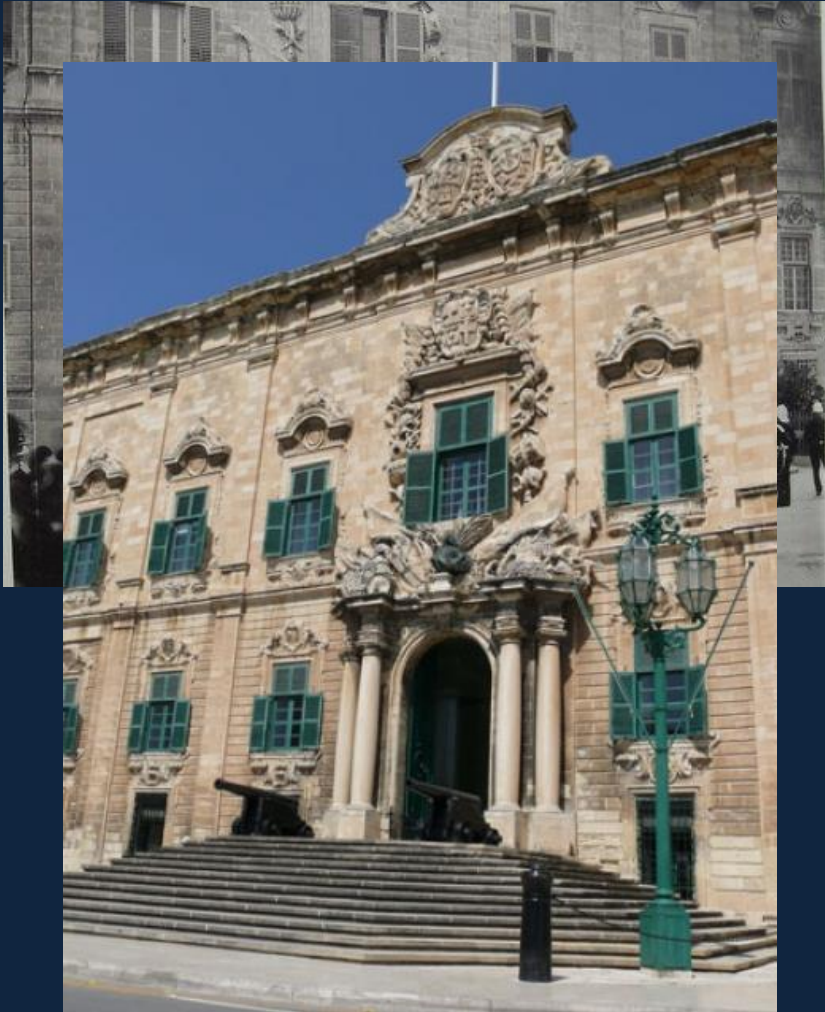


The Changing Profile of Malta

From State Paternalism to an EU Member
State

What 'state profile'?



Institutional profile –
constitutional order

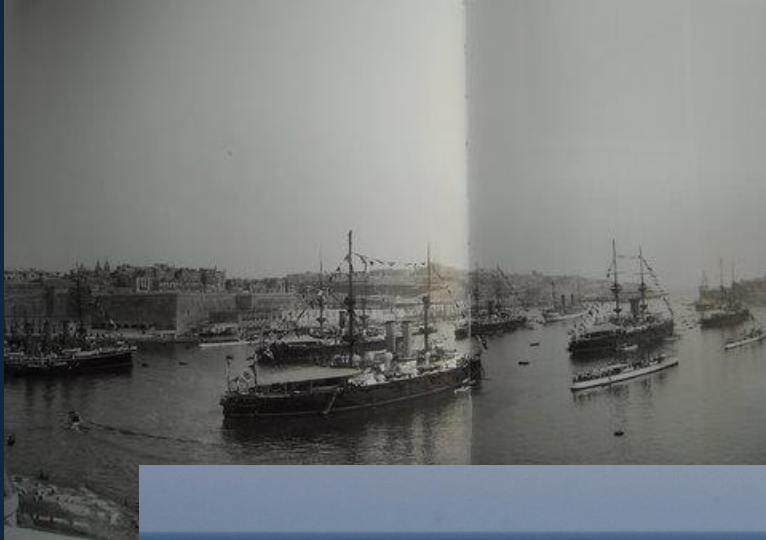
Political and administrative
organisation and processes

Economic role

Socio-cultural identity

Regional profile

Making sense of change and continuity



- From 'fortress' to 'entrepôt'
- Four stages –
- Reconstruction, 1943 – 1960
- State-building, 1961 – 1987
- Reform, 1988 – 1998
- Europeanisation, 1999 – 2004



Clarification of terms and approaches:

The Fortress



- Cf. Warrington & Milne, 2007: typology of island governance
- Rapid development, based on a sophisticated defence, communications and transport infrastructure
- Paternalistic government with autocratic tendencies
- Symbiosis between metropolitan and local elites, eg, Church and State, or civil service and expatriate officers, or expatriates and local warrior tribes
- An insecure national identity

Clarification of terms and approaches: The Entrepôt



- An island's fondest dream
- Affluence and security
- A competitive regional hub: services, communications, commodity trade and transport
- Political stability – democracy, strong leadership, consensual politics, limited dissent
- Ambitious social engineering to foster competitiveness: a conservative ethos and modern lifestyle

Hazards and pitfalls

- A tendency to examine *events*, rather than *developments*
- A tendency to focus on *politics* to the exclusion of *political economy*
- A tendency to think in terms of 'pre-1987' (Labour hegemony) and 'post-1987' (Nationalist hegemony)
- A tendency to think of Malta as *sui generis*.

Reconstruction, 1943 – 1960: Drama



- Heroic epic, heroic ambitions, heroic means
- The post-war 'trinity' – Crown, Church, mass membership political parties
- Restitution of 'Dyarchy'
- War Damage Funds

Reconstruction, 1943 – 1959:

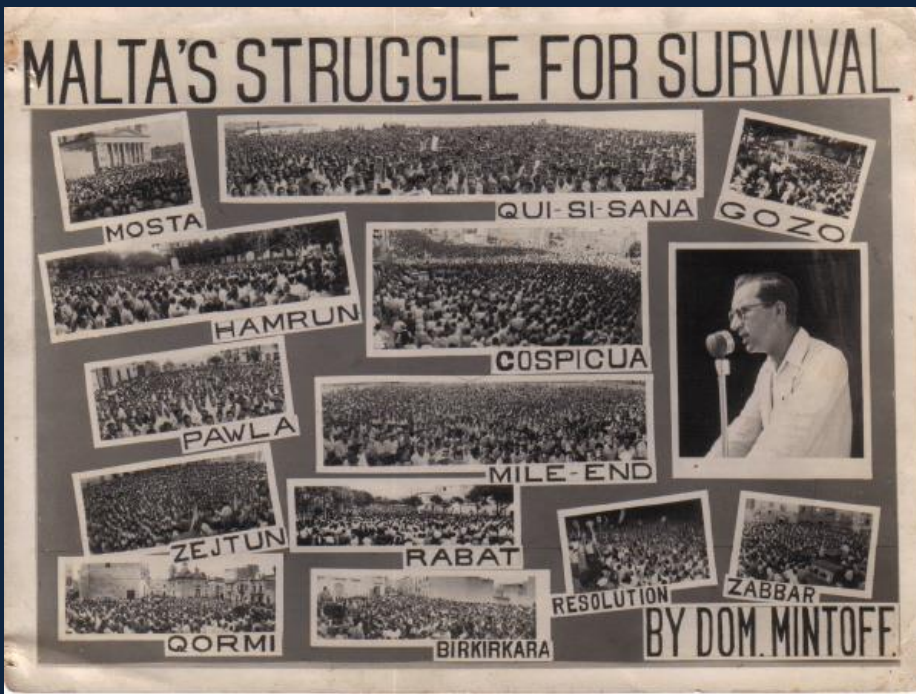
Actors and props



- A master architect, Dom Mintoff
- A master plan, Integration and 'economic equivalence'
- The challenge of economic development: Streeten et al and the mirage of economic planning
- Social engineering: urban planning (1944); free, compulsory primary education (1946), emigration (1947), social security (1956)

Reconstruction, 1943 – 1960:

Deep-seated instability, crises and dissolution



- Struggle between moderates and radicals in MLP
- Unstable coalitions, 1950-54
- Conflict between Church and MLP – a struggle between tradition and modernity?
- Conflict between Imperial and Maltese interests – *Melitensium amor and British imperium* part company?
- Conflict between 'management' and 'workers' over Dockyard privatisation

Reconstruction, 1943 1960: Legacy



- A powerful, *inconclusive* contest over Malta's future and the future shape of its constitutional order
- Mass emigration climaxes
- Advent of development planning (First Dev Plan, 1959-1964)
- Dockyard Privatisation (1959)
- Working class ascendancy? – MLP/GWU hold the initiative
- State paternalism eclipses Christian charity – the real herald of secularisation

State-building, 1961 – 1987: Drama



- To statehood ... with a whimper, not a bang!
- Two 'trinities': (a) MLP, PN, Catholic hierarchy; (b) agriculture, manufacturing industry, tourism
- Westminster-Whitehall parliamentary state – established 1964; consolidated 1974; contested 1981-87
- Defence and Financial Assistance Treaty – in force 1964, renegotiated 1972, terminated 1979; replaced by Italo-Maltese Financial Protocol

State-building 1961-1987:

Actors and Props



BANK ĊENTRALI TA' MALTA
EUROSISTEMA
CENTRAL BANK OF MALTA



- Leadership: the apogee and end of the wartime heroes – Cuschieri, Gonzi, Borg Olivier, Mintoff
- New governing institutions: Central Bank (1967), Malta Development Corporation (1968)
- Decline of the traditional public service and renewal of the Catholic Church
- Hegemony of the mass membership parties in government and society

State-building, 1961 – 1987: All change!

A changing urban and rural landscape



New faces in the political and regional arena



State-building, 1961-1987: Apogee of state paternalism



- 'the mixed economy', 'dependent development' and a continuing search for 'economic rents' (Vella, 1994)
- The partial successes of diversification
- A leading role for state enterprise: new enterprises and nationalisation – new sources of patronage in employment and enterprise; end of the fortress, but no end to the 'fortress economy' (Scicluna, 1992)
- Consolidation of the welfare state – National Pension Scheme, 1979, home ownership and social housing

State-building, 1961 - 1987:

Contests and crises: *Labour contra mundum*



- A strategy of 'primed' contests – the law of diminishing returns
- Britain, Europe and the Arab World – growing diplomatic isolation
- Labour vs public sector workers, 1977 – 1984: discrediting of public administration; public bodies as arenas of partisan conflict

State-building, 1960 - 1987:

Contests and crises: *Labour contra mundum*

- Labour vs. Medical profession, 1977 – 1987: stalemate
- Labour vs. Catholic Church: fought to a standstill; rise of a new lay assertiveness in the governance of the Church
- Labour vs. Nationalist Party: a resurgent and ultimately triumphant new mass movement – the middle class in the ascendant?

State-building, 1960 – 1987: Legacy



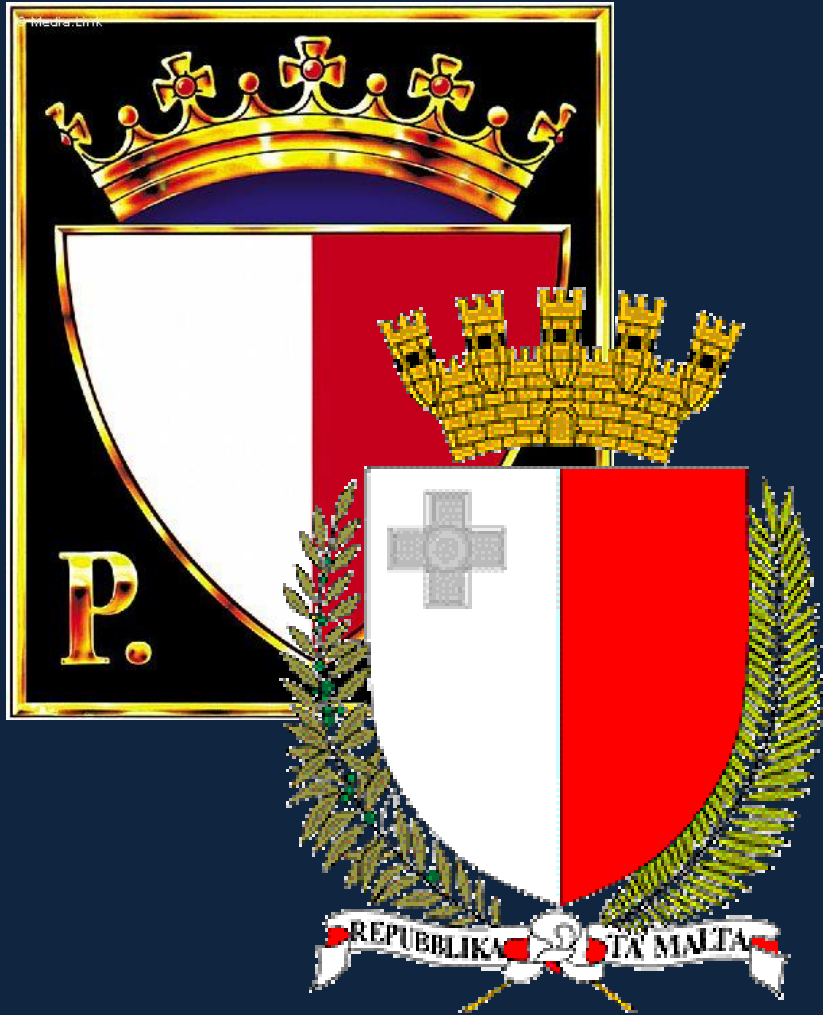
- State-led development: the state as entrepreneur, *pater familias* and patron
- Generalised affluence and generalised dependence on state employment or contracts
- ‘Shabbiness’ as a distinguishing trait of the Maltese public domain: poor design, poor materials, poor workmanship

State-building, 1960 – 1987: Legacy



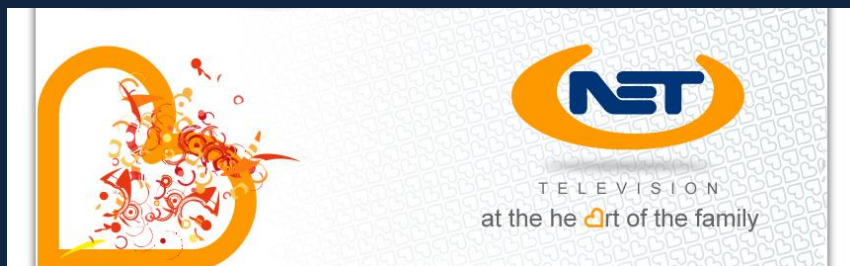
- A conflictual style of politics – visceral mistrust of ‘independent’ voices
- Intense partisanship in politics and administration
- An uneasy but enduring democracy
- Glimmerings of an alternative future political economy
- A tradition of fiscal prudence

Reform 1988-1998: Drama



- Uneasy transfers of power: 1987; 1996; 1998; and within MLP – and an uneasy democracy
- Legitimizing and consolidating the affluent society
- Dismantling the fortress economy ... but not the State
- Consensual constitutional development

Reform, 1988-1998: Actors and Props



- Mass media ... Party-owned and controlled
- Advisors and consultants ... in and out of government
- New professions ... having ministerial patrons
- Local councils ... Party-controlled
- Environmental activists

Reform, 1988-1998:

Institutional development

- **Constitutional development:** a more elaborate constitutional order, adding checks and balances within and outside the three-fold separation of powers
- **Cabinet:** the axle turning the wheels of government and public administration
- **Public service:** review of organisation; significant investment in IT and HR; New Public Management
- Corporatisation and disposal of non-performing enterprises – rise of the **statutory authority**
- Institution of **local councils** – closely scrutinised by central government and dominated by big parties

Reform, 1988-1998: Political economy

[Partially] redesigning the fortress economy



- Economic liberalisation: imports, exports
- Establishment as off-shore banking sector
- *Partial* dismantling of state monopolies
- Sectoral 'master-plans' linked to 'Structure Plan'
- Fiscal experimentation: tax reform; dramatic expansion of public debt – drawing undeclared assets into the formal economy
- Stock Exchange established
- Continuing investment in public infrastructure

Reform, 1988-1998: Social programme



- Celebrating the affluent society with *panem et circenses* – consumption displaces *għaqal*
- Empowerment by legislation and education
- Concern about a visibly aging society
- Rewards for occupational groups who had supported the PN in opposition
- ‘Buying out’ actual or potential opponents
- Continuing conservative ethos

Reform, 1988-1998: The end of the Cold War – new opportunities and challenges



- Scaling up diplomatic activity – rehabilitating Malta's diplomatic credentials in New York, Brussels, Rome, London
- Application for EU membership 1990 – reciprocal hesitation and prevarication – appearance of a new 'fault line' in domestic politics

Reform, 1988-1998: Legacy

Achievements

- A new spirit of muscular self-confidence, at home and abroad
- Grand gestures and quiet, purposeful activity in politics and public policy
- More robust institutional and economic frameworks
- Pacification/marginalisation of radical groups
- Emergence of a stakeholder democracy

Unresolved issues

- General ambivalence towards the European Union
- Reinforced hegemony of the two major political parties
- Fiscal stability
- Economic growth vs. Environment and 'aesthetic' values
- Democratisation vs. Social conservatism

Europeanisation, 1999-2004: Drama



- A bitter contest about Maltese identity and strategic interests: Malta fl-Ewropa vs. Svizzera fil-Mediterran
- Rapid, planned and fundamental changes to policy, politics and polity

Europeanisation, 1999-2004:

Actors and Props



- Quadrumvirate: PM, PA to PM, MFA, Enlargement Commissioner
- European Institutions (chiefly the Commission) and Member States
- Cabinet and Cabinet Committees
- MEUSAC and co-ordination machinery
- Special interests, business and social; 'celebrities'

Europeanisation, 1999-2004: Institutional Development



- A new constitutional order implying cession of Parliamentary sovereignty and Executive initiative and external accountability
- A more professional public service incorporated into European networks of officials
- [Partial] privatisation and inception of 'regulatory' state
- A new breed of public servant: the entrepreneur
- Multiple centres of gravity for policy-making and policy-makers

Europeanisation, 1999-2004:

Political economy



- New privatisation strategy: sale to multinational firms
- Transitional arrangements to ease incorporation into the Single Market
- General preference for large firms
- Adoption of economic and monetary regimes of EU – preparation for admission to Eurozone
- Partial easing of employment protection regimes

Europeanisation, 1999-2005:

Social agenda



- Building of *Mater Dei* absorbs energy and political capital
- Race to expand higher education - MCAST
- Social security reform suspended
- Social policy in disarray ... but stirrings of debate on new issues: divorce, employment benefits
- Secularisation through commerce rather than through political action
- Immigration

Emancipation, 1999-2004: Legacy

Achievements

- Accession to the EU ...
- Convergence of PN and MLP positions following accession
- Burial of the fortress economy ...
- [Partial] emancipation of civil society associations ...
- More sophisticated policy-making

Unresolved issues

- Winners and losers?
- An exhausting struggle that has demoralised both parties – what future for MLPN?
- But no end to the paternal state – ‘grand corruption’?
- But establishment of a hegemonic business class
- But neglect of domestic administration?

Some observations

- External contingencies (British Defence Reviews, rise of Arab nationalism, end of the Cold War, European integration) create opportunities for domestic change
- Bitter contests over Malta's strategic options – hence, persistence of polarisation; and heavy costs (financial, economic, social) of change
- Working class ascendancy gives way to middle class ascendancy towards end of the 20th C and that, in turn, seems to be ceding the initiative to new class of large entrepreneurs
- Seeking economic 'rents' remains a vital strategy for national subsistence even in the Single Market

Looming questions

- Welfare provision – especially pensions and health care
- Social institutions – marriage and the nuclear family
- Immigration and community (race) relations
- Environmental degradation
- Corruption – party-government-business nexus