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The crisis as opportunity? On the role of the Troika in constructing the European consolidation state

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The 2008 financial crisis has been seen as providing an opportunity for core eurozone members to push neoliberal policies onto the periphery in order to construct a European consolidation state. We adapt a policy transfer model to examine the extent to which the Troika transferred neoliberal policy onto Greece and Ireland. The size of the ideological gap between Troika policies and those embedded in the peripheral country was crucial when explaining why the Troika's policies were more brutal, intrusive and long-lasting in Greece than in Ireland, and why Greece proved more resilient to attempts to transfer policy than Ireland.

Keywords: consolidation, austerity, crisis, Europe, privatization, Troika
JEL Classifications: E63, F34, H1, H12

Introduction

The human face of the consequences of the Great Recession of 2008 and the austerity measures put in place in its aftermath have been calculated to be enormous. One decade after the crisis broke out, scholars are demonstrating that the consequences of austerity have been highly uneven (Donald et al., 2014). Spatially, the crisis and ensuing austerity had a much more severe effect on some countries and regions than others. In the USA, the subprime mortgage crisis was concentrated in a handful of states, and these same states suffered disproportionately more the impact of the recession (Martin, 2011). In Europe, many countries in the 'core' north escaped relatively lightly—some even did comparatively well out of the crisis—while other countries, mostly in the periphery, became dogged with long-term problems, including very high unemployment levels (especially among youth), long-term or permanent public sector cuts, increased cases of home repossession and heightened rates of suicide and mental illness (Cuadrado-Roura et al., 2016; Kitson et al., 2011). This has meant that, across Europe, austerity has been experienced in highly uneven ways.

Importantly, it has been argued that the financial crisis was perceived as an 'opportunity' grasped by core members of the eurozone—led by Germany—to impose neoliberal policies onto ailing members in the periphery,

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especially onto South Europe. The end objective, according to Streeck (2016), was to obligate countries that deviated from 'acceptable' models of political economy—such as the 'Mediterranean' variants—to fall in line and embrace the neoliberal model required in the emerging 'European consolidation state'. The 'Consolidation state', which governments have pursued since the 1990s, proceeded the 'Debt state', which characterised economic governance from the 1970s. If, in a Debt state, governments struck a balance between addressing demands placed on them by two constituents, citizens (*Staatsvolk*) and international financial markets (*Marktvolk*), the Consolidation state settles the struggle in favour of the *Marktvolk*, by resolutely internalising the primacy of the state's commercial-contractual commitments to its lenders over any public-political commitments to its citizenry (Streeck, 2016). The European consolidation state is a regional variant requiring collective discipline across the eurozone: all members must acquiesce, since a negative perception by financial markets about the risk of one member may have repercussions for the rest.

However, the policy transfer literature suggests an attempt to impose neoliberal policy in this way will not be straightforward. Even when policy is imposed coercively, top–down, in a non-democratic manner, transfer may fail for multiple reasons. One limitation to transfer is associated with policy complexity: voluminous, complex policy with unpredictable outcomes will be more difficult to transfer than simple policy with predictable outcomes (Dolowitz and Marsh, 1996). Another source of blockage is associated with institutional constraints; the fact that countries have configured their political economies in distinct ways over time means that a given policy for transfer may be ill-fitting, or inappropriate, for some target countries. Moreover, poor transfer, by omitting the 'core' elements of a policy, may result in incomplete transfer (Dolowitz and Marsh, 2000). We argue that the greater the gap between the ideology of the political economy model enshrined in the policy pushed by the Troika and that found on the ground in Europe's periphery, the greater the risk policy transfer was over-complex, inappropriate and incomplete.

To do so, we adapt a policy transfer model to examine how the Troika—a non-democratic, techno-elite structure *par excellence*—pushed neoliberal policies onto the periphery after the crisis. Establishing the Troika—constituted by the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF)—to execute austerity from 2010 was perhaps one of the most controversial events associated with the Great Recession. Across Western Europe, as in the USA, austerity programmes were commonly adopted by elected, national and local governments. Internationally-driven austerity, such as that pushed by the World Bank and the IMF during the 1980s and 1990s, had been mostly confined to developing or emerging countries in Latin America, Africa and Asia. Therefore, the Troika's imposition of austerity policies onto a specific set of existing members in the periphery was an unprecedented instance of enforcing austerity onto advanced, financially developed and economically open countries within a currency union.

Between 2010 and 2018, the Troika intervened six times, including one intervention each into Ireland, Portugal and Cyprus, and three into Greece. In order to explore the extent to which the Troika effectively transferred policy to different political economies, we focus on examining transfer to one country that exhibited core characteristics of a Debt state, Greece, and another country that closely resembled a Consolidation state, Ireland, when the crisis broke (Table 1). Not only did Greece and Ireland approximate a Debt state and Consolidation state respectively, they were also subject to intervention concurrently, from 2010, making comparison easier.

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Table 1. *Ireland and Greece on a 'Debt–Consolidation state Continuum'.*

Debt–consolidation state descriptors (Streeck, 2016)	Greece	Ireland
State size (Public expenditure/GDP ratio: Table 3—figure 1)	Large state: 46% (1999–2007) 48.7% (2016–2017)	Small state: 33% (1999–2007) 26.6% (2016–2017)
Relative taxation in terms of level of GDP per capita (Tax burden/GDP ratio: Table 3—figure 2)	High taxation: 33% (1999–2007) 39% (2016–2017)	Low taxation: 30% (1999–2007) 22.6% (2016–2017)
Budget adjustment (Surplus (+) deficit (−) / GDP ratio: Table 3—figure 3)	Chronic public deficit: −6.3% (1999–2007) −10.3% (2008–2014) −1.4% (2015–2017) Excluding interest rates: −0.8% (1999–2007) −5.2% (2008–2014) 1.9% (2015–2017)	Recurrent public surplus: 1.6% (1999–2007) −11.9% (2008–2014) −0.9% (2015–2017) Excluding interest rates: 2.9% (1999–2007) −8.8% (2008–2014) 1.4% (2015–2017)
Public debt (Gross public debt/GDP ratio: Table 3—figure 4)	Large government debt: 100% (1999), 103% (2007), 169% (2012–2013) 180% (2016–2017)	Falling government debt: 47% (1999), 24% (2007), Increased government debt 120% (2012–2013) 70% (2016–2017)
Economic policy outlook	Expansionary. Maintain public expenditure and employment. Reluctant to prioritise creditors' confidence.	Contractionary. Cut public expenditure except debt services. Prioritization of bolstering investors' 'confidence'.
Staatsvolk versus *Marktvolk*	More reactive to *Staatvolk*. Protection of political rights—citizens' entitlements.	*Markvolk*. Protection of international creditors.
Labour relations	National/industry collective bargaining agreements covered: 83% of the employees in 2008 and 10% in 2015. Low but stable union density (24% in 2008 and 25% in 2014)	Mostly company-level agreements. Collective agreements covered 41% of employees in 2007 and 33.5% in 2015. Declining union density (31% in 2008 to 26% in 2014).

Source: Elaboration by authors based on Fulton (2015), EC (2018) and Bank of Greece (2018).

We find that the ideological closeness-of-fit between the Troika's political economy vision and those of Greece and Ireland mattered greatly in explaining policy transfer. Effectively, the Troika saw and narrated the two crises differently, and designed and implemented neoliberal policies accordingly. While Troika elites transferring neoliberal policies onto Greece were highly intolerant, they demonstrated much more sympathy with the Irish authorities. The core reason for this difference was ideological proximity between political economy ideals shared between Ireland and Troika elites. Troika ideals coincided with Ireland's small state and neoliberal heritage, while its representatives were impressed by the government's attempts to respect international financial markets' demands by bailing out the banks and its post-crisis austerity drive. Intervention was therefore relatively light, and continued the direction of neoliberal reforms already in pursuit by the government, through its support of further massive private bank bailouts, which would be paid for by future generations of taxpayers (Roche et al., 2016), as well as extending austerity. In contrast, the Troika railed at Greece's public accounts reporting, and exhibited fury when successive Greek governments wavered

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between attending to Troika requirements and responding to demands from citizens *á la* Debt state. The Troika perceived the behaviour by the Greek authorities as 'irresponsible' (EC, 2010a), even corrupt, and unleashed an intrusive, highly complex, rushed, ill-fitting and drastic series of reforms, with little consideration for how these policies could be implemented in a sustainable way. In short, policy transfer by the Troika was more complex, inappropriate and incomplete to Greece than it was for Ireland, resulting in its lower effectiveness.

The rest of the article is divided into four sections. First, we use the concept of the European consolidation state and adapt the policy transfer literature to build a framework to analyse and evaluate Troika interventions. Second, we conceptualise the Troika and summarise its interventions in Greece and Ireland from 2010. Third, we comparatively analyse Troika interventions into Greece and Ireland. Conclusions evaluate the outcomes of intervention.

Transferring the European consolidation state

Streeck's (2016) conceptualisation of the Consolidation state has, as a starting point, the concept of money. Money has been conceived, broadly speaking, in two ways in the Social Sciences; one, as articulated by Adam Smith; the other, as set out by Max Weber. While, for Smith, money is a neutral symbol for the value of an object for exchange, for Weber, money is a 'social institution shot through with power' (Streeck, 2015). It is Weber's definition that provides the superior theoretical angle to understand current events in Europe. Monetary systems, like money, are social institutions, which have come about as a result of socio-political conflicts between parties with competing interests. All monetary systems are contested institutions that distort decisions towards privileged groups. The euro is a case in point, created to replace national monetary systems—which had been designed according to domestic contexts—with a supranational monetary system (Streeck, 2015). Borne of conflict, path-dependent, the design of the euro means it cannot work equally well for all eurozone members (Mayes, 2018). An ongoing struggle will occur as members try to shape the system according to their preferences; countries which are relatively disadvantaged come under pressure to reform their mode of production and domestic social contract to bring them in line with those of the more privileged countries. Importantly, since the crisis, the euro started to privilege specific countries in the North that, for multiple reasons, proved more resilient to the new scenario than the rest. Germany, in particular, benefitted, positioning itself as a strong exporter of high-quality industrial goods, becoming, effectively, the European hegemon. Ultimately, the euro has become a wedge, splitting Europe into 'surplus and deficit countries, North and South, Germany and the rest' (Streeck, 2015).

Enter the European consolidation state. As Germany and other Northern countries gained the upper hand, Streeck (2016) argues they used the crisis as an opportunity to impose fiscal consolidation onto the rest of eurozone members, shaping the future direction of the euro to their interests. Historically, the post-war European state can be divided into three phases. In the immediate post-war period, the 'Tax State' predominated, which emerged in parallel with the welfare system. This was followed, from the 1970s, by the rise of the 'Debt state', a period in which tax incidence declined due to greater opportunities for capital tax evasion, as governments competed globally to offer lower taxes for corporations, substituting debt for tax collection (Streeck, 2016). Third, the Consolidation state emerged—unevenly—from the 1990s, sustaining public debt levels, until the financial crisis, as governments faced absorbing bad private debt created by financial deregulation. The replacement of the Debt state by the Consolidation state is captured in the transition from *Staatsvolk* to *Marktvolk*. If, in the Debt state, governments balanced

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addressing demands made by financial markets and its citizens, in the Consolidation state, it decisively opts for the former, privileging the international over domestic interests, investors over citizens, contract fulfilment over civil rights, creditors over voters, debt servicing over public service provision, and interest rates over public opinion (Streeck, 2016). Essentially, the Consolidation state institutionalises a political commitment to never default on its debt, and projects an uncompromising resolve to satisfy creditors above all other obligations (Streeck, 2016). It does this by ensuring tax increases are made difficult while public expenditure reduction (except debt servicing) is easy.

Shrinking the state is at the heart of the Consolidation state. Streeck (2016) holds up the USA, with its small state, as being the country which has advanced most in this direction. A small state can be taken to guarantee both an entrenched aversion to public expenditure and avoid the possibility of tax increases in the case of any financial emergency. In the eurozone, this task must be achieved collectively. Members must demonstrate their commitment to neoliberal reform towards a small state by cutting public expenditure, lowering taxation and reducing public debt to attain a 'balanced budget', all in the name of creating 'confidence-building' measures. As the default of one may negatively affect the rest, tight mutual observation, supervision and discipline are necessary.

The policy transfer literature suggests that an imposition of neoliberal policies associated with the Consolidation state will not be straightforward, even when conducted coercively. Policy transfer is evaluated by examining the extent to which the instruments and ideologies contained in the policy are actually transferred across (Dolowitz and Marsh, 1996). Dolowitz and Marsh (2000) provide a six-question model to analyse coercive policy transfer:

Who are the key actors involved in the policy transfer process?
Why do they engage in policy transfer?
What is transferred?
What is the degree of transfer?
What are the constraints on transfer?
Is policy transfer successful?

Three major sources of constraints affecting policy transfer are identified. The first is associated with policy itself: the more simple policy is, the fewer side-effects it poses; and the more easily outcomes can be predicted, the easier transfer will be (Dolowitz and Marsh, 1996). The second concerns transfer quality: where crucial elements of what makes a given policy really work are not transferred across, there may be incomplete transfer. The third concerns institutional differences in political economy: where insufficient attention is paid to the differences in the political economy contexts embedded in the policy for transfer and the target country, inappropriate transfer may result (Dolowitz and Marsh, 2000).

To operationalise our evaluation of effectiveness of Troika policy transfer, the following information will be extracted from the two cases. To assess the degree of policy complexity, we will examine the contents of policy transferred, as found in the so-called Economic Adjustment Programs (EAP) published by the Troika for Greece and Ireland, paying attention to policy volume and degree of policy diversity. Greater policy diversity and volume will be interpreted as indicative of greater policy complexity. To evaluate inappropriateness, we will assess the extent to which policy was adapted given the political economy context of the transfer country. Attempts to impose a 'one-size-fits-all type' policy will be interpreted as evidence of inappropriate transfer. To explore transfer incompleteness, we examine the extent to which the crucial elements of policy were really transferred across. When we find the elements that are claimed to be 'core' to a policy missing, we will interpret this as incomplete transfer.

Because progress towards a Consolidation state was made unevenly from the 1990s,

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countries in Europe can be 'plotted' in different positions between 'ideal types' of a Debt and Consolidation state depending on the extent to which neoliberal reform was implemented. Table 1 plots Greece and Ireland, on a 'Debt and Consolidation state continuum'. We follow Streeck (2016) when identifying key descriptors to locate countries on this Debt-Consolidation continuum: public expenditure, tax revenues, the extent to which a budget is balanced (public deficit or surplus) and public debt, all as percentage of GDP, economic policy outlook, the extent to which the government prioritises people (*Staatsvolk*) over international financial markets (*Marktvolk*), and labour relations.

Table 1 shows Greece conformed well before the crisis to a Debt state, with a large state, and high public debt, deficit and taxes, in addition to its expansionary outlook, reactive approach to *Staatsvolk* and a widespread collective bargaining system. In contrast, Ireland resembled a Consolidation state before the crisis. It had a relatively small state, low taxation, a public surplus, low public debt, was strongly reactive to the *Marktvolk*, while labour relations were dominated by company-level agreements, collective bargaining covering only half the proportion of workers of Greece in 2007 (Fulton, 2015).

We adapt our policy transfer framework to examine the Troika's transfer of a European consolidation state across Greece and Ireland. We tackle the question of *who* transferred in the next section, *why* policy was transferred in the section Pre-Intervention, and *what* was transferred and the *degree* of transfer (assessing complexity, appropriateness and completeness) in the discussion on Intervention.

The Troika in Europe

Inventing the Troika

Due to potential risks involved in imposing neoliberal policy onto different political economies, Streeck (2016) observes non-democratic techno-elite international structures will be used to do the job. The way in which the EC and the ECB teamed up with the IMF to create the Troika in 2010, and used it to disburse loans conditional on ailing countries following a neoliberal policy, as well as to negotiate and monitor bailout programmes, is unprecedented in EU politics. True, the EC had worked alongside the IMF and the World Bank before, when imposing neoliberal reforms required for entry to prospective members after the collapse of the Soviet Union (Shields, 2012). However, the invention of the Troika, solely and specifically to orchestrate austerity onto the eurozone, is a case *par excellence* of the creation of a non-democratic, techno-elite structure isolated from domestic politics.

Bound by its treaties, the EC could not directly command austerity. Though often nicknamed the 'liberalisation machine', due to its power to enforce competition and liberalisation policy across an ever-increasing range of activities, the EC could not promote privatisation, PPPs or public sector cuts, as it was bound to remain neutral on ownership issues (Clifton et al., 2006). Neither did the EC have legitimacy in crisis management, hence, it bolstered its legitimacy by bringing in the IMF, with its long curriculum of crisis management and austerity imposition in developing and emerging countries (Pisani-Ferry et al., 2013).

The Troika itself does not qualify as a formal or stable actor in the public policy literature. Instead, it can be conceptualised as a 'bridging venue' (Burns et al., 2017). Public policy scholars argue that, when a given 'policy entrepreneur' encounters a barrier to pushing through a desired policy, it may seek to alter the way in which that policy is framed, and then move it to a different 'venue', better suited to the new frame, where that policy has greater chance of being promoted. Reframing policy to move venue is known as 'venue shopping'. The main advantage of venue shopping is it helps insulate unpopular policies from domestic opposition. Creating the Troika went beyond venue

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shopping, since it involved establishing a new alliance, or bridging venue, between European authorities and the IMF. In addition to gaining legitimacy from the IMF, this made the Troika one step removed from formal European actors and policy processes, isolating it from both national and European democratic pressures and procedures.

Interventions into Greece and Ireland

The Troika's six interventions varied as regards length, loan size, and the number, breadth and intensity of policy reform demands, as well as the kinds of policies required (Table 2). Intervention commenced in May 2010, when the first EAP was approved. This deal entailed lending the Greek Government 45 billion euros in 2010 and total funds of 110 billion euros over 3 years at a high interest rate (5%), under a tough set of conditionality clauses.

This was immediately met with discontent on the streets. A general strike was held, ending in a huge demonstration in Athens, peppered by riots and looting, and an attempt to storm Parliament. The deal was severe: even IMF representatives claimed in retrospect that the conditions were unjustified and onerous (Blanchard, 2015). The burden of conditionality was huge, making it unlikely deadlines could be met. Meanwhile, the Greek economic and financial situation deteriorated further. Social mobilisation increased in 2011, becoming more violent. On 25 May, large demonstrations were organised across Greece's 35 largest cities, and Athens's Syntagma Square—the symbol of Greek democracy—lasting months (Cardoso et al., 2018). In June 2011, as new austerity measures were presented to Parliament, another general strike was held and Parliament was again surrounded.

Given this deterioration and popular opposition, in October 2011, negotiations for a second intervention for 130 billion euros commenced. However, the new deal demanded even fiercer austerity measures in exchange for a debt restructuring agreement. Prime Minister Papandreou proposed holding a referendum to legitimise implementing austerity, but, in the face of furious reactions by presidents Sarkozy and Merkel, Papandreou cancelled the referendum and resigned (Le Monde, 2011). A technocratic coalition government, led by Loukas Papademos, former vice-president of the ECB, took control (IMF, 2013). This government approved the second EAP in March 2012, confirming a new, harder austerity drive (EC, 2012).

Rejection from Greek society was such that, in the January 2015 election, the historic

Table 2. *Economic EU Adjustment Programmes.*

	Greece			Ireland
Economic Adjustment Programmes	First	Second	Third	First
Years	3	4	3	3
Date of approval	9 May 2010	15 March 2012	19 August 2015	16 December 2010
Date of last completed review	5 December 2011	30 May 2014	(Ongoing)	13 December 2013
Date planned to end	June 2013	April 2016	August 2018	December 2013
Date of expiration or cancellation	14 March 2012	30 June 2015	(Ongoing)	15 December 2013
Total planned (billion euro)	110	172.7	86	67.5
% IMF	27.3%	16.2%	0%	33.3%
Total disbursed (billion euro)	73	142.9	(Ongoing)	67.5
% IMF	27.5%	8.4%	0%	33.3%

In July 2015, between the second and third EAP for Greece, there was also a bridge loan from the EFSM for 7.16 billion euros. In the second EAP for Greece, the EFSF disbursed €141.8 billion euro but the HRADF returned 10.9 billion euros, therefore resulting in 130.9 billion euros disbursed by the EU in total and 12 billion euros disbursed by the IMF.
Source: EAPs for Greece and Ireland.

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two-party was broken when two anti-austerity parties were voted into power: Syriza, a left-wing coalition, and Golden Dawn, an extreme right party. EU officials pressurised the new government to either accept Troika conditions for a third intervention, leave the EU, or the euro (Grexit). Under huge pressure and, despite social unrest, the third EAP was signed in August 2015 (Michael-Matsas, 2015). The plan took conditionality to a new height. Combined, interventions involved over 200 billion euros, the lion's share coming from European institutions.

Shortly after signing Greece´s first EAP, the Troika intervened into Ireland. When, in November 2010, the Irish authorities realised that their efforts to address liquidity pressures faced by private Irish banks were insufficient and, in the face of borrowing costs escalating to unsustainable levels, they turned, voluntarily, to the Troika for financial assistance. Some 85 billion euros were lent, 45 billion from the EU, 22.5 billion from the IMF and 17.5 billion of Irish money. Irish protestors expressed their fury; banks, not people, were being bailed out, in one of the country's largest demonstrations ever (Cardoso et al., 2018). However, the Troika intervention was relatively swift, coming to an end by December 2013.

Transferring the European consolidation state?

Pre-intervention

Greece was the second fastest growing eurozone economy from 1999 to 2008, after Ireland. Greece joined the euro in 2001, after the government convinced the European authorities its economy met some of the core stringent targets required. From the outset, though, European authorities expressed scepticism Greece was ready.[1] On joining, Greece's access to international financial markets was facilitated, leading to rapid economic growth at 4% annually until 2008. Borrowing increased—in particular, private borrowing—though not at the rate that it did in Ireland.[2] Greek public debt was relatively high but stable and the public deficit was relatively high, at 6% (Table 3—figures 3 and 4). Greek banks performed relatively well in the years up to the crisis, exhibiting quite healthy capital-adequacy ratios, low loan-to-deposit ratios and a low volume of toxic assets (Provopoulos, 2014). Greece did not have a private debt-driven property bubble like the USA and Ireland: between 2001 and 2011, 15% of housing stock was built, in comparison to Ireland's 22% (Eurostat, 2015), while the proportion of homeowners with mortgages was 12.9%, compared to Ireland's 35.2% (Eurostat, 2018). Greece's homeowners were therefore less exposed to a banking crisis than the Irish. Additionally, Greece's banking system was relatively modest in size in terms of the eurozone, while it did not undergo an over-expansion, as in Ireland.[3] Initially, when the crisis broke, the Greek government perceived the issue as a US crisis, remote from the eurozone area. Greek public expenditure continued to grow, and the public expenditure to GDP ratio rose from 41.4% in 2008 to 47.4% in 2009 (Table 3—figure 1).

The origins of the crisis in Greece took the form of political crisis from 2010. After five years of a centre-right Government (New Democracy), the new elected centre-left Government (PASOK) announced in October 2009 the *official* Greek deficit for 2009 was 12.5% of GDP, and not the 3.7% that had been stated by the previous Government. The EC denounced the Greek authorities for long-term engineering of their statistics (EC, 2010a). As the seriousness of the situation became clear, Greek interest rates escalated to unsustainable levels (Table 4—figure 1), which was followed by deposit withdrawals and then a banking crisis. By April 2010, Greece was obliged to request international financial assistance to the Troika (Marketou and Dekastros, 2015).

The Troika saw the Greek crisis as essentially being the result of a systematically

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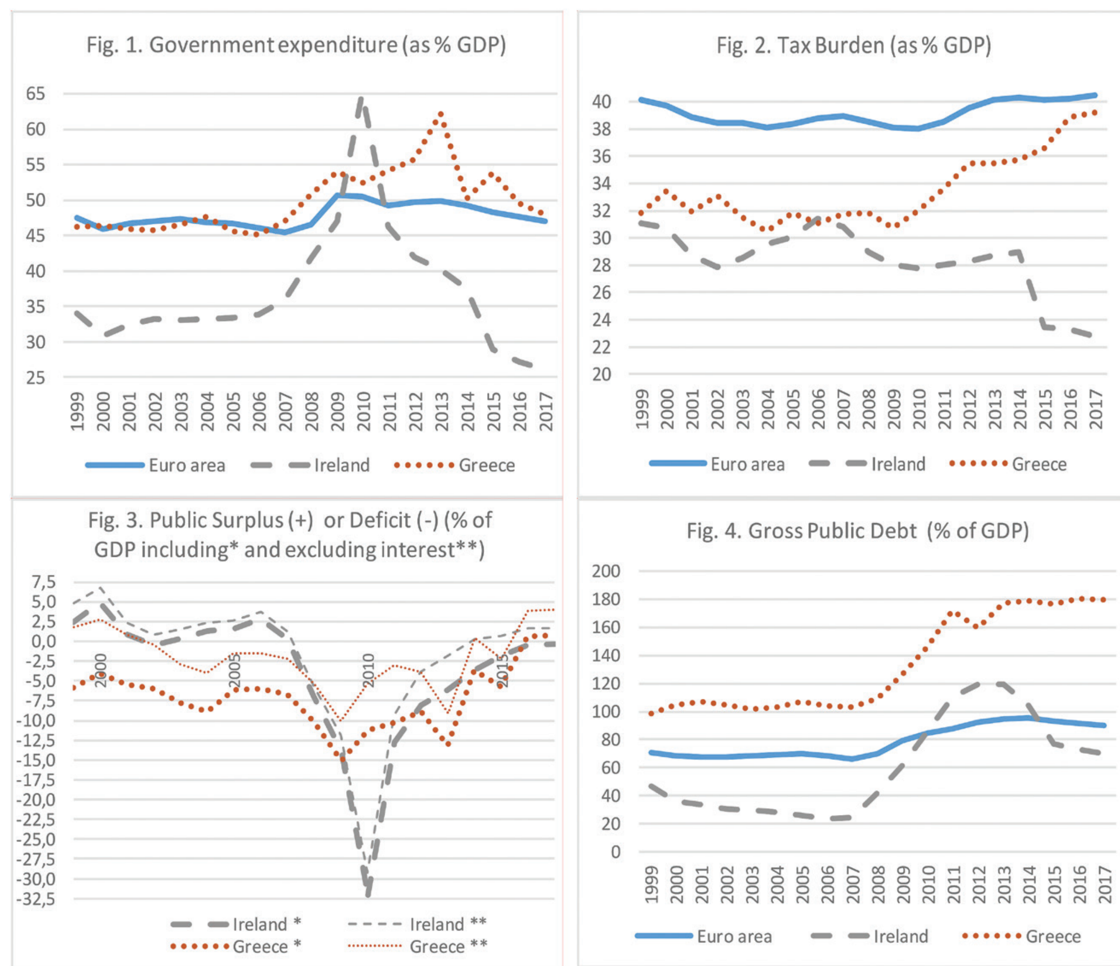
Table 3. *Size of the State: Government expenditure, tax revenue, public budget surplus/deficit and public debt (as % GDP).*



Source: Elaboration by authors based on EC (2018).

irresponsibly-run economy and corruption. At the heart of the Consolidation state is an obsession for being seen to be financially responsible in the eyes of international investors. Not only had Greece *not* followed a determinedly neoliberal path towards a Consolidation state since joining the euro, its successive governments had published misleading data on Greek finances on repeated occasions. German Finance Minister Schaeuble stated 'Greece has to realise that when you break the rules over a long period of time, you have to pay a high price' (BBC, 2015). From the outset of the crisis, the German mass media started to frame the crisis by pitting the Greeks as 'lazy southerners' who loved early retirement, siestas and job security, against hard-working Germans who were being asked to bail them out (Henkel, 2015). The popular press (Bild, 2010) called for Greece to sell off its islands and the Acropolis to pay back its debt. The Troika perceived Greece needed better financial reporting but

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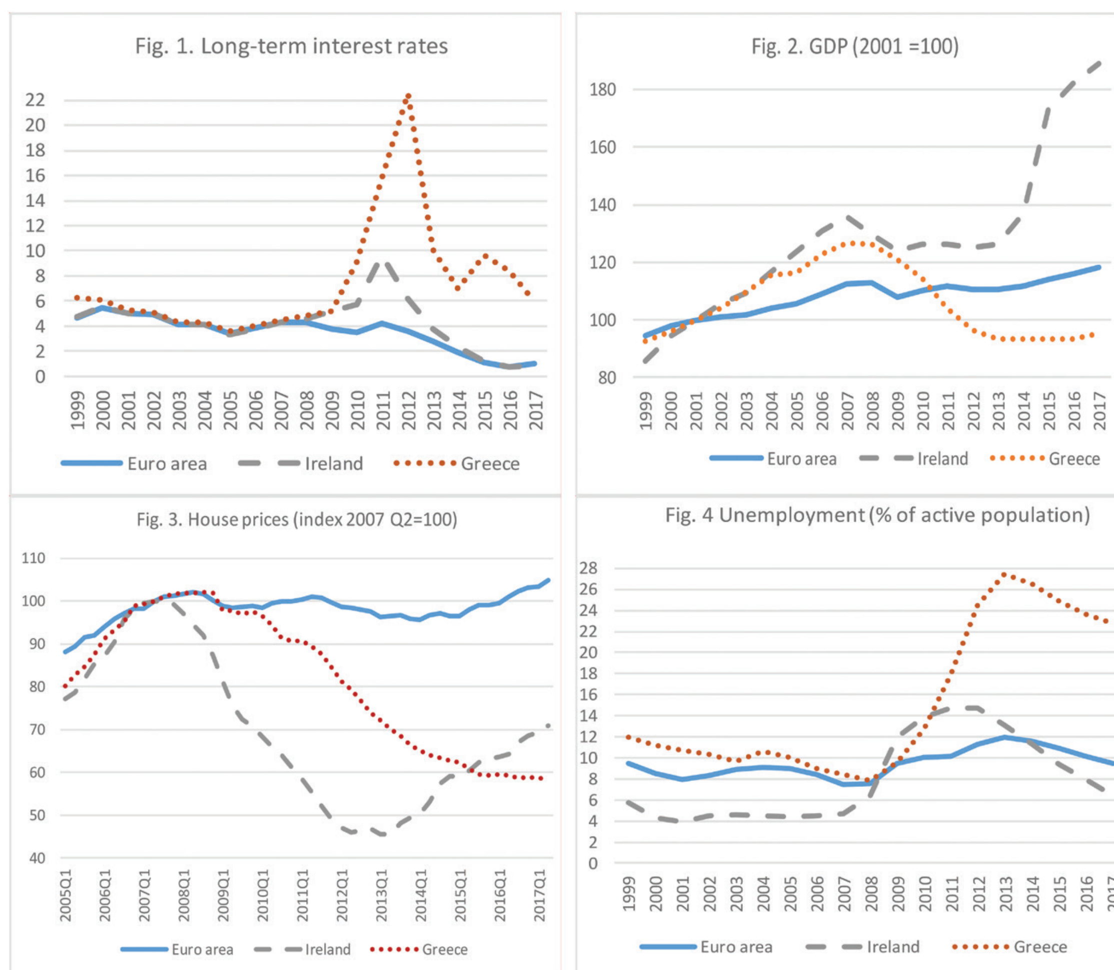
Table 4. *Economic performance indicators for Greece, Ireland and the euro area, 1999–2017 (long-term interest rates, GDP index, house prices index and unemployment rates).*



Source: Elaboration by authors based on EC (2018) and Bank of Greece (2018).

also credible, responsible, financial governance (EC, 2010a). Greece was painted as not 'fitting in' the eurozone, with some policymakers lamenting Greece had been allowed to join the eurozone in the first place (Kopits, 2016). Behind the attacks on Greece was an assumption its political economy model and financial governance had to come in line with one associated with a Consolidation state. Greece was not alone in the firing line: it was the 'G' in the pejorative term 'PIGS', used to describe South European countries that were perceived to have 'lived beyond their resources' for far too long (Ntampoudi, 2014). Greece was branded as an irresponsible juvenile' who needed to be instructed how to manage its economy by its superiors (Ntampoudi, 2014). Taken as a kind of scapegoat, the European authorities decided that any failure to deal harshly with Greece could increase the risk that other eurozone

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countries would follow suit, spreading the damage (Matsaganis, 2018). The Troika, therefore, decided Greece required a severe, complex and intrusive intervention to urgently change the way its economy was governed (IMF, 2016).

Ireland had joined the euro in 1999 and, until the outbreak of the crisis, was the fastest growing economy in the eurozone (EC, 2018). The introduction of the euro led to a decline in long-term interest rates (Table 4—figure 1), encouraging a significant increase in private borrowing from international markets.[4] Ireland's economic model from the 1990s strongly approximated a Consolidation state, being based on tax reductions (Table 3—figure 2), and the attraction of EU funds and Multinational Corporations to Dublin (Drudy and Collins, 2011). Particularly from 1999 onwards, construction became its main engine of growth, thanks to housing market deregulation, tax incentives and low interest rates. Ireland experienced a construction boom: from 2001 to 2011, this grew at more than double the EU average of 9.8% over the same period (Eurostat, 2015). This boom was also reflected in the percentage of homeowners, which was 78% in 2008, seven points above the EU average, while 35.2% of Irish homeowners had a mortgage, compared to the EU average of 32% (Eurostat, 2018).

This housing and mortgage expansion increased the exposure of large numbers of homeowners to the banking system. Fuelled by financial deregulation from 1999, the Irish bank system underwent significant over-expansion. The assets of credit institutions to GDP ratio increased from 360% in 2001 to 777% in 2007, a massive ratio when compared with the eurozone average of 331% in 2007 (ECB, 2006–2008). The expansion in credit, which contributed to the housing bubble, enlarged and imbalanced the funding structure of Irish banks. The Government failed to monitor risks and did little to induce banks to adjust their behaviour (Honohan et al., 2010). House prices started to fall in the third quarter of 2007 (Table 4—figure 3). Ireland became the first eurozone country to enter recession. In 2007, it faced a severe decline in property prices, fast-rising unemployment (Table 4—figure 4), and losses in the domestic banking system, which was rapidly infected by the bursting of the housing bubble.

The Irish Government attempted to protect its banks by offering a two year state guarantee on all deposits and borrowings for six Irish-owned banks in September 2008. In 2009, the government established the National Asset Management Agency (NAMA), a 'bad bank', to absorb toxic assets and risky loans through the purchase of land and development property loans from five major banks (EC, 2011). NAMA bought assets with an original book value of 77 billion euros for 54 billion euros in public bonds as part of the rescue plan (NAMA, 2009). As Stiglitz (2009) observed, this operation was a massive transfer from taxpayers to bondholders, in other words, a huge nationalisation of private debt, which would burden citizens for generations to come. The costs of this banking rescue have been calculated as a 73% increase in public debt (Table 3—figure 4), making this the sixth costliest international financial rescue since the 1970s (Laeven and Valencia, 2012).

The crisis caused a severe decline in employment and average incomes (Table 4—figures 2 and 4), affecting government revenues, increasing the public deficit and sovereign debt (Table 3—figures 3 and 4). The Irish government embarked on an austerity drive, implementing three pre-Troika intervention budgets between 2008 and 2010, negatively affecting education, health and welfare care, particularly harming child benefit, pensions and public payrolls, while abolishing entitlements to free health for people over 70 (Drudy and Collins, 2011). Since the recession was causing tax revenue deterioration, the Government increased indirect taxes, which further contracted the declining available income of citizens. However, these measures were insufficient to balance the budget by 2009

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(Table 3—figure 3). With the massive hike in interest rates (Table 4—figure 1) affecting all the eurozone periphery in 2009 and 2010, the Irish government was unable to refinance its sovereign debt and requested the financial assistance of the Troika to bailout its banks on 21 November 2010 (Laeven and Valencia, 2012).

In sharp contrast to the case of Greece, the Troika saw the Irish situation sympathetically. The Irish economy already approximated a Consolidation state—indeed, more so than the German economy—and the Troika perceived its prior transformation into a 'Celtic Tiger' as 'impressive' (EC, 2011). It also approved of the Irish government's efforts to protect its financial system through massive bailouts and its introduction of austerity measures since the crisis broke. Overall, it saw Ireland's crisis as a short-term 'blip' on an otherwise healthy economy. If, in the case of Greece, the Troika sought to enact deep reform and strong discipline, in the case of Ireland, it merely sought to 'restore' (EC, 2011); emphasis was on getting Ireland back, quickly, to a 'normal and responsible functioning of the market' (EC, 2010b). Because Ireland already pursued Consolidation state policies, no new policies would be required, rather, extra liquidity was needed for the Irish to get back on track. The Troika decided its role would be to provide vast liquidity to extend bank bailouts under an extended austerity (EC, 2010b).

Intervention

Troika perceptions about the crises in Greece and Ireland inevitably shaped its proposals for policy transfer. We divide our analysis of both interventions into complexity, inappropriateness and completeness.

Policy complexity

To assess policy complexity, we use the EAPs for both countries and summarise policy for transfer. Table 5 shows that policy complexity was far greater as regards volume and diversity of policy for Greece than for Ireland. Perceiving the Greek authorities as 'irresponsible governors' of the economy, and as having followed the 'wrong' economic model, the crisis was used as an opportunity to try to impose from above a deep restructuring of the economy, towards a Consolidation state. A vast, complex policy package was prepared, for swift, brutal, delivery onto the Greek people, with little consideration for consequences on society. This sparked outrage; Germany was imposing change—such as utility privatisation and reducing collective bargaining—it did not even adhere to itself (Armingeon and Baccaro, 2012). Neither Greece or Germany was the USA. Interventions into Greece consisted of a huge body of protracted, heavy-handed, intrusive, controversial and humiliating policy demands. Demands on the Greek government in the first intervention (EC, 2010c) were published as a document of around 1800 pages, and included complex and far-reaching policy reform. The bulk of policy reform focussed on shrinking the state, including diverse demands to cut the public administration, public sector jobs and public expenditure across core public services, including pensions, education, healthcare and welfare. Other neoliberal reform included deregulation and privatisation, trade liberalisation and restructuring of the financial sector. Core objectives were to reduce the public deficit, introduce fiscal reforms to increase government revenues and cut expenditure (EC, 2010c). The second and third intervention were progressively more severe and demanding, fuelled by the perception among some Troika elites that the Greek government 'never really identified itself with the policy requirements' and remained in denial, blaming 'the outside world' for their woes (Kopits, 2016, 24). For example, privatisation demands increased in each intervention: initially, proceeds were to raise 1 billion euros between 2011 and 2013, which was upped to 7 billion euros (EC, 2010c), then, under the second intervention, upped again to 50 billion euros by 2015.

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Table 5. *Overview of the major austerity measures imposed by the Economic Adjustment Programmes: Greece versus Ireland*

Objective	Measure	
	Greece	Ireland
Fiscal sustainability	*Expenditure cuts in public sector wages, pensions & military spending	Expenditure cuts in public sector wages, pensions, social protection…
	*Expenditure ceilings for the government	Expenditure ceilings for the government
	*Downsizing public administration	-
	*VAT increases	VAT increases
	*Labour market reform	-
	*Pension reform	Pension reform
	*National Medium-Term Military Procurement Programme	-
	-	Establish a Fiscal Advisory Council
	Single Procurement Authority	-
	*Health care reform	Health care reform
	Reform of the Welfare System (new Social Solidarity Income)	-
	*Education reform	Education reform
	Adjustment end-user prices low voltage	-
	Centralize and merge local tax offices	-
	*Tax reform. Taxes increase (capital gains, income, property, excises …)	Tax reform. Taxes increase (income, property, excises, tobacco…)/New tax agency
	Establish an 'Independent Authority on Public Revenue' (IAPR)	-
	*Trim down tax evasion /Less distortive taxation system	-
Trade liberalisation	Exports: *promotion measures/ legislative framework/ simplify procedures (also imports)	-
SMEs promotion	*Speed up startups	Advance policies for the SME sector
Liberalization of inward FDI	*Measures to facilitate FDI and investment in innovation	-
	Relaxation of capital controls	-
Privatization	*Establish the Hellenic Republic Asset Development Fund (HRADF)	-
	*Privatization plan (euros 1 billion end-2013; 35 billion end-2014; 50 billion end-2015)	-
	New independent fund (the 'Fund') to manage valuable Greek assets	-
Deregulation	*Remove barriers (regulated professions)	-
	*Remove restrictions to competition	Remove restrictions to trade and competition in sheltered sectors
Liberalization, unbundling	*Opening up SGEI: energy, telecom, transport	Reform electricity and gas
	-	Water Services Bill
Strengthen financial sector	*Reorganization of State-controlled banks (mergers, sales)	Reorganization of credit institutions (two 'pillar banks': BoI and AIB)
	Banking sector recapitalisation (NBG, Eurobank, Alfa Bank, Piraeus Bank)	Banking sector recapitalisation (BoI, AIB, EBS and IL&P)
	-	Resolution plan for non-viable banks (Anglo-Irish and INBS merger)

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Table 5. *Continued*

Objective	Measure	
	Greece	Ireland
	*Financial Stability Fund (10 billion euros)	-
	*Banking supervision	Banking supervision: centralised credit registry/ Stress test for banks (PCAR and PLAR)
	-	Improve asset recovery procedures
	-	Insolvency Service
	-	Charge levied across credit institutions
	*ECB accepts Greek government debt	-

In the case of Greece, measures marked with an asterisk (*) were stipulated in the first EAP (planned for the period 2010–2013, and comparable to the EAP for Ireland).
Source: Data from the EAPs and IMF official reports.

In contrast, Troika policy for Ireland was far less voluminous and diverse, and it supposed far less unpredictability, as it meant mostly a continuation of existing Irish policies. Intervention into Ireland focussed squarely on the 'rescue' of the 'large and fragile' banking system (IMF, 2010), amounting to one of the biggest bank rescues in modern history (Laeven and Valencia, 2012). The document, half the length of the first Greek intervention, included policy transfer primarily for the financial sector, setting out conditions under which the State would receive liquidity after the massive increase in public debt created when it absorbed private banks' toxic assets. Financial reforms included the introduction of new market-oriented regulation and institutions to further support the financial system, including mortgage stress tests and a centralised credit registry. There were some areas where Troika policy meant a deepening of neoliberal policies. For example, the Troika forced the Irish to enact a new personal insolvency law which would remove legal restrictions to bank repossessions where citizens were in arrears with mortgage payments (Expert Group on Repossessions, 2013). Additionally, the government was pressurised to establish the Irish Advisory Council to reinforce the budget capacity to repay the public debt (IFAC, 2017). Troika policy also drove through more austerity, including unpopular reforms in healthcare, education, pensions and public expenditure cuts in wages and social protection.

Policy inappropriateness

Because the Troika's policy for transfer, which resembled that of a Consolidation state, was more different to Greece's political economy than Ireland's, more should have been done to adapt policy to Greece than Ireland. In reality, the opposite occurred: the Troika made more effort to adapt its policy to Ireland than Greece.

Precisely because Troika intervention aimed to make Greece 'pay' for its errors (BBC, 2015), dramatic policy reform was frontloaded; little if any effort was made to adapt to local conditions. This is well illustrated by its transfer of privatisation policy. The Troika was determined to shrink Greece's large state rapidly. A list naming the state assets the Greek government 'had' to sell, along with a price and rigid timeline was included in the EAPs—humiliating the Greeks. Because the Troika found progress too slow, and believed the Greek government was delaying selling off strategic assets, the Troika went further, establishing the so-called Hellenic Republic Asset Development Fund (HRADF)

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in Athens in July 2011. HRADF was a 'cut and paste' version of the *Treuhandanstalt*, which had been established in East Germany to oversee privatisation as part of the 'shock therapy' transition after the collapse of communism in the Soviet Union. To ensure control, the Troika appointed two observers to the HRADF, one representing the EC and the other the eurozone (HRADF, 2018). The HRADF even has a website which lists state assets for sale, and whether sales are on track or delayed, for all to see. Privatization was inappropriately transferred and became deeply unpopular.

Policy transfer to Ireland in general was more 'appropriate', as it largely promoted policies which had already been implemented by the authorities. The dominant ideologies of the policy pushed by the Troika and the Irish economic model both held the Consolidation state as an ideal. Irish leaders of the ruling coalition (Fianna Fail/Green Party) and most of the Irish media stated there was no alternative to 'austerity and fiscal contraction' (Brennan, 2010). This made Ireland a terrain with fewer inbuilt social, political and institutional obstacles when compared to Greece. Fundamentally, Troika policy socialised the debt of Irish private banks while extending the government's austerity programme, demonstrating reliability to international financial markets, epitomising the prioritisation of *Marktvolk* over *Staatvolk*.

It is therefore logical that the crisis did not generate lasting public protest in Ireland, as in Greece. Protest movements emerged across Irish cities, based mainly on radical left parties, community and activist groups, while trade union representatives attempted to soften the intervention, but these efforts were too weak and short-lived to have real impact (Dunphy, 2017). Citizens' frustration led to the decimation of Fianna Fáil in the 2011 general election and the failure of either of the two main parties to achieve a majority in 2016, and the significant increase in the representation of left-wing and independent candidates, reflecting disillusionment with the traditional parties. However, overall, as Irish policymakers agreed consensually to a coercive intervention, citizens, already side-lined by neoliberal policies from the 1990s, found themselves pushed back once more, when the Troika extended the Irish government's austerity.

A comparison of the way the Troika transferred privatisation to Greece and Ireland is striking. The Troika left significant discretion to the Irish authorities to enact privatisation. While the Troika called for the Irish authorities to generate a given amount of proceeds, it stopped at listing specific assets which must be sold, with a timeline (Palcic and Reeves, 2013). So when the Irish government did privatise, this was not perceived as controversial because, when state-owned assets were sold, such as Bord Gáis Energy in 2014 and the remaining 25% stake in Air Lingus (the second-largest airline in the country) in 2015 (Aglionby, 2014), the Irish saw this as more-of-the-same domestic neoliberalisim they had become used to from the 1990s.

Policy incompleteness

Incomplete transfer was more prevalent in the case of Greece than Ireland partly because of the way in which the Troika 'frontloaded' massive policy demands onto the former (EC, 2010a; Matsaganis, 2018). Pushing a massive, diverse policy which differs sharply from that on the ground increases the risk of incomplete transfer. A good illustration is again the Troika's privatisation policy. When the Troika established the HRADF, it had a self-stated sole mission of 'maximising the Hellenic Republic´s revenues by developing and/or selling the assets transferred to it' (HRADF, 2018). However, in practice, the Troika promoted 'fire-sale' privatisation. When sellers are in a hurry and the economic backdrop is negative, revenue is unlikely to be at its maximum. Among the most desirable items for sale in Greece was real estate. One key sale was Hellikon, four kilometres of wasteland around the former Athens international airport, acquired by Lamda Development for conversion

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into a luxury beach resort and high-end residencies, in 2014. The authorities also sold core assets, including state-owned utilities, including 40% of Athens International Airport and 14 other regional airports, to German airport managers AviAlliance and Fraport, in 2016 and 2017, respectively. A German-led consortium also benefited from acquiring 67% of Port of Thessaloniki in 2017. Deutsche Telekom acquired a 25% stake in Hellenic Telecommunications Organisation, in 2008, and increased this to 45% in 2018. Italy's state railways Ferrovie dello Stato bought the rail company TRAINOSE for 45 million euros in 2017 (HRADF, 2018). Chinese COSCO acquired 67% of Greece's largest port, Piraeus, in 2017. Even beachfronts on various islands as well as historic buildings were privatised.

Even though this amounts to rapid privatisation, the Troika continually stated revenue was 'disappointing' (Guardian, 2015). International creditors had expected Greece to raise €50bn by the end of 2015 from selling state assets, but, by early 2015, a mere €3.2bn had been raised. The Troika's stance exhibited an important lack of understanding about the core elements required for successful policy transfer. One of the reasons for this was the way in which policy was transferred, insight into which was gleaned from fieldwork derived from working for the Greek government during Troika negotiations. Enforcing Troika demands ushered in the mass hiring of consultants, often lacking grounding in the tenants of economic policy as well as familiarity with the Greek context. To support pushing privatisation of state assets and reforming the public administration, an EU-based consultancy was hired, with knowledge of 'international technical cooperation'. This operated using members of its own team on the ground, in addition to a small group of subcontracted experts in the field, hand-selected by the Greek authorities, who could act as a 'counter-weight' to the consultancy. On the ground, the external consultant delivered the Troika demands, while the subcontracted experts supported the Greek authorities in refining their counter-proposals to the consultant's policies, in a kind of asymmetrical negotiation. These talks were conducted in a tense environment, as a perception the government was not complying could mean cancellation of the next tranche of the Troika bailout to Greece. Fundamentally, the consultancy pushed an extreme privatisation of state assets or, alternatively, a commercialisation of assets that could not be sold, focussing solely on 'fiscal consolidation'. Countering this, the experts hired by the Greek government were asked to draw up conceptual papers on why state ownership could be beneficial, and to explain EU law on Services of General Economic Interest (Warner and Clifton, 2014). This was used by Greek authorities to develop a counter approach that argued the public sector could be modernised—without privatisation. Consultants working for the Troika completely lacked a vision for a role of state-owned enterprises, assuming public service provision was residual, and knew little about EU law. Pushing privatisation for short-term fiscal purposes without consideration for the nature of the service and the outcome for society is bad praxis, or, incomplete transfer.

Policy transfer could be said to be more complete in the case of Ireland than Greece not because policy was transferred across from the Troika to Ireland, rather, because most of the policy content in the EAP had been instigated by the Irish authorities prior to intervention. Ireland had taken great strides to cut its state from the 1990s and had attempted to bail out its banks before 2010. Both policies had emerged locally, been shaped by domestic politics, and developed. In addition, because the Irish authorities and the Troika largely shared a vision of a Consolidation state, the process of policy transfer was conducted in a more consensual and positive environment as had been in the case for Greece. The Troika presented Ireland as the 'darling' of austerity, or the 'model pupil' due to its compliance with policy transfer (Allen, 2012). The main thrust of Troika policy was to provide liquidity in order to extend the Irish authorities' own programme

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to bailout their banks. The Troika privatisation policy was similar in that it consisted of promoting further privatisation, so much of the post-crisis privatisation involved selling off more tranches of state assets that had already been partially privatised from the 1990s. True, some of the Troika's policies, such as water privatisation, were 'exported' by the Troika and not indigenously sourced, but the lion's share of Troika policies were actually Irish policies.

Conclusions and outcomes

In the aftermath of crisis, Germany and other selected Northern countries gained an upper hand in the contested euro system. This created a window of opportunity which they grasped to impose deep reform onto countries in the South, with a view to creating a European consolidation state (Streeck, 2015, 2016). The creation of the Troika and its imposition of austerity exists in a legal grey area, while its isolation from Parliament and domestic political processes marks a low in EU democracy. However, even coercive, top–down policy transfer is not straightforward. We adapted the policy transfer literature to examine the role of the Troika in constructing a European consolidation state in two peripheral countries, Greece and Ireland, which closely represented a Debt state and a Consolidation date, respectively, before the crisis. We argued that the gap between the Troika model and that found in the peripheral country would matter as regards effective policy transfer. Presumably, if policy transfer were effective, Greece would shift closer towards a Consolidation state while Ireland would improve its position as a Consolidation state. However, by 2017, Greece fundamentally remained a Debt state, while it could be argued Ireland had improved its positioning as a Consolidation state. Policy transfer was more effective to Ireland than to Greece, as it was less complex, more appropriate and complete.

After the crisis, Greece had an even larger state and higher taxation than before the crisis. Public expenditure (excluding interest) was reduced by 30%—from 115.6 billion euros in 2009 to 82.5 billion euros in 2014—and remained at around 85 billion euros until 2017. However, given the fall in GDP, total public expenditure as a percentage of GDP increased from 54.1% in 2009 to 62.2% in 2013 (Table 3—figure 1), then remained at around 50% between 2015 and 2017, a higher rate than before the crisis. However, Greece converted its huge public deficit into a moderate one (–1.4% of GDP) in 2015–2017, which was a public surplus excluding interest rates (Tables 1 and 3—figure 3).

The Greek authorities took great strides to implement many core policies demanded by the Troika, and citizens and workers were squeezed by these reforms. Between 2010 and 2014, employment in social services and the public administration was cut by 25.6 and 15%, respectively (HSA, 2018). The consequences of these policies are generally thought to have been disastrous. In 2017, GDP was still below the 1999 level, while unemployment was 22%, almost three times the pre-crisis average (Table 4—figure 4). Nearly half of Greece's youth were unemployed in 2017 (OECD, 2018b). Other social costs included emigration and social polarisation, with about one-quarter of the population living below the poverty line. Though housing had not been a cause of the Greek crisis, the newly introduced 'odious' tax on property, income tax and household bills disproportionately affected the working and middle classes, increasing individual indebtedness and mortgage arrears (Alexandri and Janoschka, 2018). Public health cuts led to a serious deterioration of citizens' physical and mental health (Karanikolos et al., 2013), while very high unemployment levels were associated with a sharp rise of 'excess economic suicide' (Chang et al., 2013). Greece's labour relations have been profoundly reformed (Fulton, 2015) following German calls for labour flexibility as a means to promote 'internal devaluation'. Company level agreements have virtually replaced collective bargaining arrangements (Table 1). Despite

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everything, the political economy model of the Greek government remained broadly expansionary, however, and it still looked to balance the *Staatvolk* with *Marktvolk*.

Ireland achieved an even smaller state and lower taxation after the crisis (Tables 1 and 3—figures 1 and 2). However, public debt nearly trebled as a result of the bank bailouts. Before intervention, Irish public debt averaged 43 billion euros annually between 1999 and 2007; this increased to 144 billion in 2010, 215 billion in 2013 and over 200 billion euros in 2017 (EC, 2018). This debt represented around 24% of GDP in 2007, 120% in 2012 and 2013, and still 70% in 2016–2017 (Tables 1 and 3—figure 4). Public debt per inhabitant averaged around 41,918 euros in 2017, compared to the euro area average of 30,010 (EC, 2018). Meanwhile, Ireland's pre-crisis public surplus was converted to a small deficit (a surplus without interest rates, Tables 1 and 3—figure 3).

The Irish crisis also had devastating social consequences. The dramatic collapse of the housing market meant that, by 2013, house prices lost over 50% of their value since 2007 (Table 4—figure 3), leaving half of mortgage holders in negative equity (Duffy, 2014; Smyth, 2013). Mortgage arrears increased from 3.3% in 2009 to 17.3% in 2013, of which 60% were at risk of losing their home (CBI, 2017). Initially, the Irish government cushioned the housing market collapse and resisted pressure from the Troika to facilitate easier repossession, so actual repossessions remained low. However, in 2013, the government succumbed, passing a law facilitating repossession. This decisively empowered the banks and erased the historical arrangement to protect citizens' rights as mortgage holders struggling with arrears (Waldron and Redmond, 2017). The rate of residential repossessions increased from 0.4 to 0.7% in the period 2009–2013 to 2.4% in 2017 (CBI, 2017). Repossessions were mostly of primary family homes, and were concentrated in the commuter belt of suburbs near Dublin. Mortgage difficulties disproportionately affected those who were divorced, separated, widowed, less-educated, unemployed, had a low income or with children (Clifton et al., 2017; Waldron and Redmond, 2017). The arrears rate was five times higher among lone parents than single person households, and more than double the rate of couples with and without children. The housing crisis also affected the household structure of property: the proportion of owners with a mortgage among people earning less than 60% of the median decreased from 22.9% in 2010 to 14% in 2016, while the proportion of tenants receiving subsidies on rent increased from 28.5 to 34% in the same period (Eurostat, 2018). Even when not in arrears, many households struggled from 2010 onwards to meet mortgage payments and have been forced to cut back dramatically on life quality, 'existing' not 'living'. The mortgage burden negatively affected citizens' health and quality of life, particularly those with lower incomes, the under or unemployed, and those with other more vulnerable socio-economic backgrounds (Waldron and Redmond, 2017). Unemployment rates of nearly 15% in 2010 (Table 4—figure 4), coupled with prospects of losing a home, caused a spike in suicide rates, especially amongst younger males[5] (Corcoran et al., 2015), and mass emigration. Austerity brought about significant deteriorations in living standards for the Irish people, affecting disproportionately those on low and middle incomes and social welfare (Drudy and Collins, 2011). Cuts to public expenditure affected social welfare and protection, damaging above all lone parents, the unemployed, short-term workers, the elderly and large families (Allen, 2012). Austerity policies had unequal intergenerational effects. In 2017, unemployment was at 7% but still 17% for the under 25s, a stark difference considering huge numbers of young people migrated or enrolled in further education. Among the employed, the intergenerational gap in revenues and working conditions widened dramatically in 2007 (Nugent, 2017). The burden of austerity was disproportionately borne by younger people, as seen in uneven recovery

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levels in income and employment, and a high debt-to-income burden (Roche et al., 2016).

As Peck (2011) points out, policy transfer is not always best explained by rational accounts. Power, interests and geography also provide important insights. Ideologically-motivated, coercive policy transfer—often justified by elites in times of crisis—tends to push neoliberal policy which elites claim has 'worked' elsewhere onto jurisdictions irrespective of the political economy on the ground, making failure more likely. This kind of policy transfer is framed as being 'necessary', causing 'temporary pain' for 'longer-term gain' (Peck, 2011). Once failure has occurred, this is used as the rationale to redouble efforts and apply even more severe neoliberal reforms.

This article showed that this observation was more clearly seen in Greece than in Ireland. Over-complex, inappropriate and incomplete policy was pushed onto Greece in an unrealistic, fast and intense manner, and crushed Greek society from the outset. When Greek authorities failed to implement the vast body of policies, the Troika reacted by increasing the content and speed of their demands, sometimes by using increasingly authoritarian practices, such as the use of an automatic mechanism to balance the books without the need for prior approval from Greek Parliament that was introduced in the third intervention (Matsaganis, 2018). In contrast, Ireland followed a model much closer to the idealised Consolidation state than Germany: the Troika was sympathetic, policy for transfer was less complex, more appropriate and complete. Austerity was imposed but critically left room for Irish authorities to manoeuvre. Though presented as a 'successful' intervention, Irish society suffered, significantly, the emboldening of the Consolidation state.

Blanchard (2015) admitted pressure on Greece was driven by demands to repay foreign banks. Rocholl and Stahmer (2016) have shown that less than 5% of Greek bailout programmes went to the fiscal budget, and the vast majority (64%) was destined for foreign creditors in the form of debt repayment and interest, particularly German and French banks, the major investors in Greek public debt. Ideology—or ideas about the 'best' political economy model to follow—was used to guise justifications for policy transfer, but behind this were interests. More than a decade on, the socio-economic costs and legacy of the 2008 crisis in Greece and Ireland show that the Troika was more concerned to appease markets and construct a Consolidation state in Europe than fix the real problems of its ailing economies.

Endnotes

[1] In 2001, the ECB President warned that Greece had much work to do. Subsequent reviews by Eurostat (2004) showed that, between 1997 and 2003, the Greek fiscal deficit and public debt, in reality, exceeded the Maastricht criteria.

[2] Private household debt in terms of available income increased from 30.4% in 2000 to a relatively modest 87.1% in 2008 (EC, 2018).

[3] The assets of credit institutions to GDP ratio was 152.3% in 2001 and 193.3% in 2008, lower than the euro area average of 251 and 331% in the same years (ECB, 2006–2008; EC, 2018).

[4] In Ireland, most of the debt increase was private, rising between 2001 to 2007 from 111 to 234% of available income (OECD, 2018a).

[5] Corcoran et al. (2015) calculate the male suicide rate was 57% higher than would have been by 2012 if pre-recession times had continued.

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