Here to stay? Analysing policy reversals in the aftermath of the crisis

Guillen, A.M. (Universidad de Oviedo), Branco R. (Universidade NOVA de Lisboa), Cardoso D. (Universidade NOVA de Lisboa), David L. (Universidad de Oviedo) and Sacchi S. (University of Milan)

This paper defines, categorizes and illustrates policy reversals in the post-crisis context, an issue the literature has not yet duly addressed. European countries more severely constrained by explicit or implicit conditionality during the Great Recession provide the empirical cases for the study of policy reversals. In such countries, reforms adopted during the crisis strived to address short-term fiscal imbalances and boost structural competitiveness. However, as conditionality wanes, the question of policy persistence comes to the fore. Indeed, preliminary evidence points to instances of policy reversals in the post-crisis context. In Italy, the Monti pension reform of 2012 has been mitigated through several exemptions to the general rules; in Portugal, the criteria set in 2012 for the mandatory extension of collective agreements was significantly relaxed; and in Spain, judicial rulings are eroding some aspects of the labour market reform of 2012. Thus, Italy, Portugal and Spain provide an apt case selection for the illustration of the concept of policy reversals. This paper takes the fundamental task of defining and categorizing policy reversals, by analysing their form and operational mechanisms in the selected cases. It first elaborates on the concept of reversals in relation with other classifications of types of policy change, and persistence, proposing an analytical framework. It then addresses policy reversals across the inter-related arenas of labor market regulation, social protection and taxation in the cases under scrutiny. To that end, instances of policy reversals are analysed in terms of directionality, type, policy mechanism, actors involved and instruments. The final section reiterates the main empirical findings, drawing them together to discuss patterns of similarities and differences across cases and policy arenas and to assess the frequency, degree and relevance of policy reversals. The paper closes with a discussion of the usefulness of the new concept and proposed categorization.