

Compatibility of pre-formal institutions and reform politics in the context of the current socio-economic crisis

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WINS seminar series – IRI THESys

December 15th, 2016

Outline

- Introduction
- Central themes
- Insights
- Reflections

Introduction

- socio-economic crisis triggered by the 2008 financial crisis
- reform politics supposed to cause structural changes (Sotiropoulos 2015)
- no changes in institutional structures so far (Ladi 2014, Lyberaki and Tinios 2014)
- reform politics affect pre-formal institutions (Proestou 2016)

Pre-formal institutions

Pre-formal institutions are systems of established codes of conduct that pre-exist the drive for bureaucratisation and structure interactions without focusing on legal formalities (Proestou 2016: 110).

Informal institutions

- do not address the economic thinking attributed to neoliberal politics
- associated with illegal economies
- considered detrimental to economic development

Pre-formal institutions

Pre-formal institutions are systems of established codes of conduct that pre-exist the drive for bureaucratism and structure interactions without focusing on legal formalities (Proestou 2016).

Bureaucratization

- intensification of efficient bureaucratic organization
- increasing structuring of impersonal, rational and emotionless social interactions by means of legal formalism

Bureaucratization



Kindly fill out this application
for the reduction of bureaucracy

Source: www.owen.org

juridification of social life
depersonalization of social interactions

Example of 2 train passengers being in tacit conflict



Source: www.tofugu.com

Central themes

- performance of pre-formal institutions in the wake of the crisis
- link between pre-formal institutions and environmental politics

Insights

Examples of pre-formal institutions (Proestou 2016)

- political clientelism
- familism
- religious clientelism
- off-the-record exchange of products and services
- unwritten agreements

Political clientelism in the wake of the crisis

- reforms devitalize political clientelism
- citizens turn to political clientelism
- state becomes a poorer patron

Familism in the wake of the crisis

- people revert to family
- reforms derange familism
- small family businesses cannot adapt
- family members look for support in other institutions

Off-the-record exchange in the wake of the crisis

- informal markets emerge
- informal networks avoid bureaucracy
- the state seeks to formalize networks
(Rakopoulos 2015)

What happens when a network becomes formalized?

Example in Goebel (2015: 84)

- less interpersonal communication
- more paperwork
- offices
- legal formalism



Source: Chevy von Diana_F (www.kunstnet.de)

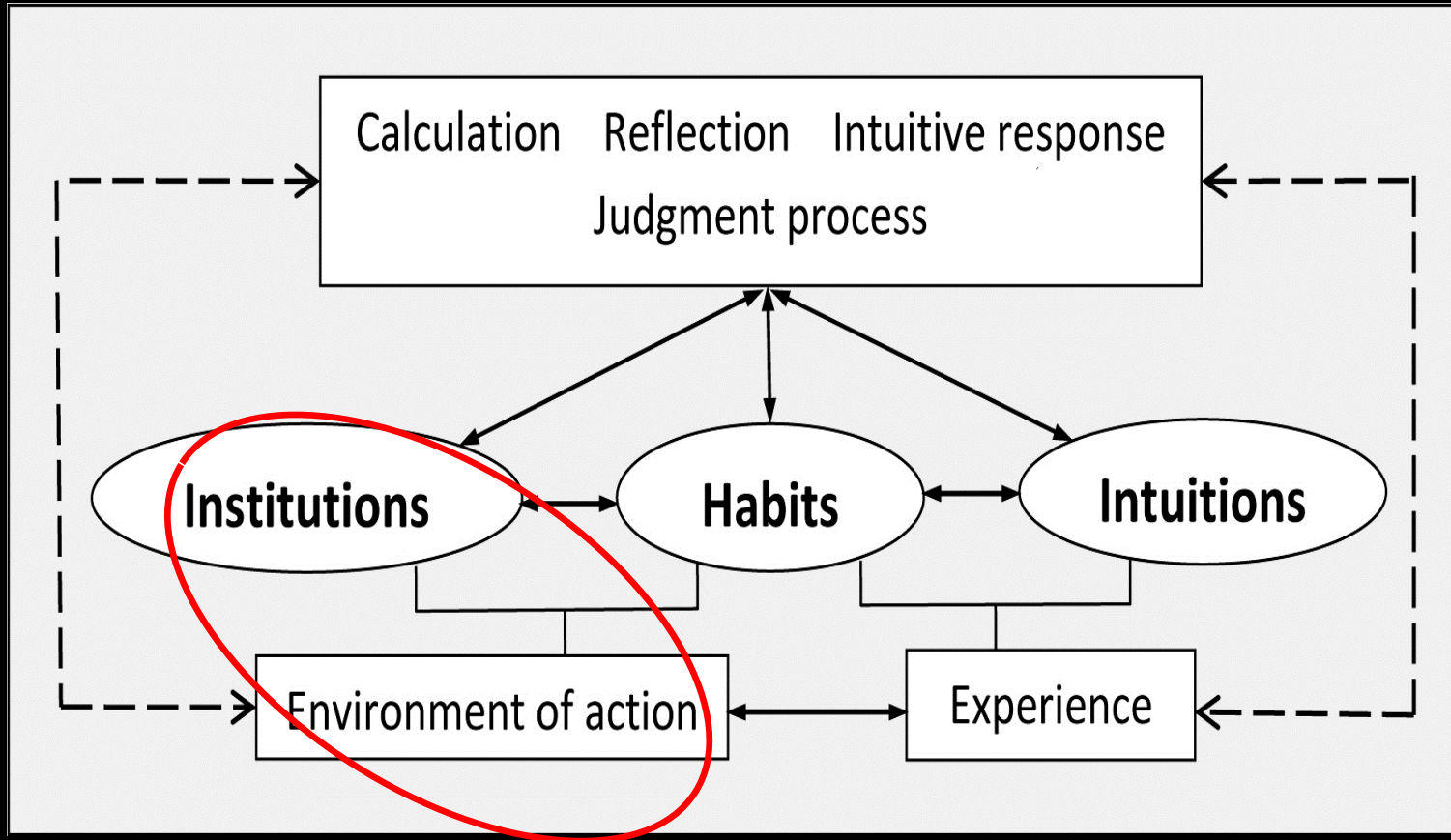
Why do pre-formal institutions remain in force?

- the fabric of pre-formal institutions remains stable
- people tend to retain their habits

Examples of habits (Proestou 2016)

- habit of contesting the function of the state
- habit of mistrusting state bureaucracy
- habit of avoiding joint action for business purposes

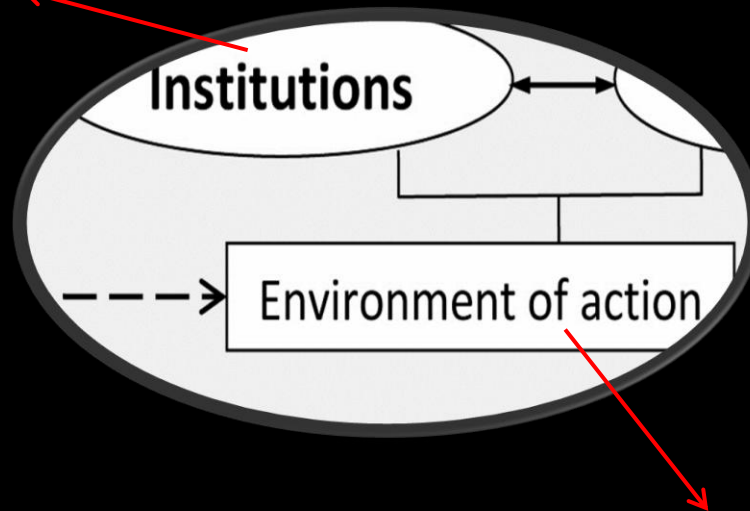
Institutions – Habits – Intuitions (IHI) framework



Source: Proestou 2016: 29

Reflections

pre-formal institutions



reform politics in the context of the crisis

Reform politics

- reforms require and promote bureaucratization
- increasing importance of legal regulations
- formalization of social interactions

Pre-formal institutions

Pre-formal institutions turn out to be incompatible with current reform politics

Clash between energy transition and pre-formal institutions

energy transition

formal contracts and
clear property rights

experts

large-scale enterprises

liberalization and
privatization

Approaches towards complexity

- incorporate habits into reform politics
- combine social-psychology and economics
- bring the universalistic rhetoric of sustainable development closer to situational characteristics

Thank you for your attention!

Depersonalization of social interactions

- impersonal interactions
 - between state agents and citizens
 - between citizens (individuals)

Religious clientelism in the wake of the crisis

- the clergy gives emotional support to citizens
- the church provides material assistance
- the church uses a non-bureaucratic language

Pre-formal institutions

The approach of pre-formal institutions brings the factor of time into the definition of institutions by treating bureaucratization brought about by neoliberalism as a watershed in the performance of institutions

Institutional implications of the Greek socio-economic crisis

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IIPPE Conference

Political Economy: International Trends and National Differences
Political Economy of Institutions II

Lisbon, 8 September 2016

Structural reforms

structural changes?

Bureaucratization – efficient bureaucracy



Kindly fill out this application
for the reduction of bureaucracy

Bureaucratization

- depersonalization
- established institutions → inefficient bureaucracy

Question

- How is Greek society reacting to increasing bureaucratization?
- tendency to resist reforms that unsettle established institutions

Institutional implications

- political clientelism
- familism
- religious clientelism
- code of informal markets

Political clientelism

- reforms devitalize political clientelism
- but citizens turn to political clientelism
- state becomes a poorer patron

Familism

- the crisis is transmitted from the state to the family
- reforms derange familism
- small family businesses cannot adjust →
multiple employment and other institutions

Religious clientelism

- church - citizens
- church's political influence and economic power
- church's non-bureaucratic language
- revival of the triptych “fatherland, religion, family”

Code of informal markets

- informal markets
- informal networks
- Social Cooperative Enterprises →
formalizing networks

When a network becomes institutionalized,
the spark is gone – DAN example (Graeber 2015)



Lessons learned

the crisis strengthens and weakens informal institutions



Lessons learned

- bureaucratic changes
- depersonalization of interactions?
- entrenched habits support informal institutions

Is Greek society undergoing changes concerning
its institutional structures?

Thank you for your attention!