

Collective labour rights versus economic freedoms in EU legal order: the European Court of Justice and the EU Charter of fundamental rights

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Abstract

This paper examines the collisions between economic freedoms and trade union rights in EU legal order. After setting the political-legal context of such collisions, the study focuses on their judicial treatment, as it has been expressed in the rulings of the European Court of Justice (ECJ) in *Laval*¹ and *Viking*² cases. In this regard, I will first summarize the wider consequences of the judgments, elucidating on their impact on collective labour rights. In the next part, I will approach the issue in the light of the EU Charter of fundamental rights. At that point the question arises as to whether now that the Charter has acquired the same legal value as the Treaties (article 6 (1) TEU), should the ECJ be expected to address differently the relevant conflicts. In an attempt to answer this question, I shall focus on the reasoning developed by the Court in *Laval* and *Viking* judgments, which had been delivered before the Charter's acquisition of a binding status. The short analysis shall reveal that the internal logic of the judicial syllogism is based on a presumption which the Charter cannot affect, despite its legal status. What is more, it will be argued that the horizontal provisions of the Charter do not give ground for a shift in the Court's approach to the collisions between economic freedoms and collective labour rights.

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**INSTITUTIONAL REFORMS, GOVERNANCE AND ECONOMIC GROWTH:
THE CASE OF GREECE**

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ABSTRACT

The good governance prescription is presented as a profound tool supported by existing institutions to generate the confidence needed for economic growth. From a parallel point of view, institutional quality is a key factor in establishing good governance and is central to the relevant policy debate. The present paper seeks to critically evaluate the good governance focal argument by exploring the case of Greece. It also aims at providing a comprehensive analysis of the institutional bottlenecks and pathologies that undermine the long term perspectives of the Greek economy. Institutional data reveal that Greek institutions are less developed than their European Union counterparts making the argument of institutional discrepancies among countries a crucial point of reference for shaping the corresponding policies. High levels of corruption and the failure of the regulatory framework do not provide a secure basis for actor's anticipations. The study combines theoretical argumentation with empirical exploration and tries to elucidate the links between coherent institutional reforms and economic growth. In order to further explore this hypothesis for Greece the effects of comprehensive institutional efforts are assessed against the benchmark of institutionally developed countries. Finally, the analysis raises the question of overall and partial institutional transformation in order to disentangle the implications these policies entail for Greece's economic dynamism.

Key words: Institutions, governance, economic growth, Greece.

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I. INTRODUCTION

International differences in economic prosperity are impressive. A handful of countries manage to engineer rapid economic growth after years of stagnation, others stagnate after a period of high growth, yet others have never experienced sustained growth. A better understanding of what generates economic growth and what could be done in order to improve the living standards in a society could make a huge contribution to human welfare. The starting line of conventional economic growth theorisation is the neoclassical model of Solow-Swan. Expanding endogenous knowledge to augment the basic Solow growth counterpart has resulted in a number of theoretical extensions. Growth accounting studies, however, reveal the broader reach of modern growth theory since these predications have not generated the expected explanations regarding the broad variation in the Solow residual across countries. Within this framework, good governance and well-functioning institutions have been profoundly invoked in the rhetoric of the development agenda. Salient point of the corresponding reform initiatives in the development field since the 1990s is the improvement of the performance at both the macro-level (macroeconomic stabilization) and the institutional level (stable rules). The rule of law, secured contracts, control of corruption, transparency of public action, effective administration, low administrative costs, high regulatory quality, democratic and long lasting political institutions lie at the core of the relevant discourse.

The present paper seeks to critically reflect the fundamental concept of governance and to present the mechanisms through which this variable affects the evolution of GDP. In *Chapter II* the concept of governance is analyzed whereas the nexus between governance and economic growth is examined in *Chapter III*. In *Chapter IV* empirical estimates of the relationship between economic growth and governance are presented by applying panel data whereas *Chapter V* sums up the results of the study.

II. ANALYTIC APPROACH OF GOVERNANCE

Crises and failed transition experiments in the 1990s brought to light that even the conventional policies for promoting economic growth as described in the Washington Consensus¹ are doomed to fail in terms of desired living standards in the absence of well-functioning institutions. In the developmental context governance is defined by the World Bank (1989) as “the exercise of political power to manage a nation’s affairs”. At the same study, the concept of good governance was introduced² to refer to “an efficient public sector, an independent justice system and public sector accountability”, whereas bad governance referred to corruption and clientelistic relationships in the public sector of developing countries. The transition from the concept of governance to the concept of good governance introduced an institutional dimension, which concerned the quality of governance (European Parliament, 2004). As a result, development prescriptions suggested in late '90s were more institutional in nature and targeted at securing good governance (World Bank, 1998).

According to the World Bank definition (Kaufmann et al., 2010), governance is described as “the traditions and institutions by which authority in a country is exercised. This includes (a) the process by which governments are selected,

¹John Williamson (1989) launched the term “Washington Consensus” to refer to a set of policy principles that should constitute a best-practice reform package promoted for poverty trapped countries by Washington-based international financial institutions like the International Monetary Fund and the World Bank.

²The term “good governance” was used in this study to refer to the necessity of undertaking efficient public sector institutional reforms in Sub-Saharan Africa countries.

monitored and replaced; (b) the capacity of the government to effectively formulate and implement sound policies; and (c) the respect of citizens and the state for the institutions that govern economic and social interactions among them.” Based on this definition six governance dimensions emerge, namely (i) Voice and Accountability, (ii) Political Stability and Absence of Violence/Terrorism, (iii) Government Effectiveness, (iv) Regulatory Quality, (v) Rule of Law, (vi) Control of Corruption.

Table 1 presents World Governance Indicators for selected countries for the year 2009³. The values of the indicators lie between -2,5 and 2,5. Higher values of the indicators correspond to better governance as is the case for Finland and Norway, which are high income countries⁴. On the contrary, countries that score low in world scale, like Myanmar and Chad, are low income countries. Denmark, New Zealand, and Sweden, which are among the high-performing countries of the table, are considered as the least corrupt countries in contrast with Greece which in the relevant indicator is considered as the worst performing among the developed countries of the table⁵.

³ Despite their wide applicability, World Bank Governance Indicators are criticized for their aggregation methodology and as a result for errors in extracting development outcomes. The criticism is also centered on data subjectivity and as a consequence to bias produced. These indicators tend to evaluate governance more favourable in rich than poor countries whereas they correspond to recent economic performance without depicting deeper characteristics of the institutional environment. For a critical assessment of governance indicators, see, mainly, Arndt and Oman (2006).

⁴ World Bank Income Classification, <http://data.worldbank.org/about/country-classifications>.

⁵ Regarding the corruption indicator for the complete list of high income countries for the year 2009 it comes out that Italy (scoring 0,05) and Croatia (scoring 0,03) are associated with higher levels of corruption than Greece.

Table 1
World Governance Indicators for selected countries for the year 2009

Country	Voice and Accountability	Political Stability	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
Sweden	1,56	1,10	1,99	1,66	1,93	2,23
Norway	1,57	1,19	1,73	1,39	1,88	1,94
Iceland	1,47	1,21	1,61	0,96	1,72	2,06
Netherlands	1,55	0,95	1,69	1,68	1,78	2,10
Denmark	1,56	1,04	2,19	1,82	1,87	2,42
Finland	1,53	1,36	2,13	1,73	1,94	2,22
New Zealand	1,49	0,99	1,88	1,77	1,91	2,38
Switzerland	1,56	1,21	1,21	1,55	1,75	2,01
Luxembourg	1,55	1,44	1,76	1,64	1,83	1,97
Australia	1,39	0,83	1,74	1,74	1,73	2,03
Greece	0,88	-0,06	0,61	0,80	0,64	0,12
Guinea	-1,43	-1,90	-1,29	-1,18	-1,61	-1,23
Libya	-1,89	0,62	-1,12	-1,00	-0,75	-1,10
Guinea-Bissau	-0,76	-0,49	-1,07	-1,19	-1,38	-1,12
Saudi Arabia	-1,77	-0,37	-0,09	0,22	0,12	0,15
Central African Republic	-0,98	-2,03	-1,41	-1,12	-1,32	-0,82
Myanmar	-2,17	-1,72	-1,85	-2,31	-1,52	-1,75
Uzbekistan	-1,93	-0,91	-0,72	-1,55	-1,22	-1,26
Turkmenistan	-2,06	0,18	-1,34	-2,07	-1,37	-1,43
Chad	-1,40	-1,75	-1,48	-1,08	-1,53	-1,39
South Korea	0,69	0,21	1,11	0,85	1,00	0,52

Source: Kaufmann D., A. Kraay and M. Mastruzzi (2010).

III. GOVERNANCE AND GROWTH: THEORETICAL AND EMPIRICAL INVESTIGATION

Beginning with the work of Douglass North the debate on institutions features high on the economic research agenda. According to North (1990), “Institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction. In consequence they structure incentives in human exchange, whether political, social, or economic⁶”. A starting point of this argument is that institutions, either formal or informal, structure incentives and shape the framework for the process of wealth creation. In particular, North (1990) recognizes direct and indirect influences of the institutional environment on economic growth. Countries with better institutions, secured transactions and less distortionary policies will invest more in physical and human capital and will use these inputs more efficiently in order to achieve a higher level of income. High transaction costs arising from the presence of bribery, bureaucratic obstacles and rent-seeking affect growth indirectly by constraining incentives for investment. In an environment of little confidence with respect to the enforcement of property rights, firms will tend to operate on short-term horizon. Temple (1999), reaches the same conclusion. According to him countries that secure property rights tend to develop faster. According to Sala-i-Martin (2002), an economy with fragile institutions is more inefficient in the sense that more inputs are needed for the production of the same output quantity. Meisel and Ould-Aoudia (2008) introduce the concept of governance for development, which covers the various institutional arrangements that produce the confidence needed for transaction security depending on the income level of the country and the dynamic of opening up the modes of regulation of social, economic and political systems.

Derived from the perception that institutional arrangements hold the key to prevalent patterns of prosperity around the world there is a developing body of empirical literature linking institutions and economic growth as well as measures of governance and economic performance. The use of cross-country growth regressions was initially coined by Barro (1991) to explore growth divergences across countries. He uses political instability as a proxy for property rights and finds that measures of political instability that can be explained as adverse influences on property rights are negatively related to investment and growth. According to Mauro (1995), efficient bureaucracy is positively correlated with improved rates of investment and growth, whereas corruption is negatively associated with investment. Knack and Keefer (1995), showed that institutions exert a significant impact on investment and economic growth using as indicator of institutional quality the securitization of property rights and contracts. Acemoglu and Johnson (2005), provide empirical support on this hypothesis concluding that institutions that secure property rights affect economic growth significantly.

In a subsequent study Knack and Keefer (1997), showed that poor countries diverge rather than converge with advanced economies due to their institutional backwardness. Furthermore, poor countries fail to capitalize the technological progress of advanced societies due to their inefficient institutional environment. Respectively, according to Papaioannou (2009), institutional improvements increase

⁶ According to Acemoglu and Robinson (2008), three salient features of institutions are apparent in this definition: (i) they are “humanly devised,” which contrasts with other potential fundamental causes, like geographic factors, that are outside human control; (ii) they are “the rules of the game” setting “constraints” on human behavior; (3) their major effect is through incentives.

capital flows between countries in contrast to institutional fragility, like inefficient protection of property rights, legal inefficiency and high risk of expropriation.

Hall and Jones (1999) hold a salient position in the relevant empirical literature. They prove that productivity differences and long-lasting economic performance of countries are determined by social infrastructure, defined as “the institutions and government policies that determine the economic environment within which people accumulate skills and firms accumulate capital and produce output”. Olson et al. (2000), indicate that productivity is higher in countries institutionally developed displaying improved governance. On the other hand, Chong and Calderón (2000) found the existence of reverse causality in the sense that economic growth affects institutional quality providing more resources for the improvement of existing institutions and enhancing their efficiency.

Another econometric study used as classic reference on the empirical relationship between institutional conditions and economic growth is that of Acemoglu, Johnson and Robinson (2001), which focus on property rights to approach institutional quality. In particular, they recognize that the importance of the institutional framework is so crucial that “once the effect of institutions is controlled for, countries in Africa or those closer to the equator do not have lower incomes⁷”. Similarly, Easterly and Levine (2003) claim that once the effect of institutions is controlled, endowments do not have any direct effects and economic policies (openness, terms of trade, inflation) do not affect country income. The study of Rodrik, Subramanian and Trebbi (2004), constitutes one of the founding pillars of the empirical literature on institutions and economic performance. They confirm the positive influence of the institutional environment on long-term economic growth by examining the rule of law and property rights.

IV. EMPIRICAL ANALYSIS

i. Model specification and data

Using standard models that have been estimated in the relevant literature⁸, a function for a country’s real GDP per capita (y) can be written as

$$y_{it} = f(K_{it}, H_{it}, G_{it}, OPEN_{it}, INST_{it})$$

where K_{it} and H_{it} represent investments in physical and human capital respectively, G is the size of the public sector, the $OPEN$ variable denotes the openness of the economy, whereas $INST$ stands for variables related to governance.

Investments in physical capital (K) are employed as usual in the empirical literature⁹ but they can also consist a measure of firm’s ability to adopt innovative methods of production (i.e. reduction of production cost) or/and to produce new goods. Human capital variable (H) is used in the sense analyzed by Lucas (1988). The size of the public sector (G) is used to isolate possible distortions that public sector participation introduces into economic activity. Openness ($OPEN$) measures the

⁷ These results indicate that Africa is poorer than the rest of the world due to inferior institutions and not because of geographic or cultural factors.

⁸ See, mainly, Barro and Sala-i-Martin (2003) for a selective overview.

⁹ See, for example, Mankiw et al. (1992).

ability of countries to best utilize the access to greater markets and the resulting economies of scale. Openness can, also, approximate the ability of exploiting the channels of technology diffusion, which consist a close substitute of primary involvement in Research and Technology development. A novelty of this paper is that openness is captured by the globalization variable (KOF index) and not with variables related to imports, exports, their difference or their aggregate as it is often cited in the relevant empirical literature. In order to approach the concept of governance the average of the six governance indicators is used, according to World Governance Indicators ratings presented in Section II. The list of countries that constitute our sample is given in Table A1 in the Appendix. Definitions and sources of key variables are provided in Table A3 in the Appendix. Summary statistics and correlations between the variables are also presented in the Appendix in Tables A4 and A5.

ii. Empirical findings

In our regression analysis Pooled Least Squares method is employed with Fixed Effects for cross section data¹⁰ (applying the White-Correction for heteroscedasticity). The sample consists of 124 countries for the period 1996-2007. The basic regression results are presented in Table 2.

¹⁰ This method is used for similar estimations in the literature. See, for example, Islam (1995).

Table 2
*Regression estimates of the effect of governance
on the level of economic growth¹¹*

<i>Dependent variable: Real GDP per capita</i>			
Sample period : 1996 – 2007			
Number of countries: 124			
Number of observations: 9			
Panel observations: 1095			
Variable	Coefficient	Standard Error	t-statistic
Constant	-7432,44	849,40	-8,75
Investment share of real GDP per capita	67,52	12,34	5,47
Government share of real GDP per capita	-123,75	21,48	-5,76
Openness	28,56	7,56	3,78
Human Capital	2379,79	175,18	13,58
Governance	1359,85	456,57	2,98

R^2	0,98
\bar{R}^2	0,98
F-Statistic	467,49
Probability F-statistic	0,00

The estimates are satisfactory while explanatory variables interpret most part of the variability of the dependent variable as derived from the R-squared and t and F statistics reported. All variables have the expected signs and are statistically significant at 1% significance level.

To validate our results we performed the EGLS method with random effects for cross-section data (applying the White–Correction for heteroscedasticity) as well as

¹¹ Fixed effects for each individual country are not reported as they don't further enrich our analysis.

the simple Pooled Least Squares method (without fixed or random effects either for cross section or time series data). In all cases our estimates of the importance of governance have been confirmed¹².

Using a dummy variable for Greece we tried to test the hypothesis that Greece differs from the rest of the sample as far as the influence of the governance variable is concerned (Table 3). However, the dummy variable was not found to be statistically significant, As a result, for the estimation of the potential benefit from improving governance we used the common coefficient for all countries.

Table 3
Estimates of the influence of governance on the level of economic growth with dummy variable for Greece

<i>Dependent variable: Real GDP per capita</i>			
Sample period : 1996 – 2007			
Number of countries: 124			
Number of observations: 9			
Panel observations: 1095			
Variable	Coefficient	Standard Error	t-statistic
Constant	-7343,92	767,21	-9,57
Investment share of real GDP per capita	67,33	12,15	5,54
Government share of real GDP per capita	-123,50	21,39	-5,77
Openness	28,86	7,23	3,99
Human Capital	2371,78	164,15	14,45
Governance	1370,18	446,87	3,07
Dummy for Greece	-7111,01	7771,20	-0,92

R^2	0,98
\bar{R}^2	0,98
F-Statistic	463,71
Probability F-statistic	0,00

¹² Due to limitations of space the unreported computations are available from the authors upon request.

iii. Potential benefit for Greece resulting from the improvement of governance

This estimation is based on Greece's output (GDP) performance for the last year of the sample period (2007), assuming improved governance standards. If Greece had achieved the governance capacities of Finland (best performance in the world sample), the real GDP per capita of Greece in 2007 would have been 5,3% higher than the actual one. Assuming constant population number, real GDP of Greece for the same year would have been 11,5 billion euros higher, whereas the respective GDP per capita would have increased by 1037 euros (at constant prices of the previous year). Using the data values of the Heston-Summers data variable, the income per capita difference is even higher (1464 US dollars at constant 2005 prices).

Table 4 presents the contribution of the individual governance sub-indices to the differential increase of GDP per capita for Greece using Finland as the benchmark country. We observed that the divergence between Greece and Finland is not symmetrical for all sub-indices. Concerning voice and accountability, the performance of Finland is 55% higher than that of Greece, whereas in the control of corruption it is more than seven times higher. The control of corruption consists the primary variable through which the total increase in GDP per capita is explained (in practical terms 1/3 of the difference is attributed to corruption) followed by government effectiveness.

Table 4
Contribution of governance indices
to the increase of per capita GDP in the case of Greece

	<i>Relative performance Finland-Greece</i>	<i>Difference of income attributed to each indicator (*)</i>	<i>Contribution to GDP increase</i>	
			<i>Percentage units</i>	<i>Participation (%)</i>
<i>Voice and accountability</i>	1,55	120,12	0,43	8
<i>Political stability</i>	2,63	197,43	0,71	13
<i>Government effectiveness</i>	2,89	282,54	1,02	19
<i>Regulatory quality</i>	1,78	149,92	0,54	10
<i>Rule of law</i>	2,33	240,95	0,87	16
<i>Control of corruption</i>	7,54	473,42	1,71	32
GDP per capita increase		1464,40	5,28	100

* In US dollars at 2005 constant prices.

V. CONCLUDING REMARKS

Governance remains a broad, multi-dimensional concept. Good governance is a useful tool to respond to collective problems and can be defined on the basis of strong institutional structure existence. The quality of the institutional environment designates long-run growth prospects as the institutional framework provides the confidence needed to secure economic transactions. The quality of institutions serves as a yardstick to assess the performance of economic, political and social systems. In a similar vein, good governance constitutes an important developmental tool and a necessary component of the strategies aiming at the reduction of poverty.

Countries face considerable challenges regarding the quality of their institutions as well as their governance. Greece is characterised by deeply entrenched institutional weaknesses, which are evident against the benchmark of advanced countries and member states of the European Union and which undermine its long-term growth prospects. Institutional deficiencies in Greece, that constitute major roadblocks to its sustained growth, are plagued with widespread corruption. Based on this premise, combating corruption can be promoted as one of the policies supporting good governance along with high levels of transparency. However, we must point out that it is not a single structural dimension of governance that produces inefficiencies but rather the interplay of key facets of governance hierarchy. Nevertheless, governance indicators should be used with great caution in policy making. The resulting indicator scores can be instrumental in promoting institutional changes but by themselves they do not indicate the appropriate growth strategy of the country.

Appendix

Table A1
List of countries included in the sample

ALB	ALBANIA	CRI	COSTA RICA	IND	INDIA	MNG	MONGOLIA	SLE	SIERRA LEONE
ARG	ARGENTINA	CYP	CYPRUS	IRL	IRELAND	MOZ	MOZAMBIQUE	SLV	EL SALVADOR
ARM	ARMENIA	CZE	CZECH REPUBLIC	IRN	IRAN	MRT	MAURITANIA	SVK	SLOVAKIA
AUS	AUSTRALIA	DEU	GERMANY	ISL	ICELAND	MUS	MAURITIUS	SVN	SLOVENIA
AUT	AUSTRIA	DNK	DENMARK	ISR	ISRAEL	MWI	MALAWI	SWE	SWEDEN
BDI	BURUNDI	DOM	DOMINICAN REPUBLIC	ITA	ITALY	MYS	MALAYSIA	SWZ	SWAZILAND
BEL	BELGIUM	DZA	ALGERIA	JAM	JAMAICA	NAM	NAMIBIA	SYR	SYRIA
BEN	BENIN	ECU	ECUADOR	JOR	JORDAN	NIC	NICARAGUA	TGO	TOGO
BGD	BANGLADESH	EGY	EGYPT	JPN	JAPAN	NLD	NETHERLANDS	THA	THAILAND
BGR	BULGARIA	ESP	SPAIN	KAZ	KAZAKHSTAN	NOR	NORWAY	TTO	TRINIDAD AND TOBAGO
BHR	BAHRAIN	EST	ESTONIA	KEN	KENYA	NPL	NEPAL	TUN	TUNISIA
BLZ	BELIZE	FIN	FINLAND	KGZ	KYRGYZSTAN	NZL	NEW ZEALAND	TUR	TURKEY
BOL	BOLIVIA	FJI	FIJI	KHM	CAMBODIA	PAK	PAKISTAN	TZA	TANZANIA
BRA	BRAZIL	FRA	FRANCE	KOR	KOREA, SOUTH	PAN	PANAMA	UGA	UGANDA
BRB	BARBADOS	GAB	GABON	KWT	KUWAIT	PER	PERU	UKR	UKRAINE
BWA	BOTSWANA	GBR	UNITED KINGDOM	LKA	SRI LANKA	PHL	PHILIPPINES	URY	URUGUAY
CAF	CENTRAL AFRICAN REPUBLIC	GHA	GHANA	LSO	LESOTHO	PNG	PAPUA NEW GUINEA	USA	UNITED STATES
CAN	CANADA	GRC	GREECE	LTU	LITHUANIA	POL	POLAND	VEN	VENEZUELA
CHE	SWITZERLAND	GTM	GUATEMALA	LUX	LUXEMBOURG	PRT	PORTUGAL	VNM	VIETNAM
CHL	CHILE	GUY	GUYANA	LVA	LATVIA	PRY	PARAGUAY	YEM	YEMEN
CHN	CHINA	HND	HONDURAS	MAR	MOROCCO	ROM	ROMANIA	YUG	SERBIA
CIV	COTE D'IVOIRE	HRV	CROATIA	MDA	MOLDOVA	RUS	RUSSIA	ZAF	SOUTH AFRICA
CMR	CAMEROON	HTI	HAITI	MEX	MEXICO	RWA	RWANDA	ZMB	ZAMBIA
COG	CONGO	HUN	HUNGARY	MLI	MALI	SEN	SENEGAL	ZWE	ZIMBABWE
COL	COLOMBIA	IDN	INDONESIA	MLT	MALTA	SGP	SINGAPORE		

Table A2
Components of the Governance Index

1. Voice and Accountability – capturing perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

2. Political Stability and Absence of Violence/Terrorism – capturing perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism.

3. Government Effectiveness – capturing perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

4. Regulatory Quality – capturing perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.

5. Rule of Law – capturing perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.

6. Control of Corruption – capturing perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

Source: Kaufmann D., A. Kraay and M. Mastruzzi (2010).

Table A3
Data descriptions and sources

Notation	Description	Sources
y	Real GDP per capita (Constant Prices: Chain series)	Penn World Tables 6.3
ki	Investment share of real GDP per capita	Penn World Tables 6.3
h	Average years of schooling for the total population	Barro-Lee (v. 2.0, 07/10)
kg	Government share of real GDP per capita	Penn World Tables 6.3
OPEN	KOF index of Globalization	Dreher (2006)
INST	Average of the six World Governance Indicators	World Bank Governance Indicators Dataset

Table A4
Summary statistics for key variables

	MEAN	STDEV	MAX	MIN
y_2007	13944.57	13774.65	77783.5	643.5782
INST	0.114972	0.895279	1.837221	-1.58722
OPEN	98.42684	55.37367	443.4014	24.70898
kg	16.82251	7.318175	46.51034	4.650963
ki	23.16808	10.21849	54.96952	4.34054

Table A5
Correlation matrix

	INST	kg	ki	OPEN	y_2007
INST	1.000000	-0.233900	0.530916	0.196694	0.834378
kg	-0.233900	1.000000	-0.208729	-0.020537	-0.388196
ki	0.530916	-0.208729	1.000000	0.193307	0.517906
OPEN	0.196694	-0.020537	0.193307	1.000000	0.279827
y_2007	0.834378	-0.388196	0.517906	0.279827	1.000000

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Promoting active citizenship for youth in the UK and Greece: a genuine alternative or the reframing of old discourses?

Summary of presentation for the: 5th Biennial Hellenic Observatory PhD Symposium, LSE,

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Abstract

This presentation draws upon data from PhD research which aims to explore how young people enact participation in the UK and Greece. The presentation will initially provide a brief revision of the national contexts and the main discussions, expectations and assumptions regarding participation projects for young people. The main focus will be on presenting the research results. Although the national contexts are different young people expressed concerns that are strikingly similar. The presentation explores participants' perceptions of citizenship, how policies of participation structure their experiences in projects and also how they experience their living environments. Overall, the presentation aims to discuss how the above affect and mediate their decisions for involvement.

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Introduction

The idea of participation is linked with the concern of enabling people's involvement in the processes that affect them. This concern connects in the last 30 years with the emergence of the new social movements, the development of the idea of active citizenship and with a general tendency to move from representative to more participatory democratic arrangements. In this context a conceptualization of citizens as recipients of policies has shifted to one as active and direct participants in governance.

Simultaneously, young people's participation and decision making in issues that affect them gained increased prominence and in the last decades has become a key policy initiative on the agendas of most national and international organisations. This shift was supported by concerns over young people's lack of interest in politics and public involvement as well as discourses about the 'problem youth', antisocial activity and social decline (Bessant, 2003).

The potential benefits of youth participation are seen as contributing to the development of a positive individual identity and a sense of responsibility (Kjorholt, 2002), as young people's legitimate right to participate in decision making (Frank, 2006) as development of democratic societies (Matthews, 2003), as a form of social justice (Checkoway, 2005), 'vital engagement' of youth in community life (Pancer et al. 2002) and finally as a means to combat social exclusion (Colley et al, 2001). Existing criticisms of current practices of youth participation stress that participation activities are adult-led and top-down (Badham, 2004), have been unsuccessful in giving real power to young people, and have failed to include certain groups of young people and especially the already disadvantaged (Thomas, 2007).

Participation: extending young people's potentialities?

This explosion of interest over participation projects as an 'all cure' approach is often based on assumptions that: a) promoting youth participation spaces results in social exclusion being challenged and b) spaces for participation are neutral and independent from other domains of everyday life.

These assumptions approach spaces for participation as neutral and downplay the fact that practices in them both reflect and reproduce the social relations through which they are produced (Lefebvre, 1991). There is little consideration in these assumptions of the social structures within which young people are expected to enact decision making while the barriers and the enablers for youth participation are often poorly linked to power relations in the socio-political contexts within which youth lives are developed. Therefore, alongside a critical examination of social actors' action we need to extend the critique on how institutional practices and social norms produce relations in participatory projects and define young people's fields of possibilities (Hayward, 1998).

Current models/ladders on youth participation admit power imbalances within participation spaces and argue for the transmission of power to young people. However, discussion of power imbalances within participation is often led by a conception of power as 'a zero-sum phenomenon' where power is 'in limited supply' and someone gains it when someone else is giving it up (Kreisberg 1992, in Wong et al, 2010). Such an analysis of power dynamics constructs young people as lacking power and youth workers as holders and key players for the transfer of power. As a result, empowerment through participation becomes a struggle for the acquisition of power, a form of participation where young people have absolute control over their projects. It is questionable though whether this focus on an ideal type allows us to focus our observations on processes within 'less ideal types' of participation and to identify how youth status might mediate the experience of participation. For Cornwall (2002, Cornwall et al. 2007) it is important to focus on the way power relations are played out within participation, it is therefore central to think how and by whom spaces for participation are opened up, how a space comes to be defined and perceived, who participates, and finally how it excludes whatever is not part of its discourse.

In this project I am looking at the power dynamics of the participatory projects that took place in this research not so much under a perspective of who gains more power over others but whether participatory experience is a transformative process that enables the realization of potentialities and re-negotiation of power relations. Before I proceed to discuss the results of the research I will initially offer a brief description of how participation is enacted in the UK and Greece.

Participation in context

The dramatic growth of the interest around young people's rights as it was first expressed through the United Nations Convention of the Rights of the Child (UNCRC) in 1989 was followed by legislation and policies on the national level that would ensure participation for young people. This section will attempt to offer an overview of how participation is institutionalised and enacted in UK and Greece.

UK: A 'Third way' to managing the problem youth

Arnott (2008) argues that a rethinking of rights in relation to the welfare state took place in the UK as the post-war establishments that informed policy through expert and professional knowledge and allowed limited space for civil society, proved inadequate. This shift of rebuilding the relationship between state and citizens or in Miliband's (2006) words as bridging 'the gap between citizens and democracy' was sparked off both by internal developments regarding reduced state control and influences from the UN and the EU.

In the 1990s UK policies for youth were developed on the basis of a 'third way' politics discourse that allowed the utilisation of terms such as participation, active citizenship and inclusion alongside the problem youth discourse (Bessant, 2003). Youth participation in particular was seen as preventative action, a way to ensure integration in society and a facilitator of transitions to adulthood. There was a rapid growth of participatory activity in early 2000 (Tisdall et al. 2008) with participation appearing in every policy paper regarding youth and implemented by an array of actors spanning from the volunteer and private to the public sector.

Greece: taking up international responsibilities

Concerns about deliberative democracy and citizen involvement as they have been developed in the international community, echoed in the Greek context without ever gaining such prominence as to motivate substantial change in a wide range of policies. These concerns found expression in the political domain with the adoption of a modernisation agenda that promoted decentralisation in order to make administration 'friendlier to citizens' (Hlepas, 2010), to give local communities a more active role and to make democracy more efficient. The General Secretariat for Youth is the only state organisation responsible for the development of youth policy and has worked for the mainstreaming of the youth dimension in governmental policies since 1982. Currently, there is no legal framework for youth participation apart from the establishment of local youth councils.

Youth discourses in the Greek context construct young people as 'citizens in formation', while concerns about 'youth at risk' and anxieties about its management have become more prominent in the last decades. Nevertheless, it was mostly the obligations deriving from the country's membership in the international community that promoted ideas of youth participation and active citizenship. For example, the endorsement of UNCRC resulted in the establishment of the Greek children's ombudsman, which established a Youth Advisory panel in 2009. References to the benefits of participation and active citizenship have initially appeared in official papers regarding youth in early 2000s and have dramatically grown around 2010. Existing participatory arrangements include school councils, youth parliament, national youth council, local youth councils, student unions and political party youth organisations. A number of young people have chosen self-organising in youth-led groups which in many cases are oriented on activist action often related to environmental issues and human rights.

Research Aims

The aim of this project was to explore the way young people conceptualize and enact participation in the UK and Greece. I am looking for ideas, values, norms and practices that give an insight on how participants understand their involvement. At the

same time I am looking at how these ideas, values and norms relate to current discourses of participation. The participants were selected through purposive sampling in the wider area of Thessaloniki in Greece and the West Midlands and London in the UK. Thirty six participants took part in both countries representing projects that either were developed by young people themselves or projects that were developed through official routes. Having a clear mission statement of 'raising the voice' of young people was the main criterion for the inclusion of a group in the research. The data were gathered through face to face semi-structured interviews and with the use of two short vignettes as additional means of gathering information.

Research Results

An array of profits through participation have been reported by young people in this research ranging from developing the self, to being a constructive member of one's community and a sense of bringing about change. Young people in this research expressed their conviction that they affect the processes in the groups to which they belonged. Participants in more formally structured groups report their experience as including decision making, choice and autonomy while at the same time they appear to disapprove lack of commitment by other members of their groups. Members of informal groups focused mostly on good relations within groups, sense of self worth and on a conviction to understanding and acting on issues expressing alternative attitudes to the mainstream.

Participation and notions of citizenship

Citizenship was mostly described as a set of responsibilities and behaviours rather than in the terms of social-contractual citizenship of rights and responsibilities. This means that a discussion of responsibilities was not framed within the binary of rights and responsibilities, young people spoke more often about their responsibilities while discussion of rights was developed less naturally.

Overall the young people located participation within the individuals' responsibility to motivate themselves and become active, indistinguishably employing notions of citizenship that are either duty or responsibility based. They included a number of elements in their description of a responsible citizen, the most common involved consideration, care and active participation in the community as well as participation in contrast to mainstream. Passive citizens on the other hand are not interested enough to take care of their own lives, nor make use of available opportunities. They tend to lack incentive and creative thinking, be self-absorbed, waste their own energy and in the Greek context opt for violent rather than constructive activities.

Active participation is presented as an alternative to the passivity of ordinary citizens, including other young people. As they construct themselves as distinct from other young people the participants are self-identified as 'other' to mainstream youth. Data indicates that there is a split between those who 'do the right thing' and those who opt for less appropriate choices. It shows that young people involved in this research have internalised discourses about antisocial behaviour, risk, self-management and exercising choice which leads them to blame other youth for their 'failures'.

The impact of policies on group practices

Most of the groups were funded by city councils, national agencies or European Union projects. In the majority of the accounts participants described processes of applying for projects and getting involved in evaluation and consultation processes. In most of the cases funding depended on young people's ability to match their proposals with the general aims of the funding bodies.

The data suggests that the policies provide the structure for the development of interaction and position actors in often hierarchical subject positions in the field of participation. More specifically, policies set the boundaries for action and define young people's possibilities for action through defining areas of priority, controlling funding, offering a basis on which to value the *purpose* of various activities and by involving formalism and advanced organisational skills.

Experiencing the public sphere

It appeared that the way young people experienced their public sphere mediated their opportunities and expectations from public involvement. In most of the accounts in both countries the competitiveness of the educational systems, disadvantage in daily life and social attitudes are mentioned as the main constraints to participation. In the UK media labelling and discourses of 'youth as risk' were mentioned as obstacles. In the Greek sample negative social attitudes to volunteering, focus on individual well-being and very low appreciation of the abilities of youth appeared to be part of the daily experience of the participants.

When it comes to relationships with power structures, young people in both countries complain that politicians do not take young people into account even within participation structures that are developed to sustain such a relationship. The Greek sample reflects the deep divide between public and private which has been widened the last years and has crucially affected the trust towards formal institutions. While the UK sample principally focused to the local community the Greek sample often discussed the 'State', in most of the cases dismissing the current political system and especially party politics. This was coupled with relative fatalism in the informal groups and with a faith in free market and individual capacities in the formal ones.

For all participants violence appeared to be an important part of the process of negotiating their relationship with their environments. In the UK accounts violence and the fear of crime appeared as an integral part of daily experience within the community, which restricted mobility and perceptions of what was accessible. In the Greek sample violence was discussed in relation to the 2008 youth protests and was rejected as a form of expression for different reasons. The formal groups pointed to the right of the individuals to have their property safeguarded while the young people which protested in violent ways were depicted as immature and misled by the media. The informal groups developed a discourse of understanding regarding the state of youth in Greece, but at the same time rejected violence and proposed involvement in youth groups as the right way to express ones opinions. Therefore, violence in the UK sample appeared as a constant threat, while for the Greek participants violence was seen as a pressing matter in the process of positioning themselves within wider social changes.

Conclusion

This presentation aimed to offer a very brief revision of the main discourses and policies of participation in the UK and Greece. The focus was placed on the empirical part which offered a review of the main issues surrounding participants' experience of involvement. A discussion of the living environments highlights the importance of social norms and socio-political structures in the experience of participation. Therefore, participatory projects are not operating in a vacuum but are inextricably linked to other domains within which young people form their identities on a daily basis.

The findings in regard to citizenship perceptions raise concerns about whether the participation project results into exacerbating inequalities by dividing young people into different camps. In one camp are those who take up the opportunities to get involved and adapt into existing forms of participation and on the other camp are those who either have rejected these opportunities or have failed to keep up. These perceptions instead of potentially challenging social divisions seem to reinforce them and suggest that every-day life understandings of citizenship can result in both exclusionary and inclusionary outcomes. An exploration of the way in which policies organise the field of participation reveals that policies exclude young people from the creation of the discourses of participation and shape boundaries for action. Informal groups have a greater flexibility in organising their actions but policies tend to construct young people as principally filling existing spaces for participation rather than creating spaces that reflect their own interests. In conclusion, this research indicates that youth participation policies are still driven by long-standing discourses regarding concerns about managing youth.

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