

## **Aris Trantidis: *Clientelism and economic policy: Greece and the crisis***

**Routledge, New York, NY, 2016, xiii + 255 pp, USD 145.00 (hardcover)**

**Nick Cowen<sup>1</sup>**

© Springer Science+Business Media, LLC 2017

*Clientelism and Economic Policy* is an application of public choice to explain the contemporary political economy of Greece, as well as a broader theoretical contribution to the study of clientelism as a political and economic phenomenon. Trantidis distinguishes clientelism from the typical notion of interest-group politics by describing patron-client relationships as long-term and embedded in a party system. Clientelism offers selective benefits to party supporters on a regular basis. Trantidis' description of political parties as structures for rent distribution channeled through publicly-owned enterprises resonates with Wagner's (2016) theory of entangled political economy. Rent distribution serves as a key strategy for political parties to safeguard their cohesion and capacity for mobilization during and between elections. This system bundles together rent-seeking activities, skews electoral competition, and ultimately strangles the productive economy.

Trantidis presents clientelism as the side effect of a substantially state-regulated economy. Within this setting, it is rational for politicians and their supporters to allocate rents in ways that generate club goods and private benefits. When Greece transitioned to democracy while still recovering from a bitter civil war, both the right-wing New Democracy party and the left-wing PASOK established large structures of clientelism in order to build mass party bases. In doing so, the two major parties developed enduring ties with public sector unions, using public appointments and promotions as the reward for political support and loyalty. The result was a scheme of co-dependence that meant that neither party could ever reduce benefits to clients without cutting off their connection with their support groups. This clientelist equilibrium, as Trantidis describes it, largely accounts for Greece's unreformed public sector and fiscal profligacy. For clients and patrons alike, preserving and developing this distributional system was vital for their own career advancement.

---

✉ Nick Cowen  
nick.cowen@nyu.edu

<sup>1</sup> Classical Liberal Institute, New York University School of Law, New York, NY 10012, USA

The book explains the persistence of poor institutions that result from the development of a clientelist system. Even when facing imminent economic crisis, within-party antagonisms and inter-party competition make it extremely difficult, if not outright impossible, for political leaders to agree on reform. Trantidis describes the reform policies in Greece in the 1980s, 1990s, and 2000s, and how these policies left clients' interests protected, augmenting their status relative to outsiders. He also discusses various attempts to depart from this equilibrium and their ultimate failure in the face of reactions from those within the political parties. The clientelist system's resilience and adaptability is remarkable. Given this context, Trantidis explains how Greece joining the European Union and the Eurozone served as a critical lifeline for an otherwise unsustainable political structure. It unleashed new EU-wide funds and temporarily assured international lenders of the country's creditworthiness. Euro membership was merely the last successful attempt at delaying the inevitable crisis.

Trantidis' contribution challenges accounts that are too quick to turn Greece's story into a crude morality play between creditors and debtors or a culture-specific crisis. Although sensitive to the tragedy, he locates the cause in a rational 'clientelist game' that traps both citizens and politicians in a destructive, unsustainable competition for rents, a pattern which can be observed in other countries too.

The result is a book that enriches both our understanding of Greece's present economic malaise and public choice as an open-ended research program capable of interpreting a variety of qualitative empirical data. This includes developing theory based on textual analysis of archival material, press reports, and commentary. The book's theoretical contribution has the inevitable weakness of covering a single-case study. But this research design has advantages too. By delving into one country's experience Trantidis discerns how incentive problems and limited information work together as both objective and subjective barriers to reform-minded social cooperation. In *Clientelism and Economic Policy*, Trantidis explains not just a prominent case of crisis in the Eurozone periphery, but also helps advance both methodologically and substantively what Vincent Ostrom (1993, p. 164) describes as the periphery of public choice itself.

## References

- Ostrom, V. (1993). Epistemic choice and public choice. *Public Choice*, 77(1), 163–176.
- Wagner, R. E. (2016). *Politics as a peculiar business: Insights from a theory of entangled political economy*. Cheltenham: Edward Elgar Publishing.