

**Europeanization and Policy Transfer: A Comparative Study of
Policy Change in Greece and Cyprus**

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Paper presented at panel 16 Greek Politics Specialist Group Panel 1: Effects of
Europeanization on Greek Policy Sectors

57th Political Studies Association Annual Conference
Europe and Global Politics: 11 -13 April 2007, Bath, UK

Abstract

There has been a growing academic interest in processes of Europeanization and their impact upon policy making although there have been a few attempts to link the phenomenon of Europeanization with policy transfer per se. The aim of the paper is to contribute to this growing body of literature by studying processes of policy change in an ‘old’ and a ‘new’ Eastern Mediterranean EU member-state. The theoretical aim of the paper is to evaluate the Europeanization and the policy transfer frameworks and to conclude about their usefulness and possible methods of combining them. Furthermore, three specific hypotheses with theoretical, empirical and policy implications are explored. The first hypothesis is that Europeanization is a two-way process. The second hypothesis is that instances of policy transfer increase for EU member-states but also for candidate countries. Finally, the third hypothesis concerns the importance of the informal dimensions of Europeanization. The paper is empirically supported by the existing literature on Europeanization in Greece and Cyprus.

Introduction¹

The European Union (EU) has become such a powerful organisation that it is unlikely to encounter a discussion about policy change in a member-state that does not mention the EU as one of the significant factors of change. The enlargement process towards the Central Eastern European (CEE) countries, Malta and Cyprus as well as Turkey’s application for full membership have increased the geographical impact of the EU. At the same time, the establishment of the European Monetary Union (EMU) and the years of experience and judicial activity in policy areas such as the environment have created a vast spectrum of regulations and of informal practices that undoubtedly have an impact upon member-states but also upon candidate countries. This remains so even if the problems that the process of further integration and the ratification of the Draft Constitution for Europe have faced are taken into account.

As a result the literature on Europeanization and policy change has augmented (e.g. Risse, Green Cowles and Caparoso, 2001, Radaelli, 2003) and public policy approaches such

¹ Paper first presented at the Eight Mediterranean Social and Political Research Meeting, Florence & Montecatini Terme, 21–25 March 2007, organised by the Mediterranean Programme of the Robert Schuman Centre for Advanced Studies at the European University Institute.”

as policy transfer that are interested in the diffusion of policies and ideas have become more influential (e.g. Dolowitz and Marsh, 1996, Evans and Davies, 1999). A large number of case-studies investigating policy change in member-states as well as in candidate countries has been written. Only a few attempts exist where the possibilities for bringing the Europeanization and the policy transfer framework together exist (e.g. Bomberg and Peterson, 2000, Radaelli, 2000, Bulmer and Padgett, 2004). The theoretical aim of the paper is to contribute to this literature and to demonstrate the significance of the policy transfer framework in lightening the meso-level of the Europeanization framework by analysing the stages and the networks of agents involved in the policy change process.

The paper is also interested in the lessons that can be learned from the processes of Europeanization and policy transfer in Greece and in Cyprus. The quite rich literature on the Europeanization of Greece (e.g. Ioakimides, 1998, Kazakos, 2004, Sotiropoulos, 2004) as well as the developing literature on the Europeanization of Cyprus (e.g. Featherstone, 2001, Sepos, 2005) are analysed and three hypotheses are put under empirical scrutiny. The three hypotheses are:

- *Europeanization is a two way process: from the EU to the member-states as well as from the member-states to the EU.*
- *Participation in the EU increases and deepens processes of policy transfer. Important policy changes can also be observed in countries even before their entry in the EU.*
- *Policy transfer with a European focus is evident in policy areas with low levels of European regulation such as immigration policy and social policy. In other words, the informal dimensions of Europeanization matter.*

The paper is divided into two main sections. In the first section the frameworks of Europeanization and policy transfer are discussed and a linkage of the two is attempted. In the second section examples of the process of Europeanization of Greece are offered and the three hypotheses are analysed in light of these findings. The paper is closing with some concluding remarks and further avenues for research are outlined.

Europeanization and Policy Transfer

The Europeanization Framework

The impact of the EU is often described as Europeanization. The term made its first appearance in the 1990s (e.g. Ladrech, 1994) in order to describe a process different to European integration and to harmonisation that are concepts focusing on the domestic adjustment of the member states to EU obligations. Europeanization is a concept acknowledging the two-way process of policy change between the EU and domestic environments in contrast to terms such as European integration that are describing the one-way impact of the EU upon member-states (Featherstone, 2003a). It has been defined as ‘a process by which domestic policy areas become increasingly subject to European policy-making’ (Boerzel, 1999: 574) or as ‘the emergence and the development at the European level of distinct structures of governance’ (Risse, Green Cowles and Caporaso, 2001: 1)

For Radaelli (2003: 30) *Europeanization* refers to:

Processes of (a) construction, (b) diffusion, and (c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, ‘ways of doing things’, and shared beliefs and norms which are first defined and consolidated in the making of EU public policy and politics and then incorporated in the logic of domestic discourse, identities, political structures, and public policies.

Radaelli’s definition of Europeanization is useful for three reasons: first, it sees Europeanisation as a process of institutional and policy change that takes place at both the European and national levels although it can be criticised for not acknowledging the importance of the two way process of Europeanization. Second, it emphasises the importance of policy transfer and of diffusion and third it leads us to a broad definition of *policy change*. Policy change can be traced at the domestic discourses, identities, political structures and public policies and it is the result of the institutionalisation of formal and informal rules, procedures, policy paradigms, styles and shared beliefs and norms.

The operationalization of definitions of Europeanization in the study of its impact upon member-states has largely followed a historical institutionalist approach. Risse, Green Cowles and Caporaso (2001) adopt a three steps top-down approach, where they first look at the changes at the European level, they continue with the adaptational pressures for change and finally, they confront the domestic mediating factors. Schmidt (2002) and Knill (2001) in

an attempt to be more analytical about what happens at the European level start by analysing the mechanisms of Europeanization. Ladi (2005a) applies a different three steps approach that distinguishes between 'soft' and 'hard' mechanisms of Europeanization, continues with the analysis of the mediating factors of change and concludes with the possible outcomes of Europeanization. In this section, an analysis of the Europeanization framework is offered in order to compare it with the policy transfer framework.

As far as it concerns the first step, the literature on Europeanization proposes a number of mechanisms that range from 'hard' to 'soft'. Knill (2001: 214-225) suggests that three mechanisms of Europeanization exist: institutional compliance, changing opportunity domestic structure and framing domestic beliefs and expectations. Institutional compliance refers to explicit European policies that prescribe a specific institutional model that has to be introduced at the domestic environment. It is the 'hardest' mechanism identified by Knill given that the member-states have only limited discretion about how to implement the institutional change. The second mechanism suggested is changing domestic opportunity structures and it would be placed somewhere in the middle of a scale that descends from 'hard' to 'soft' mechanisms. It describes instances where European policies alter the distribution of power and resources between domestic actors and as a result institutional change occurs. The final and 'softest' mechanism proposed is framing domestic beliefs and expectations. The EU goal here is to prepare the ground for institutional change by altering the 'cognitive input' of domestic actors. Knill's classification of mechanisms of Europeanization is one of the clearest in the literature because there is no overlap between what he refers to as a mechanism and to what he refers to as a process.

Page (2003: 163-176) in a chapter that makes little distinction between Europeanization and homogenization suggests four mechanisms that blur between what Radaelli (2003) describes as processes of Europeanization and what Knill (2001) refers to as mechanisms of Europeanization. They are coercion, imitation, adjustment and polydiffusion. The 'hardest' mechanism is coercion of a policy or institution through European legislation. As he designates, the term is problematic given that member-states consent and participate to the creation of the change imposed by the EU. The next mechanism is imitation and refers to EU or domestic initiatives, that without having the force of law, become dominant and are copied across the EU. An even less 'hard' mechanism is adjustment and describes instances when member-states react in a similar way to conditions created by the EU. Finally, polydiffusion is the 'softest' mechanisms and is similar to what Knill (2001) describes as

framing domestic beliefs and expectations. For Page (2003) this is an unimportant mechanism because he argues that for policy change to occur choice and deliberation as well as generation and maintenance of public support are needed. His classification of mechanisms of Europeanization is less useful because of the lack of rigorous distinctions between mechanisms and processes and as a result of methodological tools for in depth empirical research.

A third useful classification of mechanisms of Europeanization is offered by Schmidt (2002: 894-912). She distinguishes between coercion at a high level, coercion at a less high level, mimesis and regulatory competition. Coercion at a high level refers to instances of fundamental change at the European level that translate themselves to very strict rules that have to be followed by the domestic actors. A good example is the EMU and the convergence criteria. Coercion at a less high level is the next mechanism suggested by Schmidt and has the same meaning to what Page (2003) also describes as coercion. A less 'hard' mechanism is mimesis where it is in the discretion of member-states to follow or not EU suggestions. Finally, the 'softest' mechanism put forward by Schmidt is regulatory competition where there is no institutional framework proposed by the EU but because of an EU decision competition is created and the member-states are forced to institutional or policy change.

A summary of the three approaches can be found in Table 1. Three points need to be made here: First, the three approaches identify a diversity of mechanisms ranging from 'hard' to 'soft'. Not all three writers see 'soft' mechanisms of Europeanization as equally important to 'hard' mechanisms but they all acknowledge their existence. Second, as Schmidt (2002) notes coercion can take place in such a high level such as the convergence criteria for participating at the EMU. In these cases, theoretical and methodological tools from international political economy are necessary for the in depth understanding of changes that take place. Third, 'soft' mechanisms of Europeanization are difficult to observe and to demonstrate but it is argued that they are important because they often are the initial sign to other more coercive mechanisms to come. Theoretical and methodological tools from sociology, social psychology and linguistics could assist us in explaining 'soft' mechanisms of Europeanization.

Table 1: Mechanisms of Europeanization

	Knill (2001)	Page (2003)	Schmidt (2002)
Hard	Institutional compliance	Coercion	Coercion at high level Coercion at less high level
	Changing domestic opportunity structures	Imitation Adjustment	Mimesis Regulatory competition
Soft	Framing domestic beliefs and expectations	Polydiffusion	

The second step in our framework is to analyse the mediating factors of change. Since the introduction of the term ‘Europeanization’ in the social sciences vocabulary, the majority of the authors acknowledge its two-way process from the European to the national level and vice versa. What has been proven to be increasingly important is the study of the way domestic public policy adapts to the European challenges. Cowles et al. (2001) as well as Heritier et al. (2001) argue in favour of the importance of the ‘goodness of fit’, which says that the adaptation process depends on the fit between European policies and national policies. Schmidt (2002: 898-900) and Schmidt and Radaelli (2004: 183-210) move closer to an ‘inside-out’ or ‘bottom-up’ perspective and argue that in order to explore when the mechanisms of Europeanization lead to policy and institutional change we need to study five mediating factors.

Schmidt (2002: 898-900) introduces five mediating factors useful for empirical research that can be applied in the study of policy change in the South of Europe. The first mediating factor is *economic vulnerability* and it refers to the presence or not of economic crisis as well as the state’s competitiveness in international markets. It is argued that states are more open to change if they face an economic crisis or if they occupy a weak position in the international political economy environment. This is a very significant factor because it places domestic policy change in the context of the international political environment and

pressures. Schmidt and Radaelli (2004: 186) replace economic vulnerability with a more general factor which is international or EU problems that act as pressures for EU policy change. Such a more general factor could be useful for the understanding of policy change in an area such as the environment where ecological problems can play the role of external pressure.

The second mediating factor refers to *political institutional capacity* which means the ability of the political actors to impose or negotiate change depending upon the political interactions and the institutional structures. This second factor puts light in the relationship between structures and agents at the domestic level and the implications that this has for policy change. The third mediating factor is more structural and concerns the *policy legacies*. It refers to the 'fit' with long-standing policies and policy-making institutions. In contrast, the fourth mediating factor moves the attention to the agents and their *policy preferences* which has to do with the 'fit' with their old preferences and their openness to new. Finally, the fifth mediating factor is the *discourse* and has to do with the "ability to change preferences by altering perceptions of economic vulnerabilities and policy legacies and thereby enhance political institutional capacity to impose or negotiate change" (Schmidt, 2002: 899). Whether all mediating factors are equally significant for policy change to occur or not is an empirical question and the answer may differ between countries and policy sectors.

The final step in our framework is to analyse the possible outcomes of Europeanization. The majority of writers outline three possible outcomes: inertia, absorption or convergence and retrenchment or divergence (Knill, 2001, Schmidt, 2002, Radaelli, 2003). Inertia, or as Knill (2001) describes it, persistence, refers to a situation where lack of change can be observed. It can happen when one or more of the five mediating factors described in the previous section do not facilitate change at the member-state level. The second possible outcome is convergence. Schmidt (2002) and Radaelli (2003) break it into two different outcomes: absorption and transformation depending on the level and intensity of change. The term convergence is preferred here because it is more compatible to a bottom-up approach where Europeanization is not only about how the member-states adapt to EU initiatives and absorb them but more generally about the process of policy change as a result of continuous interactions between the European and the domestic levels. Finally, a third outcome is divergence or in Radaelli's (2003) terminology retrenchment. This is an empirically surprising effect but theoretically a vital parameter. It is paradoxical to observe instances

where a policy becomes less European but it is very important to acknowledge them in order to avoid falling into the trap of a deterministic view of Europeanization.

Up to now we have defined Europeanization, we have discussed its possible mechanisms, the mediating factors to change and its potential outcomes. Whether specific mechanisms relate to particular mediating factors and have as a result specific outcomes is an empirical question. It is proposed that ‘hard’ mechanisms such as coercion are often linked to macro-level mediating factors such as economic vulnerability and lead to convergence. On the other hand, ‘soft’ mechanisms such as polydiffusion are linked to more complex mediating factors such as discourse and can lead to inertia. Divergence is not related to specific mechanisms and mediating factors. It is always a possibility and it can be the result of unexpected shifts or of the empowerment of radical coalitions at the domestic level. The empirical study of instances of inertia, convergence and divergence can lead to an elaboration and sophistication of these initial propositions. In the next section the policy transfer framework is discussed in order to compare it and relate it to the Europeanization framework.

The Policy Transfer Framework

The policy transfer framework has its roots in public policy analysis and in its interest on the impact of exogenous factors upon policy making and policy institutions. Dolowitz and Marsh (1996: 344) in a seminal article bring concepts such as policy learning, lesson drawing, diffusion and emulation under the same framework and argue that: ‘Policy transfer, emulation and lesson-drawing all refer to a process in which knowledge about policies, administrative arrangements, institutions etc in one time and/or place is used in the development of policies, administrative arrangements, institutions in another time and or place’. They don’t use the terms interchangeably. For Dolowitz and Marsh ‘lesson-drawing’ only refers to voluntary transfer because although lesson drawing sometimes occurs, the transfer of a policy does not and they use ‘policy transfer’ when referring to both voluntary and coercive transfers. Another element which characterises the Dolowitz and Marsh definition is the intention of the agent of transfer (Rose, 1991; Evans and Davies, 1999). Policy transfer can be both voluntary or coercive, but it is seen as ‘an action oriented intentional activity’ (Evans and Davies, 1999: 368) and this differentiates it from other unintentional structural causes of policy convergence. Rose (1991: 19) remarks that if a country is underperforming in comparison with others, then the lesson drawn will be what *not* to do, rather than what *to* do.

Evans and Davies (1999) approach to policy transfer provides a useful starting point by arguing that policy transfer is meso-level analysis and in order for it to provide some interesting conclusions about policy change, it has to be adapted into a multi-level analysis that includes the macro and micro levels. They place the spread of information in the center of their analysis. In order to study the meso-level they introduce the policy transfer network (PTN). The PTN links the policy network approach, especially Marsh and Rhodes' (1992) idea of a policy community to the notion of epistemic communities (Haas, 1989), and to the policy transfer phenomenon (Ladi, 2005b).

Evans and Davies (1999) provide an illustrative sequence of stages for a voluntary policy transfer process and another one, with slight differences, for a coercive transfer. The first stage includes the *recognition* of the existence of a problem in a particular policy area, which requires action to instigate change. The decision is taken by politicians or bureaucrats and it stipulates the emergence of a policy transfer network. The possible reasons for, and ways in which the decision is taken, are not discussed by the authors, these are important, however, as they could provide valuable information about the rest of the policy transfer process. Nevertheless, the different causes for decisions cannot easily be identified and there are many diverse ways in which a decision for policy change can emerge (Dolowitz and Marsh, 1996), special consideration should therefore be given to each case.

The next step for the key agents is to *search* for new ideas, and this will happen if they feel that the existing ideas are not satisfactory. In a process of coercive transfer the main difference is that the agents who try to impose the transfer, for example a government or the EU, play a very active role in these first stages. The search activity is considered to be central in the policy transfer process and it is very closely related to the next process which is the *contact* stage (Evans and Davies, 1999). Think tanks could become important actors in the policy transfer process at that stage if they possess, or they say that they possess, the knowledge resources, and contacts with the knowledge elites (Stone, 1996: 14-16) which the agents of transfer are looking for.

The next stage includes the demonstration of knowledge resources through the presentation of information resources in an *information feeder network*. The next step will follow, and this may lead to the *cognition, reception and emergence stages of the policy transfer network*. The policy transfer network is expected to act as a barrier of entry to ideas and programmes that are opposed to its value system (Evans and Davies, 1999). The following stage of *interaction* will involve the organisation of forums for the exchange of ideas between the relevant actors in the form of

conferences, seminars etc. After this stage, the *evaluation* process will start and the objects, degree and prerequisites of the transfer will be decided upon (Evans and Davies, 1999). The final *decision* upon the transfer depends on the broader processes of policy change (Wolman, 1992). In order for the policy transfer to occur the suggested policy has to be successful in competition with other possible alternatives or in fact manage to win inertia. The final decision will be made by politicians or bureaucrats. Finally, in order to have a complete picture of the policy transfer, the *implementation* of the adopted policies or programmes should be considered (Evans and Davies, 1998: 21-22). The authors do not assume that all the stages of the policy transfer network have to take place or that they indeed take place in the sequence suggested by the framework.

Bringing Europeanization and Policy Transfer Together

There have not been many attempts to relate the Europeanization framework to the policy transfer framework although the two, are dealing with similar processes (Bomberg and Peterson, 2000, Radaelli, 2000, Bulmer and Padgett, 2004, Ladi, 2005b). Bomberg and Peterson (2000) as well as Radaelli (2000) see the European Union as a platform that offers increased policy transfer opportunities. Bomberg and Peterson (2000) discuss policy transfer in contrast to the Monnet-Community method for achieving convergence and they conclude that more evidence of Europeanization can be found in cases where policy transfer has occurred. Radaelli (2000) on the other hand outlines the importance of national paradigms for successful transfer from the European to other national environments to take place.

Bulmer and Padgett (2004) go a step further and relate modes of EU governance to voluntary or coercive processes of policy transfer and to specific outcomes. More specifically, the modes of governance are hierarchy, negotiation and facilitation and the processes of transfer range from coercive to voluntary leading to outcomes that start from emulation but could also be abortive. Theoretically, this is a useful classification and is similar to ours of soft and hard mechanisms of Europeanization leading respectively to divergence, inertia or convergence. Nevertheless, when we turn to the empirical examples offered by Bulmer and Padgett (2004) what is noticed is that the focus is upon the transfer from the domestic to the European level and not to the actual implementation of the policy at a different national environment. In order to have a more complete image of the transfer process, it would be useful to use the PTN approach so that all stages, including the implementation stage could be analysed.

The argument put forward in this paper is that the two frameworks although they describe similar processes they serve different analytical purposes. The Europeanization framework is more useful for the analysis of cases where the EU plays a central role in the process of transfer while the policy transfer framework has more to offer to the discussion of case where no concrete European model exists and a ‘search’ for ideas and best practices in different national contexts takes place. Nevertheless, the PTN approach can offer more depth in the analysis of all cases of Europeanization because it can shed light to the processes, stages, agents and networks of policy change. For example, in the first instance the Europeanization framework is interesting for the analysis of the EMU and of European environmental policy (Schmidt and Radaelli, 2004, Knill, 2001) while the policy transfer is more useful for the analysis of cases such as the diffusion of the Ombudsman institution (Ladi, 2005b). This argument will be further tested in the next section on policy change in Greece and Cyprus.

Furthermore, deriving from the above theoretical discussion, the hypotheses that are put forward are:

- *Europeanization is a two way process: from the EU to the member-states as well as from the member-states to the EU.*
- *Participation in the EU increases and deepens processes of policy transfer. Important policy changes can also be observed in countries even before their entry in the EU.*
- *Policy transfer with a European focus is evident in policy areas with low levels of European regulation such as immigration policy and social policy. In other words, the informal dimensions of Europeanization matter.*

Policy Change in Greece and Cyprus

The Case of Greece

There has been a growing literature on Europeanization and policy change in Greece (e.g. Ioakimides, 1998, Kazakos, 2004, Sotiropoulos, 2004, etc) while the literature on policy transfer is more limited (e.g. Ladi, 2005b). Europeanization has always been seen in Greek political discourse as synonymous with ‘modernization (Diamandouros, 1994, Lavdas, 1997, Featherstone, 2005). The scope of this section is not to provide a comprehensive review of the existing literature, but to explore the hypotheses presented in the previous section. First, the findings of the literature on Europeanization and Greece are summarised and then the

utility of the Europeanization and policy transfer frameworks in the analysis of policy change in Greece is explored. Finally, the three specific hypotheses on Europeanization and policy transfer are analysed.

The literature on Europeanization and Greece shows that there is a tendency to convergence but a large number of cases of inertia is also available (Kazakos, 2004, Featherstone, 2005). For example, Featherstone (2003b) shows that Greece managed to achieve the Maastricht criteria and to participate in the EMU but there is no evidence of long term economic convergence especially if we look at areas such as pension system reform. Inertia can also be observed in other policy areas such as administrative reform (Spanou, 2001) or environmental policy change (Ladi, 2007). As Featherstone (2005) argues in some policy areas Greece resembles *une société bloqué*.

The areas where Europeanization is claimed in Greece are not all areas where a concrete European policy exists and as a result the mechanisms that are in place range from 'hard' to 'soft'. No linkages between convergence, concrete European policies and 'hard' Europeanization mechanisms can be observed. Rather the opposite. Three areas where Europeanization is observed, are three areas where no concrete European policy exists and 'soft' mechanisms are in place. The first example, is the Europeanization of Greek foreign policy where change can be observed in two issues, Cyprus and Turkey, but also in the style and substance of Greek foreign policy (Economides, 2005). The second area where Europeanization is claimed is that of minority rights and Greek citizenship where again no concrete EU policy exists (Anagnostou, 2005). Even more interestingly, an important role is played by the Council of Europe. Similarly, in this case both a change in norms and a substantive change which is the liberalization of the Greek Citizenship Code are demonstrated. The third issue is privatisation which in the Greek political discourse is clearly linked with privatization and Europeanization (Pagoulatos, 2005). Although, there is no EU requirement for the privatization of public utilities the EMU requirement for liberalization of state monopolies has led to extended efforts of privatization.

Examples of all kinds of domestic mediating factors mainly obstructing the Europeanization of Greek policies can be found in the literature. The most usual factors are political institutional capacity, policy legacies and policy preferences. Instances of resilience to change can be found in all sectors and normally all three mediating factors seem to be blocked. For example, the EU cohesion policy had to confront a centralised government, strong political parties and a lack of political will for change. The result has been that

although some institutional changes have been introduced, the regions remain weak and the absorption of structural funds has been limited. Change can only be observed in policy objectives, styles and practices (Paraskevopoulos, 2001, Andreou, 2006). A similar picture where political institutional capacity is limited, the policy legacies are centralised and bureaucratic and the policy preferences for change are weak can be found in the attempts for reform of the public sector in Greece (Spanou, 2001, Passas and Tsekos, 2006). Discourse, on the other hand, which is the last mediating factor, seem to be much more flexible. Examples of a quick shift in the domestic discourse towards European practices can be found in environmental policy (Ladi, 2007) but also in foreign policy (Economides, 2005).

The argument put forward in the theoretical part of the paper is that the Europeanization framework is more useful for the analysis of cases where a concrete European policy exists while the policy transfer framework can provide more interesting information when there is no particular European model available. This argument can be reinforced by the Greek case. As it can be seen from the above discussion, the application of the Europeanization framework is useful for the identification of instances of convergence and inertia, the mechanisms that are in place and the mediating factors. The policy transfer framework and in particular the policy transfer network can assist us in the collection of more detailed material about the actors and the institutions involved, especially when no European model exists and choices have to be made about what to transfer. For example, it has proven useful for the study of the transfer of the Ombudsman institution to Greece (Ladi, 2005b) and it has a lot to offer in areas such as social policy or immigration policy.

As far as the first hypothesis is concerned although theoretically there is an agreement that Europeanization is a two-way process, the case of Greece is full of examples of a top-down diffusion of European policies rather than an active Greek participation in the design of these European policies. Featherstone (2003) in his discussion of the participation of Greece in the EMU demonstrates a top-down process. The same is observed by Sotiropoulos (2004) in the policies of employment, vocational training and regional development. One more example is that of urban governance changes in Greece and the top-down impact of European programmes (Getimis and Grigoriadou, 2004). These observations should not necessarily be translated as evidence of Europeanization being a one-way process. As Spanou (2001) has also shown, it is evidence of the poor participation of Greece in the preparatory stages of EU policies. For more concrete conclusions to be drawn further empirical research is necessary.

The second hypothesis advanced in the theoretical part of the paper claims that participation in the EU increases and deepens processes of policy transfer and that important policy changes can also be observed in countries even before their entry in the EU. The evidence in support of the first part of this hypothesis can be found in every single study about policy change in Greece (e.g. Ioakimidis, 2000, Kazakos, 2004, Featherstone, 2005). There is no doubt that participation in the EU equals with increased and deeper transfer of policies, programmes, ideas and norms. Although there is evidence that changes in Greece started even before its entry in the EU, the second part of the hypothesis can be better explored through the case of Cyprus.

Finally, the Greek case also confirms the third hypothesis about policy transfer with a European focus taking place in areas with low levels of European regulation. The most striking examples are the Europeanization of foreign policy (Economides, 2005) and minority rights (Anagnostou, 2005) that have been traditionally seen as areas under strict national control. The same applies to areas where the Open Method of Co-ordinations is used such as social policy, where again a transfer of norms, practices and policy styles takes place. As Sotiropoulos (2004) claims there is evidence of cognitive Europeanization. In the next section all these arguments are explored through the lens of the Cypriot case.

The Case of Cyprus

The discussion about policy change in Cyprus is more limited than about Greece because the main focus of the literature up to now has been the Cyprus issue. Even when Cyprus was negotiating its EU membership both the political and the academic discourse justifiably were interested in the impact the EU could have in the resolution of the Cyprus conflict (e.g. Diez, 2002). Nevertheless, the existing literature on Europeanization of Cyprus shows that deep changes have occurred in all policy sectors before and after the entry of Cyprus in the EU (Featherstone, 2001, Sepos, 2005, Nugent, 2006). In this section, the findings of the existing literature are presented and then the theoretical arguments and hypotheses of this paper are explored.

As it was the case with Greece, in Cyprus a process of convergence and some instances of inertia but no elements of divergence can be observed. Featherstone (2001) describes a number of changes that occurred when Cyprus was still a candidate member towards the liberalization of the financial market as well as the modernization of central

government administrative structures. Resistance to adaptation can be noticed concerning the request for reform of the pension sector, for termination of state aid to the arable crops and fisheries and for restrictions in hunting rules (Sepos, 2005). Maritime transport and in particular environmental damage liability and safety standards is another sector where Cyprus is cautious about change because of the one thousand ships that are registered there given the light regulation that has been in place up to now (Nugent, 2006).

'Hard' and 'soft' mechanisms of Europeanization have been in place before and after full membership in the EU. 'Hard' mechanisms have to do with the state-economy relations and the function of state administration and they take the form of obligations outlined in the Commission's 'Regular Reports' and in the process of incorporating the *acquis communautaire* (Featherstone, 2001, Sepos, 2005). 'Soft' mechanisms have played an important role in areas where there was no EU obligation for reform but Cyprus felt obliged to act. For example, the establishment of the Cyprus Academy of Public Administration and of the Office of the Ombudsman in 1991 as well as the pressure for social policy changes (Sepos, 2005). Although some of the areas where there is resistance to change are mentioned in the literature, there is a gap as far as the discussion of the domestic mediating factors to change is concerned. All studies outline the necessity for Cyprus to participate in the EU mainly because of its strategic position and its problems with Turkey and they emphasise its willingness to adapt to the European environment. A flexible discourse towards Europeanization in all policy areas ranging from foreign policy to economic policy and public administration reform is also a common observation in all studies (Featherstone, 2001, Sepos, 2005, Nugent, 2006). More research is needed as far as it concerns Cyprus' political institutional capacity, policy legacies and policy preferences and the application of the policy transfer network would have a lot to offer in this respect.

On that note we can now turn to the theoretical argument of the paper about the Europeanization and policy transfer frameworks. Although the empirical evidence is limited it can initially be argued that the analysis of some of the cases of policy reform in Cyprus through the PTN approach would have a lot to offer in the deepening of our understanding of the processes and agents of change and in our capability for comparisons. The study of the particular stages of change as described by the PTN approach as well as the creation of networks of agents pushing for or resisting to change are important elements missing in the literature about policy reform, in Cyprus.

Moving to the first hypothesis about Europeanization being a two-way process from the EU to the member-states and from the member-states to the EU in the first instance it can be claimed that in the case of Cyprus all the evidence show that Europeanization is more of a top-down process rather than a bottom-up process (Featherstone, 2001, Sepos, 2005, Nugent, 2006). This is a similar situation for all new member-states and even more for Cyprus given its size (Nugent, 2006). Nevertheless, both Featherstone (2001) and Nugent (2006) show that Cyprus has a strong political agenda as far as the Cyprus problem is concerned and although the EU is influencing its policy, Cyprus just by being a member of the EU has also managed to influence the EU by placing the Cyprus problem higher in the EU's political agenda.

The second hypothesis about the EU deepening processes of policy transfer even before countries enter the EU is indisputably confirmed. It could be actually argued that the impact of the EU upon countries that wish to enter the organisation is even more dramatic and penetrating than in old member-states. Sepos (2005) for example, shows how the Cyprus' central government administration has changed in phases with the first stage of change starting in 1972 when the Association agreement between Cyprus and the EU was signed. Finally, there is strong evidence in support of the third hypothesis about the informal dimensions of Europeanization. All the changes, related with 'soft' mechanisms of Europeanization such as processes of privatization and pressures for pension system reform reinforce the argument about the importance of informal Europeanization (Featherstone, 2001, Sepos, 2005).

Conclusions

The discussion of Europeanization, policy transfer and policy change in Greece and Cyprus has proven rich and can offer a range of theoretical and empirical conclusions as well as directions for further avenues for research. It has been shown that both the Europeanization and the policy transfer framework have a lot to offer to the understanding of processes of policy change. Even more so, a successful combination of the two frameworks. Two are the important dimensions that should be taken under consideration when combining the two frameworks. First, that the policy transfer framework has a lot to offer in cases where no European model exist and a 'search' for ideas is taking place (e.g. the transfer of the Ombudsman institutions or social and immigration policy). Second, that the PTN approach in particular can complement the Europeanization framework by offering the meso-level of

analysis which means the actual analysis of the processes, stages, agents and networks of policy change.

At the empirical level, it can be argued that although there is evidence of Europeanization being a two-way process in both Greece and Cyprus there is more evidence of a top-down process taking place. In order for this finding to have some policy implications a more in depth study of the participation of the two countries in European policy-making and some speculations for the possibility of increasing their impact are necessary. In relation to the second hypothesis, it can be concluded that both in Cyprus and in Greece, there is an increase in processes of policy transfer because of their participation in the EU. The case of Cyprus aptly demonstrates that policy transfer begins long before full membership in the EU is accomplished and in policy areas that are not part of the *acquis communautaire*. The third hypothesis is directly linked with this last observation. In both Greece and Cyprus there is evidence of significant changes in policy areas where ‘soft’ mechanisms of Europeanization are in place. It can be claimed that cognitive and informal dimensions of Europeanization do matter.

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