Chapter 7

Technocrats in Cabinets and Their Policy Effects

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Forthcoming in "The Technocratic Challenge to Democracy", edits Eri Bertsou and Daniele Caramani, Routledge.

Introduction

Since the start of the financial and banking crisis in Europe, the number of non-elected, expert ministers, also known as technocrats, has more than doubled (as seen in Chapter 6 above; see also Alexiadou and Gunaydin 2019). Yet, we still have little knowledge whether these appointments matter for policy outcomes, the topic of Chapter 10. This is somewhat puzzling in particular when it comes to the appointments of technocrat finance ministers who are responsible for a range of policies, from the government's budget to tax rates. While, there is evidence that ministerial appointments can, under certain conditions, affect policy outcomes (Alexiadou 2015; Chwieroth 2007; Jochimsen and Thomasius 2014), it is unclear whether appointments of non-elected experts have independent policy effects.

The empirical evidence on the role of technocrat ministers as policymakers is limited. Researchers have primarily studied technocrat ministers within the context of major economic crises or political and economic transitions in select countries in Latin America (Dominguez 1997; Joignant 2011) and Eastern Europe (Greskovits 2001). Dargent's (2015) and Kaplan's (2017) recent contributions advance the systematic study of outside experts in government. Dargent (2015) shows that outside experts, appointed to government

departments due to their expertise, have the power to set a policy agenda, even when it runs against presidents' policy priorities, while Kaplan (2017) finds that economists, hired during economic crises as a way to increase a government's credibility, are associated with fiscal contractions.

While these accounts offer unique insights in the role of outside experts in government, they do not systematically examine the policy role of technocrat ministers, as opposed to expert politicians. This is due to the fact that existing works do not use a common definition of 'technocrats'. For some, especially scholars who study Latin American countries, technocrats are all experts in government, irrespective of their political career (Kaplan 2017; Santiso 2003), while for others, especially scholars who study Europe, technocrats are non-elected experts (as defined in Chapter 6). Unless a common definition of a technocrat is adopted, it is not possible to thoroughly examine their role in policy (for a detailed discussion see Alexiadou (2018) but also the Introduction and Chapter 5 in this volume).

This chapter tests the policy effects of the technocrat and expert ministers of finance, and social welfare, defined as non-elected experts appointed to cabinet positions (Alexiadou and Gunaydin 2019; McDonnell and Valbruzzi 2014; António Costa Pinto, Cotta, and Almeida 2017). More specific technocrats are defined as professionals, appointed to the cabinet in a ministerial post, with policy expertise within their department's policy jurisdiction and who have never held elective office, either at the national, subnational or local levels (Alexiadou and Gunaydin 2019). According to this definition, expertise alone does not qualify a minister as a technocrat, and neither does "independence" from politics. A technocrat is both an expert within her department, and has a professional career outside politics (for a longer discussion on the definition of technocrat policymakers see the Introductions and Chapters 5 and 6 in this volume).

It is also important to stress that this definition clearly stipulates that a technocrat does not become a "technopol" by assuming a political appointment, as has been argued before (Williamson 1994). A technopol is an elected politician with policy expertise, who controls important political resources such as political experience and influence within a political organization (Joignant 2011).

The separation between expertise and career is crucial for identifying the sources of policy influence. If policy influence is a function of one's expertise and effort (Alesina and Tabellini 2007), then it is important to be able to identify how much of the outcome is attributable to expertise alone and how much is attributable to effort. Two ministers with identical expertise, such as a Ph.D. in economics, should or might deliver quite different policies depending on their career objectives, namely whether they seek re-election or to go back to their pre-politics career, i.e. in academia or in finance.

This chapter provides the first large-n test on the policy effects of technocrat ministers, as opposed to elected partisans, in 13 West European countries since 1980. Utilizing new data on economic and social welfare reforms (Angelova et al. 2018), as well as data in public social spending (OECD 2007), it addresses the following questions: Are technocrat ministers more effective in changing policy than experienced politicians or experts? Are technocrats associated with market-conforming policies? Does it matter which portfolios technocrats are appointed to? And if so, why?

The analysis uses three datasets to test ministers' role in policy. One dataset codes ministers' professional and educational expertise, as well as their political and professional career before and after their political appointment (Alexiadou 2016), allowing us to identify technocrats from partisans. In addition, this dataset identifies the ministers who are in charge of the portfolios of finance and social welfare. Ministers' policy effectiveness is tested with a new dataset on policy reforms (Angelova et al. 2018). This dataset counts the number of

social welfare and economic reforms per year (Angelova et al. 2018). By utilizing the qualitative indicator of policy measures it is possible to directly test the productivity and effectiveness of ministers, as opposed to the direction of the reform. Finally, the hypothesis that technocrats are appointed to explicitly control government spending is tested utilizing public spending data (OECD 2007).

This chapter is one of the first to test the policy effects of technocrats and expert ministers in European democracies, contributing to a growing literature on the policy effects of individual politicians and of technorats in particular (see chapter 6 in this volume but also Alexiadou 2016; Chwieroth 2007; Dargent 2015; Jochimsen and Thomasius 2014; Kaplan 2017). At the same time, it advances the field of executive politics by clearly separating the policy effects of policymakers' preferences, skills and effort. As such it further contributes to the debate on the identity of good politicians and effective policymakers (Galasso and Nannicini 2011, Chapter 10 in this volume).

Technocrats or Technopols? Who Are the Most Effective Reformers?

Technocrats are appointed to the finance portfolio primarily during major economic and financial crises (Alexiadou and Gunaydin 2018; Kaplan 2017; Schneider 1998). Signaling the government's pro-market credibility to investors is one of the primary motivations of their appointments (Kaplan 2017; Schneider 1998). Increasing the government's reform credibility is another. During economic crises cabinet ministers have to enact policies and adopt reforms that often contradict their electoral promises, their party's ideology or even their personal convictions. Unlike, elected cabinet ministers who fear the electoral costs of policies they personally introduce, technocrats have not made any electoral promises, they are often appointed to enact their preferred policies for stabilizing the economy, and their professional

career is not subject to electoral approval (Alexiadou and Gunaydin 2019). Indeed, although prime ministers are more likely to appoint both technocrats and technopols as their finance ministers during economic crises, they are twice as likely to appoint technocrats in person-centered than in party-centered electoral systems (Alexiadou and Gunaydin 2019). The opposite holds for technopols

The question is whether technocrats are more effective reformers and more likely to push forward unpopular policy reforms than experienced politicians?

A policymaker's effectiveness is a function of her skill and effort (Alesina and Tabellini 2007). Generally, skill is equated with expertise while effort is a function of payoffs. In the case of cabinet ministers, skill can be broken down to policy expertise and political experience, while effort depends on career objectives (Alexiadou 2016; Alexiadou and Gunaydin 2019). Even though for most scholars expertise is what differentiates technocrats from partisans, it is their non-political career that sets them apart from elected politicians. When appointed to government, elected politicians try to fulfil multiple goals, from advancing their political career to implementing their party's or their own agenda (Berlinski, Dewan, and Dowding 2012; Headey 1974; Panebianco 1988). In contrast, technocrats are appointed with one single mandate: to implement, largely, their policy agenda they believe to be the right one for stabilizing or improving the economy. For Alesina and Tabellini (2007) the difference in the objectives of policy tasks is what differentiates bureaucrats from politicians and makes the first more effective policymakers. Similarly, for Blondel (1991), non-elected, non-partisan cabinet ministers should be effective policymakers as they are only marginally concerned about the political implications of their tasks, since they should return to their original professions when they leave government.

This is not to say that partisans do not want to be effective policymakers or that they do not pursue ideologically motivated policies that carry political costs. Nonetheless, only a

minority of partisans can be identified as ideologues (Alexiadou 2016); the average cabinet minister seeks to exhibit capacity in policymaking in light of advancing her political career. Cabinet ministers are cognizant of the fact that unpopular policies can carry heavy personal political costs, even if they are deemed necessary. Balancing the budget during economic crises is certainly one such instance. For the former Fine Gael minister for Social Welfare Gemma Hussey, accepting the cuts proposed by the ministry of Finance would equate to political suicide: "Of course I didn't go into this job for crucifixion or self-destruction" (Hussey 1990, 207). Being promoted to a cabinet post is not necessarily a stepping stone for further recognition; it can lead to one's political demise.

Whereas for the elected politician, being the one to introduce unpopular reforms carries significant, personal political risks, for the technocrat who will go back to her/his prior occupation, the challenge to reform the country's economic or tax system, for example, comes with a low personal risk and an opportunity to exhibit her/his policy expertise. Per the former Swedish technocrat finance minister Anders Borg, "When I look at other politicians I tend to see myself more as an economist" (Alexiadou and Gunaydin 2019).

Cabinet ministers might not only object to certain policy reform because they fear for their political future, but also because they feel bound by the promises they have made to their constituents. There is increasing experimental evidence showing that elections modify policymakers' behavior (Drazen and Ozbay 2015). Technocrats, on the other hand, "start with a blank notebook" (personal interview with former technocrat social welfare minister, June 2011). The fact that technocrats are twice as likely to be appointed in personalistic electoral systems than in party-centered systems during economic crises suggests that technocrats are primarily appointed to address prime ministers' fear of no reform.

Technocrats are also more likely to have stronger and fixed views about the reforms they seek to implement. The tension between policy and office is what differentiates

politicians (Headey 1974; Panebianco 1988), and those who have the strongest policy views tend to be the ones with the largest policy influence (Alexiadou 2016). Technocrats are explicitly appointed for their expertise, which often comes with a set of fixed ideas about the nature of the reforms to be adopted. Additionally, technocrats can credibly threaten to not accept the job, or quit if they are not allowed to implement their policy agenda, which allows them to further pull their weight (Alexiadou 2016). This is exactly what Domenico Siniscalco, the Italian former technocrat finance minister under Silvio Berlusconi, did in September 21 of 2005. He resigned, only a year after of his appointment, because he could not get his 2006 budget approved and because the government protected the central bank governor who was implicated in a scandal (The Economist 2005).

Finally, technocrats are experts in their policy domain. Expertise alone can enable cabinet ministers as policymakers to the extent that expertise gives them an advantage over their cabinet colleagues and even over the prime minister. When technocrats are appointed to the finance portfolio, which is the second most important in a parliamentary government, prime ministers delegate a significant amount of power. Dewan and Hortala-Vallve (2011) show that appointing experts in powerful portfolios entails serious agency risks even in Westminster systems where prime ministers "fully control" their cabinet.

To sum up, technocrats' expertise, intensity in policy preferences and career incentives should enable them to be effective reformers. This, however, does not mean that technocrat ministers do not face serious hurdles in their reform effort. First, technocrats have no prior experience in government or in the legislature, thus lacking crucial skills in convincing their colleagues around the cabinet table, in communicating effectively with the bureaucrats in their department, with backbenchers, stakeholder groups, and last but not least handling the media (Dowding and Dumont, 2009a). In addition, technocrats cannot assume the support of the parliamentary party, of public opinion or important interest groups. To the extent that

they are appointed because their preferences diverge from those of the party, they should expect to be attacked on a regular basis.

The Greek technocrat social affairs ministers, Tasos Giannitsis, was subject to multiple political attacks from 'his own' party, when trying to reform the pension and social welfare system in Greece. Giannitsis, and economics professor who had been an advisor to the prime minister Simitis, was appointed with an ambitious policy agenda to make the pension system fiscally sustainable. However, almost none of Simitis's proposals made it to the final bill as they we vetoed by PASOK's MPs and the trade unions (Λαμψίας 2001).

Party discipline is often a challenge for governing parties, but this is particularly true during economic crises (Herzog and Benoit 2015). In the midst of the Great Recession, the Greek, social-democratic Prime Minister George Papandreou reshuffled his cabinet and appointed Evangelos Venizelos, a party heavyweight and party leadership contender, as his finance minister. According to the Financial Times, "George Papandreou yielded to pressure from his fractious Socialist party after threats by deputies to bring the government down over a new austerity package." (Financial Times, June 17 2011, Greek PM gives rival finance portfolio).

While Prime Ministers might have incentives to appoint technocrats during periods of economic crises, it is not clear that technocrats in the end are able to deliver unpopular reforms. Even if there is willingness by the prime minister to push forward with a set of reform measures, there is a lot of room for slippage. Indeed a number of recent empirical works confirms that political experience and party rank increase ministers' policy influence, in particular when these ministers are in charge of 'softer' portfolios such as social welfare (Alexiadou 2016; Jochimsen and Thomasius 2014).

Given that technocrats lack the political resources that experienced, elected politicians have, their effectiveness will be conditional on the ministerial portfolio they are appointed. A

technocrat in the finance portfolio has the de facto power of the second most important job in government, and is in charge of drafting the government's annual budget (Hallerberg 2004; Hallerberg, Strauch, and Hagen 2009). In contrast, a technocrat appointed to a softer portfolio such as that of of social welfare will have a much harder time to overcome resistance from other cabinet colleagues and the backbench. Thus, I expect:

H1: Technocrat finance ministers are more effective reformers than experienced partisans.

H2: Technocrats in the portfolios of social affairs are less effective reformers than experienced partisans.

Economic Liberalization and Technocrats

Technocrats and technopols (economists who turned politicians) were instrumental in liberalizing the economies of Latin American countries in the 1980s and 1990s by adopting market conforming policies, also known as the "Washington Consensus" (Kaplan 2014, 2017; John Williamson 1993). When it comes to macroeconomic policies, the Washington Consensus maintained that fiscal discipline and tight monetary policy are necessary conditions for competitive and high-growth economies (Williamson 1994). These views, founded on neoclassical economics, reflected the consensus among economists since the latter half of the 20th century (Christensen 2017, Fourcade 2009, Chapter 2 in this volume).

In Europe, technocratic presence in cabinets has been limited during the eighties.[1] However, a significant number of Northern European countries in Continental Europe were

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[1] Perhaps one of the most notable examples in the eighties is that of Jacques Delors. Delors is known for being behind the famous French "U-turn" in the early eighties, when the French Socialist Party adopted a hard currency policy (Bearce 2007: 101).

already enjoying high levels of monetary stability, partly due to influential independent central banks and corporatist bargains between employers and unions (Alexiadou 2012; Crouch 1993; Hall 2013; Mares 2006). Furthermore, the budget-correcting austerity policies of the eighties and the early nineties did not seriously threaten the mature European welfare states (Gingrich 2015; Korpi and Palme 2003; Scruggs 2006).

Nonetheless, important social welfare and fiscal reforms took place with the aim of liberalizing the labor markets, and cutting public pensions to make them fiscally sustainable (Christensen 2017; Gingrich 2015). The policy prescriptions coming out of think-tanks, such as the Organization for Economic Cooperation and Development (OECD), attributed slow economic growth to generous welfare payments that created "poverty traps" and to barriers in business restructuring due to employment protection legislation (OECD 1996).

Where do the technocrats appointed to the portfolios of finance and economics stand in relation to market conforming policies? As with partisan politicians, we would expect technocrats' policy preferences to largely vary with their professional career. After all, even central bankers who have a rather straight-forward policy mandate vary in the intensity of their preferences (Adolph 2013; Ainsley 2017). However, it is probably uncontroversial to assume that technocrat finance ministers, who are appointed to address a fiscal or monetary crisis, are more likely to cut the budgets of large spending departments and in policy domains that are popular with voters. Health spending and pensions are both policy areas that are particularly hard to reform as they benefit the vast majority of voters across the ideological spectrum (Hausermann 2010). Thus,

H3: Technocrat finance ministers should be more effective in cutting public health and pensions spending than experienced politicians.

Empirical Analysis

IVs: Technocrat ministers of finance and social welfare

Finance ministers are the second most powerful actors in parliamentary cabinets after the

prime minister. They often enjoy the prime minister's support, but they do not always have to

(Alexiadou 2016). This is not the case with most other cabinet ministers whose policy

effectiveness typically relies on the prime minister's support or the support of the party. As a

result, technocrats in the finance portfolio are given significant policy agenda power simply

by being appointed to that portfolio. In contrast, technocrats in softer portfolios do not enjoy

the same advantage. Their policy effectiveness depends on their ability to convince their

colleagues in the cabinet, which is often a function of their party rank and political

experience (Alexiadou 2016). Indeed, "spending" ministers have to "fight" for their policy

agenda, often against the finance minister (Alexiadou 2016; Alexiadou and Hoepfner 2018;

Hallerberg 2004).

Second, finance ministers have a very specific and relatively narrow set of technical

skills, which is mostly concentrated in the field of economics. Identifying the 'expert'

background for many other portfolios is quite more difficult. Figure 7.1 summarizes the

professional background of finance and social welfare ministers in 18 parliamentary

democracies.

Interestingly in both portfolios, professors (and teachers) are the largest professional

group. However, when we look at technocrats, there are important differences between those

in the finance and social welfare portfolios. For finance technocrats, defined as those who

never held elective office and have policy expertise in economics, finance and academia

(Alexiadou 2018; Alexiadou and Gunaydin 2019), over forty percent come from academia

and almost twenty percent worked as economists, which means that about sixty percent of

technocrats are economists. However, for the portfolio of social welfare which is a lot more

diverse and varies in its policy jurisdiction by country and over time, there is an almost

perfect split among the top three occupations of ministers; professors, trade union leaders and

medical doctors constitute 20 percent of non-elected social affairs ministers each.[2]

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[2] Adolph (2013, 15) uses a similar careers paths approach to understand central banker's preferences. For instance, he argues that 'an agent who leaves the coal industry to become a regulator may bring along strong convictions about the limits of government intervention and a finer sensitivity to the costs of regulation than an environmental scientist in the same regulatory agency'.

Figure 7.1 Professional background of finance and social affairs ministers

Professional Background Prior to Ministerial Appointment (1980-2015)

All Finance Ministers

Technocrat Finance Ministers

Professional Background Prior to Ministerial Appointment (1980-2015)

All Social Affairs Ministers

Social Affairs Ministers: Never Elected
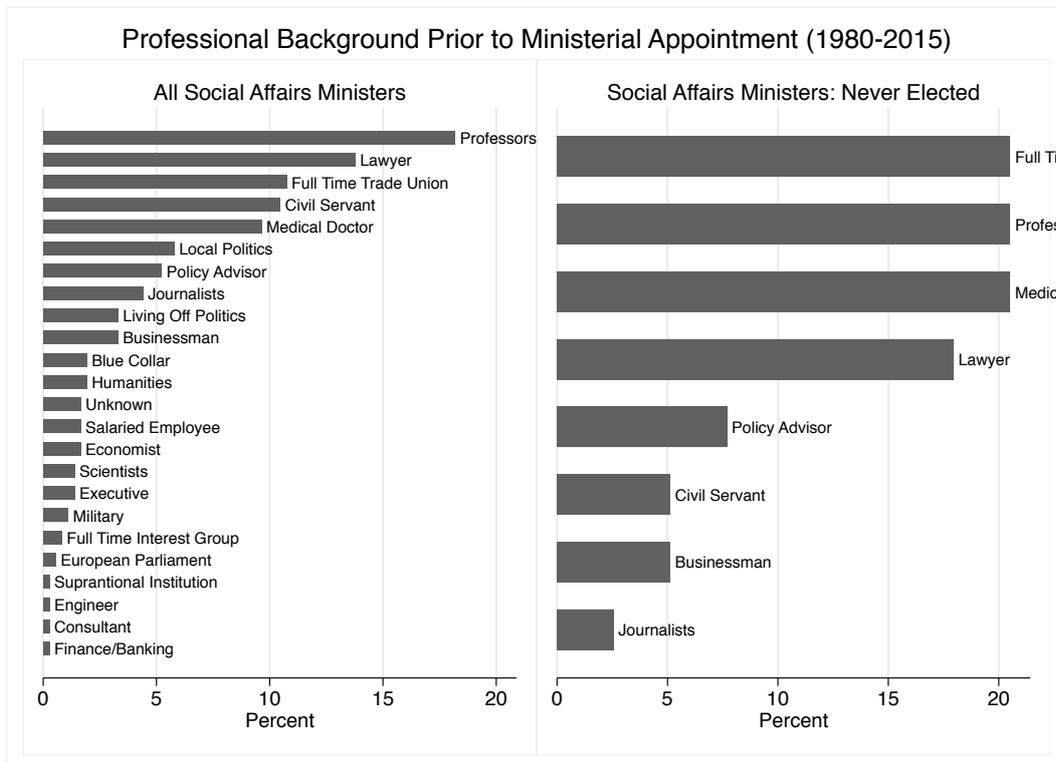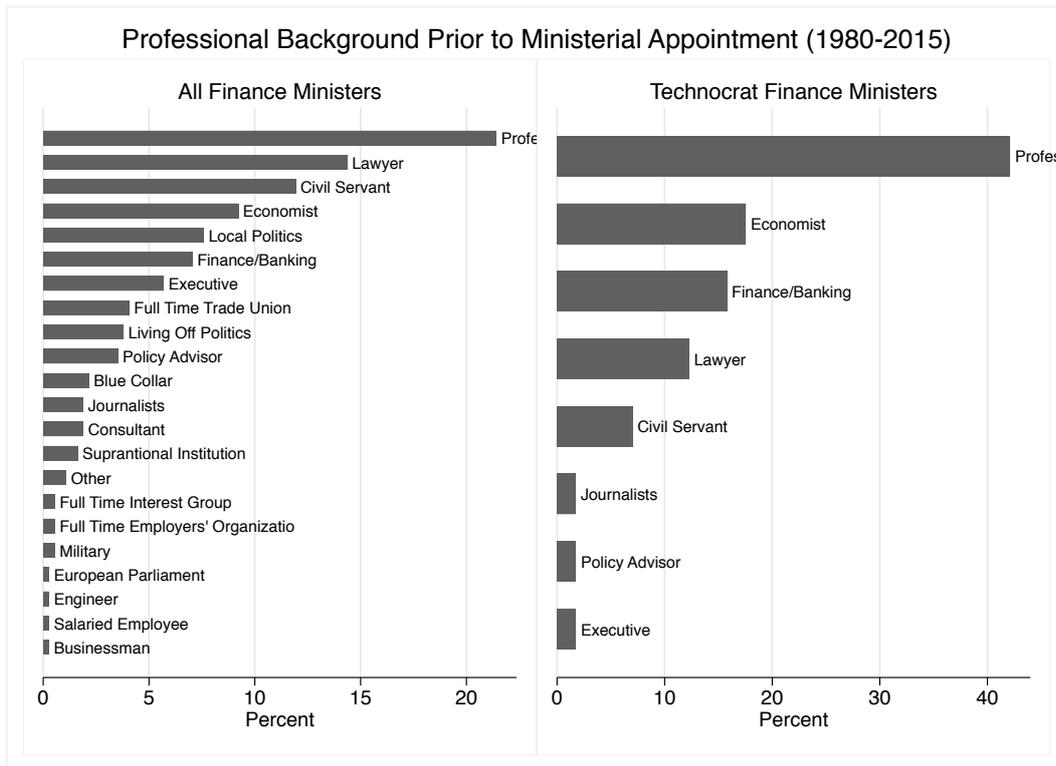
Table 7.1 Frequency of technocrats and experts in the portfolios of finance and social affairs (1980–2012)

Country	Finance Techno-crats	Finance Experts	Finance Experien-ce	S. Affairs Techno-crats	S. Affairs Ph.D.s	Social Affairs Experien-ce
Austria	0.03	0.77	0.31	0.20	0.29	0.14
Belgium	0.09	0.49	0.69	0.00	0.49	0.34
Denmark	0.00	0.40	0.57	0.03	0.03	0.20
Finland	0.03	0.34	0.17	0.00	0.57	0.20
France	0.23	0.46	0.09	0.00	0.57	0.17
Germany	0.00	0.80	0.51	0.00	0.51	0.31
Greece	0.09	0.60	0.09	0.14	0.26	0.14
Italy	0.20	0.86	0.26	0.09	0.06	0.14
Netherlands	0.00	0.74	0.23	0.17	0.43	0.31
Norway	0.06	0.43	0.11	0.37	0.14	0.03
Portugal	0.66	0.83	0.00	0.11	0.00	0.06
Spain	0.00	0.83	0.20	0.00	0.14	0.00
Sweden	0.23	0.69	0.23	0.00	0.00	0.14
Total	0.12	0.63	0.27	0.09	0.27	0.17

In other words, while the coding of technocrats in the finance portfolio is quite straight-forward, the coding of technocrats in the social welfare portfolio is the opposite. First, what qualifies expertise in social welfare? Even though a labour economist is an expert, there are very few of those. What about trade union leaders? Even if they are experts, it is highly unlikely that they are technocrats. Nonetheless, given the very small number of technocrats in the social welfare portfolio (see Table 7.1), I decided to include former trade union leaders in the operationalization of technocrat social welfare ministers.

The ministers' dataset codes the appointments of finance and social welfare ministers at the start of governments, but it also codes ministerial reshuffles during the life of

governments. The data include information on the professional and political background of finance and employment ministers, collected from multiple official and personal website sources. On average about 12 % of finance ministers are technocrats. Yet, as can be seen in Table 7.1, there is an important variation across Europe with Portugal having by far more technocrats than the other countries (Costa Pinto and Almeida 2016; Costa Pinto, Cotta, and Almeida 2017). The percentage of technocrat social welfare ministers who have never been elected and independently of their background is just 9%. In contrast, 63% of finance ministers are experts, meaning they have a background in academia, economics or banking and 27% of social welfare ministers have a PhD.[3] Finally, just over a quarter of all finance ministers and a sixth of social welfare ministers have cabinet experience, defined as those who served for at least four years in a cabinet post prior to the appointment.

To test the policy impact of ministers, the data are transformed to country/year observations. The original dataset identifies one individual minister who is responsible in a policy area. In cases where an election took place or a new cabinet was formed in the middle of a calendar year, it is assumed that the last election or cabinet reshuffle in that calendar year is the one in charge of the policy for that whole calendar year. This coding method takes into account only appointments that lasted more than just a few months. The advantage of using country/year data instead of data structured by country/cabinets is that one can clearly identify the year a minister controlled a portfolio and the year a specific policy reform took place.

DVs: Economic and social welfare policy reform

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[3] As it is not clear what qualifies as expertise in the portfolio of social welfare, I coded all social welfare ministers with a Ph.D. in any discipline as experts.

Technocrats' policy impact is tested using two sets of variables: one that is qualitative and counts the number of reforms per policy area and one that measures outcomes, namely public, health and pensions spending as a percentage of GDP. Each set of variables tests different hypotheses. The qualitative indicators capture how effective reformers ministers are, independently of the direction of the reform, thus testing the first two hypotheses. However, these indicators have the downside that they are only available for 11 out of the 13 countries in the sample and between 1985 and 2005, thus excluding the years after the 2008 financial crisis. In contrast, the spending data are available for all 13 countries and for most of the years between 1980 and 2015. In addition, the spending data clearly capture the direction of policy. Therefore, the spending data are utilized to test Hypothesis 3.

Two indicators are taken from the policy reform dataset created by Angelova et al. (2018); economic reforms and social welfare reforms. The dataset in total codes 5,600 socio-economic reforms across 13 Western European countries and over twenty years (1985−2005). After merging the ministerial data with the policy reform data, 11 Western European parliamentary democracies remain in the dataset: Austria, Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Portugal, Spain and Sweden, thus losing Greece and Norway.[4]

These models include a battery of political and economic controls that are known in the literature to predict policy change. The political controls are: the seat weighted ideological alternation of the government, measured as the distance between the incumbent government and the average of all governments the last four years prior (Angelova et al. 2018: 294); the years left in the legislative term, and election years. The expectation is that fewer reforms should take place in an election year while more reforms should happen at the beginning of

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[4] France is a semi-presidential democracy and Finland had been considered a semi-presidential regime until the recent reforms that weakened the power of the president.

the legislative term (Hübscher and Sattler 2017), and when the distance between the incumbent government and the status quo is higher. Finally, the left-right ideological position of the prime minister as measured by the Comparative Manifesto Project (RILE) is included. The economic controls are: economic recession, coded as one when GDP is negative, and employment crisis, coded as one when unemployment is higher than 11.6, the sample mean plus one standard deviation (Angelova et al 2018). Finally, the indicators for Union Density and Wage Bargaining Level (Visser 2013) are included to control for the role of the economic institutions.

In terms of the policy outcome variables, three indicators are used: total public spending, spending on health and on public pensions as percentage of GDP. These data are coded by the Organization of Economic Cooperation and Development (OECD) and were retrieved by the Quality of Government Database (Samani et al. 2010). With these data it is possible to test whether technocrat finance ministers are associated with more cuts in public spending than partisan ministers.

Empirical models

Two different estimation methods are employed for the two sets of dependent variables; a negative binomial model for the qualitative indicators of policy reform and an error correction model for the spending indicators. Negative binomial estimation is used for over-dispersed count data when the conditional variance exceeds the conditional mean. Policy reforms are count variables. For each country/year, the total number of reforms per policy are counted. The negative binomial regression has the same structure as the Poisson regression but with an extra parameter to model the over dispersion. To control for country heterogeneity the errors are clustered by country and country fixed effects are included.

Error correction models (ECM) directly model the dynamic effects in the data, namely, how long interventions have an effect on the dependent variable. In ECM models the dependent variable is in changes, while all regressors are in both changes and lagged levels. This model is appropriate for spending data, which are stationary and balanced (Keele, Linn, and Webb 2016). Country fixed effects are included.

Empirical results

Tables 7.2 and 7.3 test hypothesis 1 and 2 respectively. The results provide weak support to both hypotheses. According to Table 7.2, technocrat finance ministers are more likely to implement economic reforms than partisan ministers. Technocrats in the finance department are 50% more likely to adopt more economic reforms than partisans. This result holds controlling for a battery of economic and political factors, including economic recessions and job crises that are associated with more reforms, and election years, associated with fewer reforms. Nonetheless, it is important to note that technocrats' effect on economic reform barely reaches statistical significance. As Figure 7.2 shows, although the point estimate for technocrats' effect is respectable, with technocrats being associated with twice as many reforms as partisans, the confidence intervals are wide. We need to collect more data on economic reforms and instances of technocratic appointments before we can draw more confident conclusions.

Table 7.2 The role of finance ministers in economic reforms

	(1)	(2)	(3)
	Economic Reforms	Economic Reforms	Economic Reforms
Recession	1.2562	1.2754	1.2924
	(0.244)	(0.242)	(0.251)
Job Crisis	2.4841***	2.4774***	2.4248***
	(0.262)	(0.254)	(0.255)
Alternation	1.2476**	1.2159*	1.2207*
	(0.121)	(0.135)	(0.139)
YearsToElection	1.0206	1.0148	1.0158
	(0.056)	(0.060)	(0.060)
Election Year	0.7474***	0.7514***	0.7505***
	(0.067)	(0.071)	(0.068)
UD	0.9966	1.0005	1.0014
	(0.012)	(0.016)	(0.018)
LEVEL	1.0290	1.0442	1.0429
	(0.101)	(0.108)	(0.106)
Technocrat	1.5256*		
	(0.350)		
Expert		1.1722	
		(0.141)	
Experienced			1.0797
			(0.157)
Constant	5.2519***	4.0080*	4.2682*
	(3.229)	(3.025)	(3.343)
Observations	240	240	240
Robust standard errors in parentheses			
*** p<0.01, ** p<0.05, * p<0.1			

Figure 7.2 Predicted number of economic reforms by technocrat finance ministers
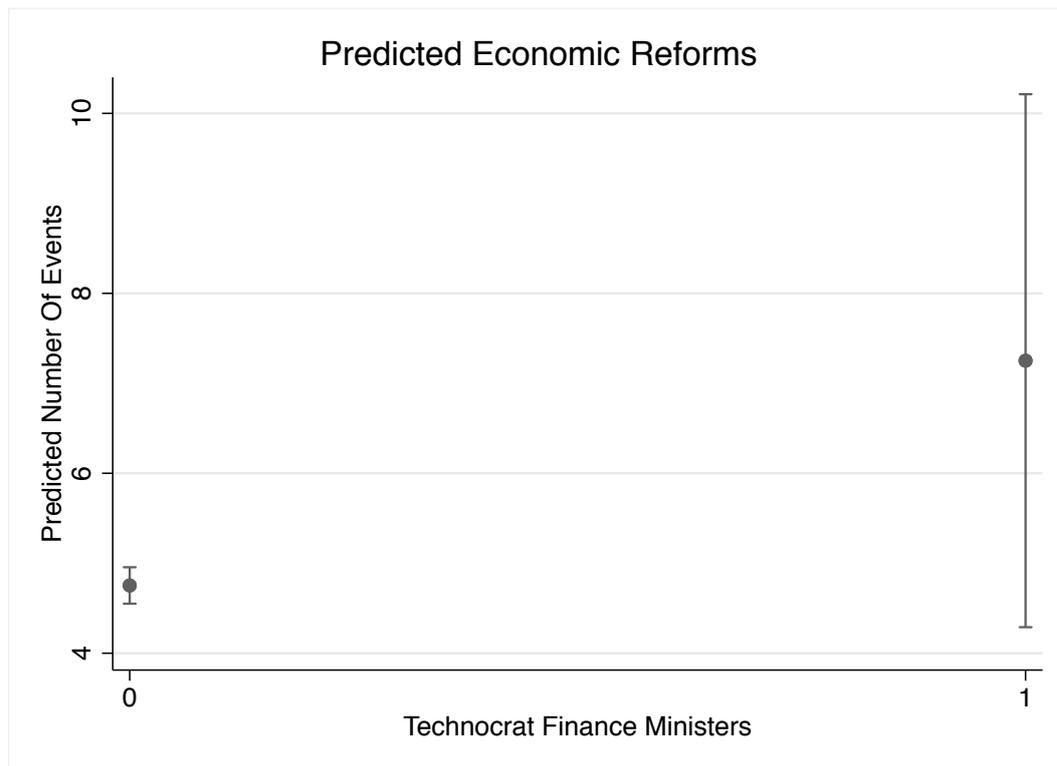
Moving to Table 7.3, we find that technocrats in the social affairs portfolios are also associated with a larger number of welfare reforms but in this case the coefficient fails to reach conventional statistical significance. This is in line with Hypothesis 2, according to which social welfare technocrats should have a harder time to undertake reforms than technocrats in the finance portfolio. In terms of the control variables, social welfare reforms increase when there is economic recession and earlier in the legislative term but not during unemployment crises and not during election years. Neither union density nor wage bargaining coordination predict changes. Overall, there is not much evidence of individual effects on policy reform with the exception of technocrat finance ministers.

Table 7.3 The role of social affairs ministers in social welfare reforms

	(1)	(2)	(3)
	Social Welfare Reforms	Social Welfare Reforms	Social Welfare Reforms
Recession	1.3237*	1.2877*	1.3374*
	(0.192)	(0.196)	(0.200)
Job Crisis	1.3433	1.3567	1.3747
	(0.385)	(0.372)	(0.403)
Alternation	0.9967	0.9958	1.0056
	(0.099)	(0.101)	(0.098)
YearsToElection	1.1488***	1.1476***	1.1506***
	(0.055)	(0.052)	(0.051)
Election Year	0.6012***	0.6068***	0.6051***
	(0.071)	(0.073)	(0.070)
UD	0.9843	0.9863	0.9810
	(0.024)	(0.021)	(0.023)
LEVEL	0.9758	0.9860	0.9793
	(0.059)	(0.065)	(0.067)
Technocrat	1.4740		
	(0.379)		
Expert		0.8284	
		(0.103)	
Experienced			1.1362
			(0.155)
Constant	8.6483**	8.5253***	9.8269***
	(7.474)	(6.238)	(8.544)
Observations	240	240	240
Robust standard errors in parentheses			
*** p<0.01, ** p<0.05, * p<0.1			

Table 7.4 The role of finance ministers in public social spending, old pensions and health

	(1)	(2)	(3)
	ΔTotal Public Social Spending	ΔPublic Pensions Spending	ΔPublic Health Spending
Lagged DV	-0.0769***	-0.1003***	-0.1397***
	(0.011)	(0.018)	(0.023)
Δ Growth	-0.2129***	-0.0847***	-0.0495***
	(0.049)	(0.016)	(0.013)
Growth Lag	-0.1818**	-0.0691***	-0.0315**
	(0.072)	(0.016)	(0.013)
Δ Unempl.	0.1173*	0.0160	-0.0200
	(0.062)	(0.017)	(0.016)
Unempl. Lag	-0.0451**	0.0100	-0.0137*
	(0.019)	(0.008)	(0.007)
ΔUnion Density	0.0704	0.0018	0.0040
	(0.047)	(0.014)	(0.010)
UD Lag	-0.0123	-0.0143***	-0.0179***
	(0.012)	(0.004)	(0.004)
Δ PM Rile	0.0016	0.0011	-0.0004
	(0.002)	(0.001)	(0.001)
PM Rile Lag	-0.0020	-0.0003	-0.0002
	(0.003)	(0.001)	(0.001)
Δ Fin. Crisis	0.9565**	0.2342**	0.3898***
	(0.371)	(0.099)	(0.096)
Fin. Crisis Lag	-0.1143	0.0000	0.0020
	(0.152)	(0.000)	(0.051)
Δ Technocrat	-0.4979***	-0.1231*	-0.1433**
	(0.116)	(0.061)	(0.055)
Technocrat Lag	-0.2431**	-0.0446	-0.1433***
	(0.080)	(0.032)	(0.032)
Constant	3.3410***	1.5925***	1.9336***

	(0.521)	(0.176)	(0.291)
Observations	366	347	334
R-squared	0.573	0.438	0.368
No of countries	13	13	13
Robust standard errors in parentheses			
*** p<0.01, ** p<0.05, * p<0.1			

Table 7.5 The role of expert finance ministers in public social spending, old pensions and health

	(1)	(2)	(3)
	Δ Total Public Social Spending	ΔPublic Pensions Spending	ΔPublic Health Spending
Lagged DV	-0.0727***	-0.1015***	-0.1326***
	(0.012)	(0.019)	(0.020)
Δ Growth	-0.2118***	-0.0841***	-0.0492***
	(0.050)	(0.015)	(0.013)
Growth Lag	-0.1787**	-0.0683***	-0.0294**
	(0.073)	(0.015)	(0.013)
Δ Unempl.	0.1180*	0.0171	-0.0184
	(0.059)	(0.016)	(0.017)
Unempl. Lag	-0.0443*	0.0115	-0.0131*
	(0.021)	(0.008)	(0.006)
Δ Union Density	0.0729	0.0030	0.0067
	(0.046)	(0.014)	(0.007)
UD Lag	-0.0124	-0.0146***	-0.0175***
	(0.012)	(0.005)	(0.004)
Δ PM Rile	0.0021	0.0012	-0.0004
	(0.002)	(0.001)	(0.001)
PM Rile Lag	-0.0025	-0.0005	-0.0004
	(0.003)	(0.001)	(0.001)
Δ Fin. Crisis	0.9229**	0.2348**	0.3605***
	(0.370)	(0.096)	(0.089)
Fin. Crisis Lag	-0.1136	0.0000	-0.0020
	(0.134)	(0.000)	(0.048)
Δ Expert	-0.1003	0.0135	-0.0405
	(0.121)	(0.048)	(0.036)
Expert Lag	0.1210	0.0607*	0.0271

	(0.092)	(0.032)	(0.034)
Constant	3.1325***	1.5561***	1.8306***
	(0.492)	(0.179)	(0.263)
Observations	366	347	334
R-squared	0.569	0.437	0.360
No of countries	13	13	13
Robust standard errors in parentheses			
*** p<0.01, ** p<0.05, * p<0.1			

Table 7.6 The role of experienced finance ministers in public social spending, old pensions and health

	(1)	(2)	(3)
	ΔTotal Public Social Spending	ΔPublic Pensions Spending	ΔPublic Health Spending
Lagged DV	-0.0721***	-0.0997***	-0.1390***
	(0.012)	(0.019)	(0.023)
Δ Growth	-0.2070***	-0.0823***	-0.0474***
	(0.049)	(0.015)	(0.013)
Growth Lag	-0.1748**	-0.0674***	-0.0291**
	(0.074)	(0.016)	(0.013)
Δ Unempl.	0.1189*	0.0160	-0.0165
	(0.062)	(0.017)	(0.017)
Unempl. Lag	-0.0465**	0.0109	-0.0098
	(0.020)	(0.008)	(0.007)
Δ Union Density	0.0701	-0.0005	0.0048
	(0.047)	(0.015)	(0.006)
UD Lag	-0.0130	-0.0150***	-0.0189***
	(0.013)	(0.005)	(0.004)
Δ PM Rile	0.0021	0.0013	-0.0001
	(0.002)	(0.001)	(0.001)
PM Rile Lag	-0.0022	-0.0002	0.0001
	(0.003)	(0.001)	(0.001)
Δ Fin. Crisis	0.9428**	0.2316**	0.3425***
	(0.365)	(0.100)	(0.092)
Fin. Crisis Lag	-0.1686	0.0000	-0.0548
	(0.151)	(0.000)	(0.060)
Δ Experienced	-0.0279	-0.0018	0.0680*
	(0.077)	(0.041)	(0.033)
Experienced Lag	0.0547	0.0625	0.1140**
	(0.121)	(0.066)	(0.048)

Constant	3.2115***	1.5831***	1.9014***
	(0.546)	(0.197)	(0.292)
Observations	366	347	334
R-squared	0.563	0.436	0.370
No of countries	13	13	13
Robust standard errors in parentheses			
*** p<0.01, ** p<0.05, * p<0.1			

The findings in Tables 7.2 and 7.3 are in line with anecdotal evidence. While there are cases of successful social welfare technocrats such as Aart Jan de Geus, who remained in office for five years and made substantial changes in the welfare system, there are also many non-successful technocrats, such as Tasos Giannitisis, who was replaced a year after his appointment by a party loyalist.

De Geus was appointed by the Dutch Christian democrat prime minister Balkenende who was in a coalition with the right-wing liberals (Alexiadou 2016). Even though the social democratic unions mobilized against the reforms and a large part of the Christian democratic party did not support them, De Geus was able to pass many of his proposals due to the support of the liberals and the liberal finance minister. In contrast, Giannitsis was against most of PASOK, a social-democratic party with very strong links to power public sector unions. Despite the prime minister's support to his minister, the pressure from the unions, senior party members and backbenchers was too strong to let the reforms pass. In addition, according to several newspaper reports, Giannitsis had not managed to communicate the reforms either with other cabinet ministers or with stakeholders (Λαμψίας 2001; Πρετεντέρης 2001).

This is not to say that technocrats have no policy effects. Finding a statistically significant effect of an individual on policy reforms all else equal is a tall order. Table 7.4, shows that technocrat finance ministers have concrete effects on the direction of policy; they are consistently associated with cuts in social public spending and in particular in health spending. Health spending accounts for a very significance percentage of total spending, with an average of 8% of the GDP. This is to be expected as all 13 countries in our sample health provisions are predominantly public. Naturally as almost all citizens benefit from public health spending, there is very strong support for continued funding of public health services. This is why the results in Tables 7.4, 7.5 and 7.6 are of particular interest.

Table 7.4 reports the policy impact of technocrat finance ministers on total public spending (Column 1), old age public pensions spending (Column 2) and health spending (Column 3). Table 7.5 reports the policy impact of expert finance ministers and Table 7.6 reports the impact of experienced finance ministers. Looking at the three tables together, it is clear that technocrats are consistently associated with cuts in public spending, particularly health spending. In contrast, experienced ministers are associated with significant increases in health spending (Table 7.6). The three tables indicate that partisans do not like or are not able to cut pensions or health spending; technocrats on the other hand, can and do. Appointing a technocrat to the finance portfolio leads to an immediate reduction in health spending by 0.15% of spending per GDP, and a long-term reduction of 1% per GDP. This is a substantial policy effect. Technocrats are also associated with 3% less total social spending in the long-run.

Conclusion

According to Blondel (1993) chief executives concerned with the success of the policies and the competence of ministers would consider appointing non-partisan/expert ministers who would have necessary technical skills required to implement successful policies. Yet, the literature has not studied sufficiently the role of non-elected, expert ministers on policy. In fact, according to Besley (2005: 44), the modern political economy literature "has not only neglected the problem of political selection, it has been positively hostile to the topic". This chapter addresses this important issue which has implications for questions of governance and representation.

The empirical findings in this chapter show that in parliamentary democracies that allow the appointments of non-elected ministers, technocrats appointed to the highest

economic portfolio have concrete policy effects. Technocrats appointed to the portfolio of finance have a significant policy impact and adopt twice as many economic reforms as partisans. Importantly, technocrat finance ministers are associated with cuts in public social and health spending, while experienced politicians are associated with increased spending. This is in line with the expectation that technocrats should be associated with unpopular cuts in social spending that partisans do not want to implement in fear of subsequent electoral costs. Nonetheless, there is no evidence that technocrat social welfare ministers have a statistically significant effect on social welfare reforms.

The findings in this chapter are the first to provide an initial evidence on the policy effects of technocrat finance ministers in Europe. Yet these findings and the anecdotal evidence in the chapter raise questions for further research. If voters do not want the reforms, how and why can technocrats stay in office and implement them? What are the underlying political and social factors that determine the tenure of technocrat ministers?