHAPTER 1

LOCAL PUBLIC SERVICES IN TIMES OF AUSTERITY. THE MEDITERRANEAN PERSPECTIVE.

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THE RISE OF AUSTERITY AND ITS IMPACT ON LOCAL PUBLIC SERVICE

Local Governance in Europe has recently undergone dramatic retrenchment due to the fiscal consolidation adopted by the central governments because of the economic crisis and the consequent decline of fiscal capacity. From 2010 to 2014 a wave of financial cutbacks and limits on public expenditure was enacted by most of the Eurozone central governments (Lodge and Hood 2012). These measures envisaged reductions of provisions and resources as well as new arrangements implemented to save costs (e.g. central budget supervision, reorganization, privatization and program termination) (Kickert., Randma-Liiv and Savi 2013).

This retrenchment severely affected local policies across Europe and particularly degraded their core business: the public services. As demonstrated by a recent research (Wollmann, Kopric and Marcou 2016), public services increasingly became a crucial and strategic core of local governance in Europe. In recent years, local authorities have managed a large percentage of the public expenditure on producing and delivering public services to citizens. Hence the steering of services at local level became of major importance for the public sphere, on the one hand, and for citizens' rights – insofar as citizens' proximity to local power enhances transparency, public scrutiny and participation – on the other (Wollmann 2014). Accordingly, the public services (ranging from welfare services – health and social services – to public utilities – water provision, waste collection, transport) may now be considered a crosscutting and significant key to understanding the extent of the retrenchment and its detrimental impacts. As a result, the Local Public Service (LPS) will be the unit of analysis adopted in this book to reflect on austerity policy and look for recommendations.

A large body of studies have recently focused on austerity policies and their capacity to solve problems (Reinhart and Rogoff 2009; Pollitt 2010; Hood 2010; Schaefer and Streeck 2013; Hood and Himaz 2017), as well as their impact on specific and strategic areas like welfare (Leon, Pavolini and Guillèn

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2015) and employment. This book focuses on the public services for two reasons. Firstly, because the importance of austerity for public service provision has often been neglected by scholars in favour of its economic and sociological impact. Secondly, because the public services are also a good lens through which to consider the centre/periphery (government and governance) relation (reduction of autonomy, upscaling, recentralization) due to the crisis and fiscal consolidation (Wollmann 2016).

Nevertheless, this consequence is not homogeneous across the European Union. If on the one hand it is evident that the economic crisis has impacted harshly on almost all the European countries, ranging from Iceland to Romania, and affected also consolidated economies in the Eurozone, like Germany and Denmark, on the other we know that there is a significant difference among European areas (Kitson, et al., 2011). Southern Europe – and more precisely the Mediterranean area – has suffered decidedly more than Central or Eastern Europe from both the crisis and the following therapy. Scholars argue that Mediterranean countries have combined low economic growth with low-performing public sectors (Verney 2009, Hopkin 2012, Ongaro 2014), especially in regard to the capacity to implement New Public Management (henceforth NPM) reforms in recent decades (Kickert 2007, Di Mascio and Natalini, 2015). Additionally, we believe that there are two further important reasons for considering Mediterranean Europe.

Firstly, public services are managed and delivered by local authorities to a greater extent than in central and northern Europe. As well known, this prominently concerns the so-called ‘Napoleonic arrangement’ (Kickert 2011, Kuhlmann and Wollmann 2014, Kuhlmann and Bouckaert, 2016), a highly traditional, fragmented and innovation-resistant pattern of local government that at the same time is of great importance in the national politics of southern Europe (Sotiropoulos 2006; Kickert 2007; Ongaro 2010).

Secondly, the EU member states as well as the non-EU member states (or EU candidates) suffered the economic crisis and the following neoliberal stream of measures in a manner more sweeping and homogenous than in other parts of Europe, where some countries were affected more specifically and dramatically than others, with a strong variance (e.g. Ireland compared with the UK). By contrast, in Southern Europe the crisis dramatically affected all the countries, and austerity increasingly spread like a contagion (Verney 2009). Time and space influence this phenomenon. The Mediterranean area, more specifically than ‘generic’ Southern Europe as a whole, experienced a stream of coercive or mimetic isomorphism imposed by supranational authorities and agencies: from 2010 to 2014 a permanent agenda of retrenchment became the core of policy making across the Mediterranean area, spilling over from country to country (step by step, first to Greece, then to Portugal, Spain, Italy, Cyprus and so on).

The above mentioned underpin the fact that in the context of austerity the Mediterranean region has ceased to be only a geographical entity and becomes more of a unit for political analysis.

Finally, time and space are variables that shed light on a further important aspect. A recent study on the relation between fiscal austerity and local governance (Silva and Bucek 2014) has shown the scattered and variable impact of fiscal retrenchment on local governance across the European countries. The aforementioned book is a precursor, because it highlights some recurrent features, like centralization, stricter regulation, the shift of competences and resources from the local to the central government, the introduction of budgetary supervision, and a move back from networking to hierarchy. All these impacts create strong disparities among countries according to the institutional profile and intergovernmental relations. The main result was that the conception of austerity was probably the same, but its implementation at local level was differentiated and sometimes contradictory: «many responses to a similar overall external pressure», as Silva and Bucek put it in the conclusion.

This is the starting point of this book. Austerity travelled across Mediterranean Europe as a global discourse (Christensen, 2012) that took place at local level due to (or in spite of) local factors and centre-peripheries dynamics. There is a lack of knowledge about the concrete variance and its factors far from macro-economic indicators and political discourse. The goal of this book is to take the evidence a step forward. The intention is to investigate *how* many (and *what*) responses took place to the similar input and because of what factors. In other words, we want to understand (according to the stream of study on comparative studies in the public sector (Kuhlmann and Bouckaert 2016) if there are regularities in the way that the Mediterranean countries adopted and implemented the austerity measures and how these latter impacted on local government and LPS management and delivery.

Hence, the book addresses three main research questions:

- (i) What kind of austerity policies affected the Mediterranean LPS? Were they similar or different? Is there a common pattern and who promoted them at supranational or domestic level?
- (ii) How were austerity measures adopted and implemented in terms of strategies, instruments and organizational arrangements in the LPS? What domestic factors favoured or disfavoured this adoption at central or local level?
- (iii) What impacts really affected LPS management and delivery and what were the political and social reactions?

The book is intended for scholars, researchers, and students, and it makes recommendations to policy makers in the fields of local governance, public policy and public administration, political science and geography. The collection of chapters describes the Mediterranean perspective on fiscal austerity within and externally to the Eurozone. In what follows we describe the aims, background and research design of the book. The general relevance of fiscal politics is discussed in Section 1, while Section 2 scrutinizes the geography of austerity on public services, and Section 3 focuses on the impact on the Mediterranean public services. Finally, the interpretative approach, aims and research design, including the structure of the book, are respectively described in Section 4 and Section 5.

THE POLITICS OF FISCAL AUSTERITY

Austerity may be defined as «a form of voluntary deflation in which the economy adjusts through the reduction of wages, prices, and public spending to restore competitiveness» (Blyth 2013). It usually follows historical trajectories of crisis for a long time, but the recent crisis is considered to be the ‘second great contraction’ putting states in a permanent condition of inadequacy. It is widely agreed among scholars that ‘this time it is different’ (Reinhart and Rogoff 2009). The overlapping troubles involving banks, economic performance and fiscal decline (Di Mascio and Natalini 2015: 130-132) set new and challenging policy agendas. They created a condition whereby policy making is now permanently addressed in light of a perpetual and self-reproducing financial, political and cognitive ‘premise of weakness’ that frames the representation and the decision making (Pierson 2001). This condition is labelled the new politics of *debt management by consolidation* (Streeck 2013: 2), a transformation «in the direction of a State that is “leaner,” less interventionist, and, in particular, less receptive to popular demands for redistribution than was the case for States of the post-war period» (ibid.).

Above all, austerity implies a potential and radical change in the public sector and in cross-level interactions. More specifically, it can alter the delivery of public services to citizens and the mission of the welfare system (Léon, Pavolini and Guillén 2015). Austerity is more than a concept; it is furthermore a package of measures to be implemented according to the international agreements and, regarding EU member states, supranational directives by the EU institutions (Pollitt 2010). As a consequence, financial downsizing directly or indirectly pertains to a potential reduction of resources and rights in service provision. It involves service management and delivery (e.g. cuts in service provision, capital spending freeze, limits to service frequency, quality requirements, outlets and timing, etc.) as well as the institutional and organizational background (e.g. rescaling and upscaling of functions,

central budget supervision, postponing procurement, transfer of costs to private capital and privatization, etc.) (Kickert, Randma-Liiv and Savi 2013). All in all, every provision oriented to fiscal retrenchment unavoidably involves the public service because it extends beyond the services customarily delivered by the welfare state (like social assistance and health care) to include other important ones like public utilities and transport. The public service is specifically affected by all the measures. It is so on the demand side (i.e. a downsizing of provisions and services) and on the supply side (i.e. measures on public employees like early retirement without hiring, salary reductions or freezes).

Hence, the importance of austerity policies is wider than their financial nature, and it concerns the fate of both political systems and citizenship. In particular, austerity affects the political responsiveness of the governors and the expectations of the governed. Put briefly, it does not merely concern a limited set of fiscal measures but has effects on society as a whole, and creates the premises for the '*politics of fiscal austerity*' (Posner and Bloendal 2012: 27).

In the worst scenario, the deterioration of public finance in the rich post-war democracies can influence (and undermine) their democratic nature, influencing their politics in terms of expectations, roles and cognitive frames. According to the idea that the latest economic crisis is more incisive and pervasive, Schaefer and Streeck (2013: 16-18) have argued that the fiscal crisis can trigger specific dynamics deriving from the fiscal retrenchment approaches, and they state that these programs rapidly involve all the politics and the democratic society. The external shock triggers domestic reactions at political, institutional and social levels.

Indeed, Schaefer and Streeck claim that the 'austerity State' ran into a contradiction between the market logic and that of citizenship. These two logics are in conflict, and the ensuing impact on democracy can be potentially detrimental. This scenario is perhaps overemphasized, but there is no doubt about the expected and often indirect impacts on democracy deriving from austerity measures: «this is because an economic crisis limits governments' capacity to spend and it involves a general decline in citizens' wealth» (Morlino and Quaranta, 2016: 2). It can therefore promote changes in the quality of democracy that do not directly concern financial aspects: it can have a negative effect on equality as well as on the allocation of resources. More precisely, it can encompass a decline of legitimacy at national level and many resistances at local ones, often resulting in the political questioning of the European unification perspective and the democratic process itself (Teperoglou et al. 2014, Mayer 2013, Streeck 2013, Bosco and Verney 2013). Therefore, the austerity measures that occur in times of crisis call for broader

adjustments and generate further (sometimes unexpected) changes (Peters, Pierre and Randma-Liiv 2010).

THE GEOGRAPHY OF AUSTERITY: WHY DOES MEDITERRANEAN EUROPE MATTER?

After the 2008 crisis, austerity became a global phenomenon extending from the USA to Australia and from the Mediterranean to the Baltic countries with a different intensity, severity and combination. There is no common pattern of austerity policies across the world; rather, there are specific areas in which austerity took place in a different way and to a different extent. Also the timing varied greatly. Some countries were forerunners, while others delayed their interventions according to their proactive or reactive attitude. The geography of austerity spread across the world influencing all countries more or less profoundly, but in particular the European ones, which were more engaged in welfare provisions and LPS (Kitson et al. 2011). It triggered a mimetic isomorphism (following coercive measures imposed by supra national agencies) in adopting austerity measures that rapidly had an impact (or had to be implemented) at local level. There is abundant evidence that in the vast majority of cases instead of boosting competitiveness and development, these provisions shrank household income and thus reduced economic growth and increased unemployment. In addition, sharp drops in Gross Domestic Product in many cases caused a higher debt-to-GDP ratio, thereby increasing the debt burden (Ball et al. 2013, Whitfield 2013, Sommers, Woolfson and Juska 2014, Miller and Hokenstad 2014, Matsaganis and Leventi 2014; Batini, Callegari and Melin 2012; Monokroussos and Thomakos 2015).

As the financial crisis in 2008 mutated from a problem affecting private institutions to a problem of sovereign debt (in most cases partly because of the transfer of private debt to the public sector), it seemed necessary to adopt measures to tackle it, as well as international agencies and supranational institutions.

The global financial crisis spread across the world and involved the European Union in particular. After 2010 it affected in particularly severe manner the Mediterranean countries (initially, the so-called PIIGS: Portugal, Greece and - the non-Mediterranean- Ireland and at a later stage Spain and Italy as well), which were performing very badly financially mostly –with the exception of Ireland- because of their public indebtedness and their loss of economic competitiveness. The crisis in the ‘Old Southern Four’ (Portugal, Italy, Greece and Spain) seemed more radical and more severe than in Ireland, beyond the economic significance of the public debt and the external deficit. Consequently, there ensued a stream of provisions to prevent their default (Verney 2009). The bailouts of Greece, Ireland and Portugal took place in 2010, while Spain and Italy’s bailout was in 2012 and that of Cyprus in 2013; but more

stringent austerity measures generally spread across the Mediterranean area after 2010-2011. Accordingly, the sovereign debt crisis involved also other peripheral countries like Croatia while strong recommendations were made by the IMF also to EU candidates like Albania. In 2014 also inertial governments decided to adopt severe measures to tackle the financial crisis with cutbacks and retrenchment. In other words, austerity measures became the mainstream prescriptions for all countries that were not performing well or at (presumed) risk of default.

Fears regarding the political consequences of the crisis affecting the ‘Old Southern Four’ stressed the triggers of the crisis itself (Verney 2009). On the one hand, there was a potential divide in the Eurozone between the Northern countries and the Southern ones. On the other hand, there were fears of a contagion between the “old four” Eurozone member states and the other European countries, both Eurozone members and countries not part of the Eurozone or not yet EU member-states like Turkey and Albania. The permanent public deficits, the inefficient and corrupt public sectors, the untrustworthy public accounting practices and the economies in recession of all the Mediterranean countries suggested that a chain reaction was likely. Here, the advent of Economic and Monetary Union stressed once again the ‘Southern Question’ existing on the Community’s agenda since the 1990s (Hlepas and Getimis 2010, Moury and Freire 2013, Di Mascio and Natalini 2015). Austerity was thus manifest as a case of *policy transfer* from some geographical and institutional places to others.

For all the Mediterranean countries, the crisis highlighted already-existing problems in economic competitiveness and financial performance. The ‘Old Southern Four’ were perceived as a source of vulnerability and as an infected body spreading the contagion, even though many other countries were in trouble to a similar extent. High public indebtedness made them particularly weak with respect to financial turmoil, so that they lost the confidence of creditors. As a result, austerity was considered as a necessary, radical and ultimate therapy.

The Troika composed of the European Commission (i.e. the Commissioner in charge of Economic and Financial Affairs), the European Central Bank and the International Monetary Fund intervened in three countries (Greece, Portugal and Ireland) with a very prescriptive approach, which included dictating a set of ‘recipes’ on how to (re-)organise the public sector (Featherstone 2015). More indirectly, countries like Italy (and partially Spain) that could no longer borrow money from the European Stability Mechanism ‘received’ a letter from the ECB Governor that targeted a wide and specific range of reforms. The letter literally dictated the «contents and timing of reforms of the public sector in Italy – hence making it manifest that a different configuration of actors entered the decision-making opportunities with different roles and powers» (Ongaro 2014: 16).

As a matter of fact, a “theory of change” (Weiss 1995) affected financial stakeholders and EU policy makers: the idea that the spread of the economic crisis was due to the financial weakness and low accountability of unreliable governments. Consequently, policy against the financial crisis had to deal with bad performers so to prevent the further spread of the crisis. In this case, there is a matter of space and time.

Regarding space, the problem was seen by international policy makers as mainly concentrated in geographical areas where financial reliability was lower and economic productivity was decreasing. For this reason, Mediterranean Europe was subjected to supranational pressure and conditionality to improve its performance more than Eastern or Northern Europe. Mediterranean States suddenly appeared in deep trouble and unable to cope with their public debt or improve their economic productivity. At the same time, the public sector in the Mediterranean area was deemed extremely inefficient and resistant to innovation, with a high degree of corruption. The slow (and sometimes biased) implementation of the NPM (Sotiropoulos 2004, Kickert 2007, Ongaro 2009) was seen as a further indicator of the low reactivity and scant capacity to cope autonomously with problems

AUSTERITY’S IMPACTS ON THE MEDITERRANEAN PUBLIC SERVICES

Austerity nominally targets excessive public debt and affects public services through spending cuts. Therefore, public services bear the most significant consequences of austerity policies. As a result, they constitute the most appropriate field for studying the conditions, the content and the impact of such policies.

In the first place, fiscal rebalancing does not mean spending cutbacks alone. Some of it can derive from tax increases. Both tax hikes and public expenditure reductions can decrease public debt (and can have counter-cyclical effects), although in the former case – mostly if public spending is well prioritized and planned – essential public services can be more or less preserved. In this case, and from a purely public service point of view, fiscal rebalancing can be achieved with minimal negative effects. The impact of tax hikes on aggregate demand and the market has to be subject to a different kind of analysis.

However, while austerity policies may contain a balanced mix of both tax increases and spending cuts, the politically dominant economic ideas assume that the latter are more effective than the former (Attinasi and Metelli 2016, Alesina and Ardagna 2015, Leigh et al., 2010; Alesina and Giavazzi 2010). The ‘*tax rises bad, spending cuts good*’ approach has been extensively challenged and criticized (Gale and Samwick 2016, Hein and Truger 2013, Ball et al. 2013, Monokroussos and Thomakos 2015, Sen 2015; Krugman 2015). It has even been described as a “mantra lacking sound theoretical or empirical basis”

(Van Reenen 2012: 58). Despite such criticisms, policy makers are heavily influenced by these ideas, which seem, however, to be expressed only by a minority of economists. As Amartya Sen puts it, «very few professionally trained economists were persuaded by the direction in which those in charge of European finances decided to take Europe» (Sen 2015). Therefore, one can conclude that the austerity policies mix is defined by following political imperatives rather than sound technical economic evidence and analysis.

As a result, and to the extent that neo-liberal ideas influence political power (Hall 2011, Clarke and Newman 2012), fiscal policies heavily depend on spending cuts rather than tax rises. This dependence produces direct effects on the public services. In the UK, for example, 70% of the rebalancing concerns a fall in public expenditure. Consequently, it is estimated that by 2018 British public services will be reduced by 10% (Harries 2013). In Greece, similarly, 54% of the consolidation burden comes from expenditure fall (Lalountas 2014). On the other hand, austerity policies in the private sector result in wage reductions and indirect tax increases (VAT) that mostly affect lower-income households (Callan et al. 2012) and give rise to strong demand for essential public services such as health and welfare. IMF provides evidence suggesting that (a) fiscal consolidation has significant distributional effects by raising inequality, decreasing wage income, and increasing long-term unemployment (b) spending-based adjustments have had, on average, larger distributional effects than tax-based adjustments. (Ball et al. 2013). Therefore, austerity based on linear spending cuts downgrades essential public services and leads to a vicious circle that reduces the well-being of large social groups.

Some thinkers and commentators (mostly from a pro-austerity stance) believe that austerity can function as a *window of opportunity* for the modernization of public services. The question is whether the «spending pressure can be a catalyst for innovation and fresh thinking» (Harries 2013) or whether it merely reduces the operational capacity of public agencies and, therefore, deteriorates public policies' outputs, outcomes and impact. UK evidence reveals that only policing services seem to improve under austerity, while education and the health system do not change. (Harries 2013). Evidence from Mediterranean countries (Citroni, Lippi and Profeti 2016, Tsekos and Triantafyllopoulou 2016; Magre Ferran and Pano Puey 2016) confirms that austerity is not an appropriate tool for policy and administrative innovation.

A similar tactic aimed at accommodating public services with austerity is to approach policies through outcomes and not inputs. From this point of view, success is defined «by the health of the nation and the level of crime, not just the number of nurses and police officers[...] not by the money we spend but the difference we make» (Harries 2013). While policy evaluation based on outcomes and not on inputs and throughputs is essential for policy improvement, dissociating policy results from policy means is

not an approach capable to stimulate efficiency and effectiveness. “Doing more for less” is a fundamental NPM postulate. Still, valuating outputs but ignoring inputs is nothing more than a discursive strategy aiming at legitimizing austerity policies.

At the beginning of the recent crisis, Mediterranean public services were not particularly extensive and expensive. In 2010 public services in Mediterranean Europe (Italy, Spain, Greece and Portugal) were clearly below the EU average as regards both employment and investment (Cambridge Econometrics 2013: 27-30). Even under these rather sound conditions, the inadequate performance and poor policy outcomes frequently observed Mediterranean administrations initiated reform programs targeting structural, functional and outcome quality improvements. However, after 2009 increased public debts gave rise to quite different policies concentrated on immediate spending reduction, not on structural reforms permitting long-term cost-benefit optimization. Such programs were more or less effective in spending cuts.

At the local level, austerity has very asymmetrical social and political repercussions in time and place. Some cities have been fully exposed to “urban austerity”, while others continue to follow a more normal path of everyday life and development. Austerity policies have much greater impact in Greek and Spanish metropolitan areas such as Athens and Barcelona than in French cities like Nantes. Strategies to deal with the crisis’s repercussions and to accommodate austerity policies differ as well. They do so according to path dependencies such as the local political traditions, the capacities, and the resources of local public institutions (Davies 2016).

The social consequences of austerity policies are important in Mediterranean Europe. Unemployment, job insecurity, income reduction and poverty are among the most serious repercussions of the crisis at the socioeconomic level. As a result, a significant increase in the need for social and health services has occurred. In contrast, public expenditure reductions have caused significant shortcomings and deficiencies in the public health system. The discrepancy between supply and demand for public services in the social and health sector threatens to undermine social cohesion and can be considered a major failure of austerity policies.

Austerity measures in Portugal doubled unmet medical needs between 2010–2012 and increased co-payments at primary and hospital level. They thus generated a negative effect on the most vulnerable people and downgraded the quality of care. Measures are now needed to remedy the damage caused by the recession and austerity. The reasons for not seeking care include financial barriers, an inability to take time off work, or family responsibilities. Individual-level studies from Portugal also suggest co-payments, and health-care professionals have concerns about the impact of the recession and subsequent austerity measures on the quality of the care provided (Legido-Quigley et al. 2016)

The financial crisis in Spain provoked increases in malnutrition and mental health problems linked to income losses, unemployment, and cuts to social support services. Moreover, the austerity measures imposed on the country's health-care system have deteriorated the quality of its outcomes (Cervero-Liceras et al. 2015).

HOW IS AUSTERITY TRANSFERRED TO THE MEDITERRANEAN LOCAL PUBLIC SERVICES?

Given the above-described situation, this book raises the questions of *how* austerity policies have affected the management of local public services in Mediterranean Europe, and the extent to which measures and outcomes can really be credited to external influences or to domestic interests, opportunities and dynamics. The background to this reasoning concerns the crucial role played by the financial crisis as an extraordinary opportunity for institutional change and readjustments in search of a paradigm shift (Peters 2011). Financial crises usually open windows for restructuring and re-allocating power, responsibilities and duties. As demonstrated by Peters, Pierre and Randma Liiv (2010), governments are induced to launch reforms in times of crisis as a reaction to external shocks and to gain legitimacy. Consequently, a financial turmoil leading in one way or another to sovereign debt crises can influence the national and local pattern of governance, leaving room for downsizing and rescaling. This critical juncture is not taken for granted or predetermined, but it creates space for local dynamics. Hence, the national and local democracy can be variably influenced and adjusted according to these inputs.

Local public services are influenced by a stream of measures imported from external sources, like international agencies, the European Commission and the ECB. But all these measures are adopted and managed at domestic level by the central governments and then implemented by the subnational authorities. So the book aims at dealing with an interesting multi-level transfer. Austerity measures can detrimentally affect the management and delivery of public services at local level. At the same time, local democracy and citizens' rights can be also damaged. But to understand this fact, one must directly observe *how* austerity measures have been issued, decided, and implemented in each context, also looking at the subsequent impacts on LPSs. The underlying assumption is that in each Mediterranean country austerity has triggered different processes according to that country's particular features: for instance, (i) the institutional design (and specific rules on bankruptcy), (ii) the political conditions and resources, as well as (iii) the political climate and (iv) the relationships between centre and peripheries. On considering the differences among countries in the same geographical area and with a similar policy input (the austerity measures), we can generalize what the impact has been on the LPSs and its extent.

This point of view fits to the ‘reorganization question’ raised by the institutionalist paradigm (Kuhlmann and Wollmann, 2014) and particularly it focuses on the *institutionalization* matter well developed by the neo-institutionalist studies in terms of influences among institutions (i.e. the matter of isomorphism as a permanent hypothesis raised by DiMaggio and Powell (1983). The institutionalism is polity-related (who, which institution is doing what?), because it primarily concerns a description of the institutional design. In the study of change it also calls for a policy-related neo-institutionalism, that in the social sciences, has often been broadly categorized in the field of *policy transfer* (Dolowitz and Marsh 1996, 2010, 2012, Benson 2012, Stone 2012). According to these both theoretical assumptions (polity-related and policy-related) the book focuses on the institutionalization of the austerity as a policy transferred among different set of institutions producing different types of institutionalization.

The underlying hypothesis is that austerity is transferred and assembled from a global discourse to a local practice (Christensen 2012). According to Dolowitz and Marsh (2000: 3), «policy transfer is a process by which knowledge of policies, administrative arrangements, institutions and ideas in one political system (past or present) is used in the development of similar features in another».

The basic idea pays attention to the systematic activity of relocating strategies and instruments from a given institutional arrangement or international model or theoretical pattern considered as a best practice to another context in which these solutions are deemed feasible and suitable (McCann and Ward 2013). The background of this book is the policy transfer and the subsequent local assemblage of austerity policies in Mediterranean Europe since 2010. The LPSs are suitable units of analysis for this purpose because of their importance in terms of citizenship and local democracy.

Accordingly, the study of austerity policies includes at the same time descriptions of institutions (who and what) and processes (when and how): the second one implies a *process tracing approach* (Collier 2011) of policy transfer from agenda-setting to decision-making and the implementation of austerity measures in LPS. A two-way movement can be observed. Firstly, it concerns the external/internal divide: how austerity has been promoted by supranational agencies and imposed on (or suggested to) the selected countries. Secondly, there is the domestic policy from the center to the periphery, i.e. the austerity measures affecting the management and delivery of public services and implemented at local level, also including all the provisions that indirectly involve the LPS but are equally incisive, such as rescaling, recentralization, or national supervision of local autonomy. As a result, impacts in terms of outputs and outcomes are described in order to give the reader an idea of the degraded autonomy at local level (including reactions as social protest).

Looking at this approach, the book is aimed at reconstructing the main factors that influenced how austerity policy affected the local management and delivery of Public Services underwent restrictions. The goal is to look for *commonalities among the different trajectories* (Ongaro, 2009, Kuhlmann and Bouckert,

2016) starting from many (but very similar) inputs (the austerity programs) to differentiated responses (output) and outcomes. A comparative design among ‘most similar cases’ supports this strategy. Comparison includes 7 Mediterranean countries affected by austerity measures in the last 7 years

The selection of cases for comparison has been based on the methodological criteria just described. As shown in Table 1, there are two types of Mediterranean countries covered by the book: Old Southern Four (first movers) and the other countries (newcomers). This is a matter not only of timing but also of relevance. A core set of countries is directly involved in the economic crisis and consequently more directly subject to supranational intervention. This is the case of the so-called PIGS countries, and dramatically so Greece, Portugal, Spain (and Cyprus) with detrimental effects on their democracies. Besides the first PIGS there is Italy, which received an austerity recommendation from the ECB in summer 2011 and adopted a set of radical measures for five years.

The second cluster comprises countries that are only indirectly affected by the initial stream of reforms, but deeply touched by Europeanization. This is the case of Croatia, which followed the first movers as a new member of the EU and underwent fiscal consolidation as a EU candidate. Finally, it is also the case of Albania, which is still a candidate and has received strong fiscal recommendations from the IMF to limit its public spending.

Actually, three types of local public services are discussed in this book: health, social services, and public utilities (water management and waste collection and disposal). These local public services will be described according to the national profile and the types of public services that are the responsibility of local governments. Evidence deriving from public services sectors will be adopted as unit of analysis in each country to analyze the above described variables and processes.

Table 1. Observed countries and LPSs

What/where	Greece (2010)	Portugal (2010)	Spain (2012)	Italy (2012)	Cyprus (2013)	Croatia (2013)	Albania (2014)
Health	X	X		X		X	
Social services	X	X	X	X	x		X
Water & waste	X	X		X	X	X	

THE STRUCTURE OF THE BOOK

The theoretical approach to policy transfer and administrative reforms in Mediterranean Europe is debated in Chapter 2 by Andrea Lippi and Theodore Tsekos. The scope of this chapter is threefold. First, it surveys the literature on public sector reforms, with particular attention to public services and local government, as well as studies on the so-called Mediterranean or southern European style of public-sector reforms. As in the case of NPM so in that of austerity, prescriptions and models developed outside the Euro-Mediterranean area are then transferred into it with contradictory outcomes. The chapter then reviews the main approaches, strategies, and tools of austerity policies according to the literature. This review is essential because there is a great deal of ambiguity in the debate about what austerity policies really are and what strategies can be categorized as ‘strictly’ or ‘broadly’ related to the concept.

Finally, the policy transfer theoretical background behind the austerity programs is discussed in Section 3, which deals with well-known concepts like lesson drawing, policy diffusion, assemblage, translation. The empirical part of the study consists of seven separate country chapters arranged in a chronological sequence of gravity according to the starting time for launching austerity measures drawn in the above section, as follows: Greece, Portugal, Spain, Italy, Cyprus, Croatia and Albania.

Chapter 3 on Greece by Nikos Hlepas and Theodore Tsekos discusses the outbreak of the sovereign debt crisis; the austerity policies imposed by the lenders, through the three successive MoUs, as a prerequisite for the respective bailouts; the specific impact of these policies in areas such as health, social policy and the water supply and drainage; and finally the main effects that have occurred in local communities.

Chapter 4 on Portugal by Patricia Silva and Filipe Teles gives an account of the Portuguese crisis and how the municipalities faced severe conditionality which weakened the local democratic government. Consequently, in order to cope with unprecedented budget reductions, municipalities were forced to accept an increase of central supervision and control tools over their activities, as a condition for receiving loans from the central government while the social demand for services was increasing.

Chapter 5 on Spain by Carmen Navarro and Esther Pano Puey focuses on the austerity agenda launched by the Spanish government in recent years, and it considers measures and impacts. The authors concentrate on the reaction by the local governments and the self-government capacity of Spanish local governments to respond to the economic restraints and the austerity measures. According

to the framework of the book, the Chapter assesses the implementation and discusses the outcomes in light of the reduced local autonomy.

Chapter 6 on Italy by Giulio Citroni, Andrea Lippi and Stefania Profeti describes the mixture between external pressures and domestic opportunities to promote severe retrenchment of local governance and local public services in a fragmented but highly detrimental way in the Italian case.

Chapter 7 on Cyprus by Kalliope Agapiou Josephides, Andreas Kirlappos and Philippe Philippou analyzes the variety of austerity measures and their impact on Cyprus's local public services through a mapping exercise of austerity measures and impacts. So doing, the Chapters reviews the issue of learning and development and it argues that the design and delivery of local public services depends on historical continuities between central and local government that have not been influenced by the austerity.

Chapter 8 by Ivan Kopric, Romea Manojlovic and Mihovil Skarica stresses the influence of the economic crises on local service delivery, especially in health care and water and waste sectors. The Croatian case is outstanding because the economic crisis happened parallel with the final stage of the Croatian European Union accession (2013), which has significantly added to the environmental complexity of local service delivery. As a result, looking at the Croatian case we can grasp the intertwining relation between two external pressures: Europeanisation and the global Austerity cycle.

Chapter 9 on Albania by Arjeta Troshani, Vizir Dizdari and Elvira Drishti assesses how austerity policies have influenced local public services in Albania. The contribution deals with the question of the austerity's measures impact undertaken in the central level to the local level and shows a latecomer dilemma of a EU candidate. The authors describe how the fiscal consolidation adopted by the central government in 2014 according to the IMF's recommendation was coupled with a number of important structural reforms, including public financial management, pensions, local government reform, and in light of Albania's potential acceptance as a new member of the EU.

Finally, a comparison and an attempt for generalizing findings will be presented and discussed in Chapter 10 by the Editors of the book, Andrea Lippi and Theodore Tsekos. Here beyond the description of detrimental impacts and emerging trends between external pressures and domestic opportunities to sustain or reshape austerity 'recipes' in each country, evidence about transfer, factors and actors of the politics of fiscal retrenchment will be scrutinized looking at commonalities and

variance. The following impacts in each system of LPS really display how different combinations equally depressed capabilities and social rights, but at the same time they left room for side effects and domestic re-allocation of power despite the original and merely economic end of the austerity programs. As a consequence, the final remarks include some limited recommendations to restore the LPS system in Mediterranean Europe 'after the storm' and address policy makers to look forward when assessing the real effectiveness of such 'global recipe' faced to specificities and local needs.

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