



## *Troika's Portuguese Ministry of Justice Experiment, Part II: Continued Positive Results for Civil Enforcement Actions in Troika's Aftermath*

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### Abstract:

This article constitutes part II of a series of studies on the impact of measures implemented by the Portuguese Ministry of Justice. Particularly, it addresses the results at the level of civil enforcement actions resulting from goals inscribed in the *MoU* signed between Portugal and the so called *Troika* (IMF/EC/ECB). The empirical study is now expanded to encompass the quantitative analysis of results achieved not only during the *Troika's* period but during the post-*Troika* period as well. Results show a continued positive effect for civil enforcement actions in *Troika's* aftermath.

**Keywords:** *Troika*; Memorandum of Understanding (*MoU*); Portuguese Ministry of Justice; Civil Enforcement Actions; Public Policy Evaluation.

### 1. Introduction

In the 21<sup>st</sup> century, the rule of law model has struggled to assimilate and accompany the vertiginous, simultaneous evolution of societies, states, companies and citizens all over the world. Judicial systems appear to have become victims of an important economic problem pointed out, several decades ago, by intellectual heavyweights like Barnard and Hayek: the inability to rapidly adapt to changing circumstances<sup>2</sup>.

In the recent past the Portuguese judicial system has been no exception to this rule, as was pointed out in 2011, by the European Commission, the European Central Bank and the International Monetary Fund. Signed in May of that same year between Portugal and those three institutions, the Memorandum of Understanding on Specific Economic Policy Conditionality (*MoU*)<sup>3</sup>, aimed to induce a wide range of improvements in the Portuguese justice sector, most notably: ensuring timely and effective contracts enforcement (something of the utmost importance for a healthy economy); and ensuring efficiency increases by means of backlog reduction (achieved through court system restructuring, new court management models and facilitation of out-of-court settlement procedures).

During the implementation phase of the assistance programme the compliance with the measures inscribed in the *MoU* was judicious and complete. Positive results gradually started to become undeniable<sup>4</sup>.

This article expands on the statistically objective account of the *Troika's* Portuguese Ministry of Justice experiment, presented by Correia and Videira (2015). The authors expect the expanded analysis will continue to stimulate the academic and judicial system debate on these subjects and, as well, continue to inspire additional theoretical and empirical research.

### 2. Framework and Objectives

Family and commercial over-indebtedness, low saving levels, easy-terms credit and low levels of economic growth, prosperity and productivity could easily characterise the Portuguese society at the end of the first decade of the new

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<sup>2</sup> Barnard (1971); Hayek (1973, 1978, 1979).

<sup>3</sup> Portugal (2011).

<sup>4</sup> Correia and Videira (2015).

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millennium. This state of affairs led to high levels of financial obligation defaults and, in turn, to big increases in litigation associated with debt collection, including massive surges in the numbers of civil enforcement actions processed by the judicial system<sup>5</sup>.

The judicial system composition was noticeably complex and, many times, even counterproductive and burdensome. It was not equipped to deal with such an increase in demand, particularly of civil enforcement actions. It needed reform.

The reform of the Portuguese justice system took as one of its main priorities the substantial reduction of the civil enforcement actions backlog. To achieve that goal, a series of measures<sup>6</sup> ensued, including:

- Improvements to the role of enforcement agents;
- Enhancement of the supervision and disciplinary powers of the regulatory body;
- Judicial map restructuring;
- Improvements to the alternative dispute resolution system;
- Improvements and expediting of civil procedures<sup>7</sup> (comprising the elimination of useless formalisms).

Progressively, after an implementation period that spanned approximately one year and six months, a decline in the number of pending civil enforcement actions became apparent. These results were regarded as particularly meaningful as they brought to an end more than 20 years of continual pending increases.

More than two years after the end of the financial and economic assistance programme and after overcoming the most critical phase, one question remains: has the Portuguese judicial system taken advantage of the rare contextual, political and social, window of opportunity in order to sustain the improvements obtained during the *Troika's* years?

The approach used in this paper closely follows the one presented by Correia and Videira (2015). Despite the mounting, noteworthy literature on the subject no particular theoretical perspective was favoured by the authors in order to encourage readers to abstain from any type of theoretical framework<sup>8</sup> lure.

Therefore, it is important to stress that the purpose of this article is to circulate and make accessible a theoretically neutral and statistically sound analysis of the *Troika's* Portuguese Ministry of Justice experiment aftermath (giving particular emphasis to the period subsequent to the adjustment program). By doing so, future theoretical and empirical work can be inspired in an unbiased manner.

### 3. Methodology

Empirically, this study analyses civil enforcement actions in Portugal's first-instance courts from the perspective of behavioural temporal evolution of this case type, based on a 111-month sample spanning from January 2007 to March 2016 (a 33-month, 42.3% increase from the 78-month period used by Correia and Videira (2015)). 53 of these 111 months, from January 2007 to May 2011, precede *Troika's* arrival in Portugal (referred to from now on as pre-*Troika's* period); the next 34 months, from June 2011 to March 2014, postdate *Troika's* arrival and predate *Troika's* departure (referred to from now on as *Troika's* period); the remaining 24 months, from April 2014 to March 2016, postdate *Troika's* departure from the country (referred to from now on as post-*Troika's* period). The numbers of new, completed<sup>9</sup> and pending<sup>10</sup> enforcement actions in Portuguese first-instance courts comprise the raw data used in this research paper<sup>11</sup>.

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<sup>5</sup> Directorate General for Justice Policy (2015, 2016).

<sup>6</sup> For a detailed account and description of the measures, see Correia and Videira (2015).

<sup>7</sup> The new Civil Procedure Code (CPC) entered into force on September 2013 (Portugal, 2013b). It is relevant to highlight a particular legislative measure, the Decree-Law 4/2013, of 11 January (Portugal, 2013a), that approved a set of provisional actions to fight the backlog pendency and was later absorbed into the new Civil Procedure Code.

<sup>8</sup> Such as the new public management perspective (Lane 2000; Gomes, 2007; Frederickson *et al.*, 2012; Hill and Hupe, 2014), the theories of judicial governance perspective (Frederickson *et al.*, 2012; Guimarães *et al.*, 2015), the permanent notion of crisis in the judicial systems perspective (Campbell, 2013), the erosion of judicial legitimacy and concern for power separation perspective (Stephenson, 2004; Langbroek, 2008), the human resources productivity and demand pressure perspective (Walsh, 2008), or the macro-model approach of the judicial system perspective (Bell, 2006; Ambach and Rackwitz, 2013).

<sup>9</sup> A precise definition of completed case is provided by the Directorate General for Justice Policy in several of its official data releases (see, for instance, Directorate General for Justice Policy (2014)). For an accurate translation of the concept, see Correia and Videira (2015).

<sup>10</sup> A precise definition of pending case is provided by the Directorate General for Justice Policy in several of its official data releases (see, for instance, Directorate General for Justice Policy (2015, 2016)). For an accurate translation of the concept, see Correia and Videira (2015).

This data (available at <http://www.siej.dgpi.mj.pt>) is released to the public by the Directorate General for Justice Policy, the government agency responsible for statistical data for the justice sector.

The three original variables were complemented by three additional compounded indicators: procedural balance<sup>12</sup>, clearance rate<sup>13</sup> and disposition time<sup>14</sup>. The calculation formulas of these indicators can be found, for instance, in Correia and Videira (2015):

$$\text{Procedural balance}_t = \text{Number of new cases}_t - \text{Number of completed cases}_t$$

$$\text{Clearance rate}_t = \frac{\text{Number of completed cases}_t}{\text{Number of new cases}_t}$$

$$\text{Disposition time}_t = \frac{\text{Number of pending cases}_t}{\text{Number of completed cases}_t} \times \text{Number of days}_t$$

In the absence of Gaussian distributions for the monthly data in each category (pre-*Troika*'s, *Troika*'s and post-*Troika*'s groups of months) the application of the ANOVA parametric test was abandoned<sup>15</sup> in favour of the non-parametric test of Kruskal-Wallis<sup>16</sup> to determine whether:

H<sub>0</sub>: The pre-*Troika*'s period, *Troika*'s period and post-*Troika*'s period datasets have equal medians.

H<sub>1</sub>: The pre-*Troika*'s period, *Troika*'s period and post-*Troika*'s period datasets do not have equal medians<sup>17</sup>.

## 4. Results

This section is divided into two distinct sub-sections. Sub-section (a) presents a descriptive statistical account that establishes a robust body of evidence for the prevalence of positive results not only in the *Troika*'s period but also in the post-*Troika*'s period. Sub-section (b), in turn, makes use of statistical tests to obtain unbiased confirmation of the results suggested by the descriptive statistics analysis.

### 4.1 Descriptive Statistics – Evidence Accumulation Continues

Figure 1 displays the evolution, between January 2007 and March 2016, of the number of civil enforcement actions (incoming and completed) in the Portuguese courts.

Due to the customary judicial vacation period, with particular emphasis on the months of August, seasonality is an inherent feature of the data presented on figure 1. This characteristic seasonality, more intense at the level of the resolved cases, is particularly visible in the 2007-2012 period.

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<sup>11</sup> Cases that were transferred, attached, incorporated or joined to other procedures and those sent to another entity were withdrawn from the initial data, as they do not correspond to new cases in the courts but simply to internal transfers within the Portuguese judicial system and, therefore, do not reflect meaningful supply or demand data.

<sup>12</sup> According to Correia and Videira (2015), “the negative values correspond to a favourable procedural balance (more completed cases than new ones and therefore a decrease in the pendency) and the positive values correspond to an unfavourable procedural balance (more new cases than completed ones and therefore an increase in the pendency)”.

<sup>13</sup> According to Correia and Videira (2015), “the values higher than 100% correspond to a favourable clearance rate (more completed cases than new ones and therefore a decrease in the pendency) and the values lower than 100% correspond to an unfavourable clearance rate (more new cases than completed ones and therefore an increase in the pendency)”.

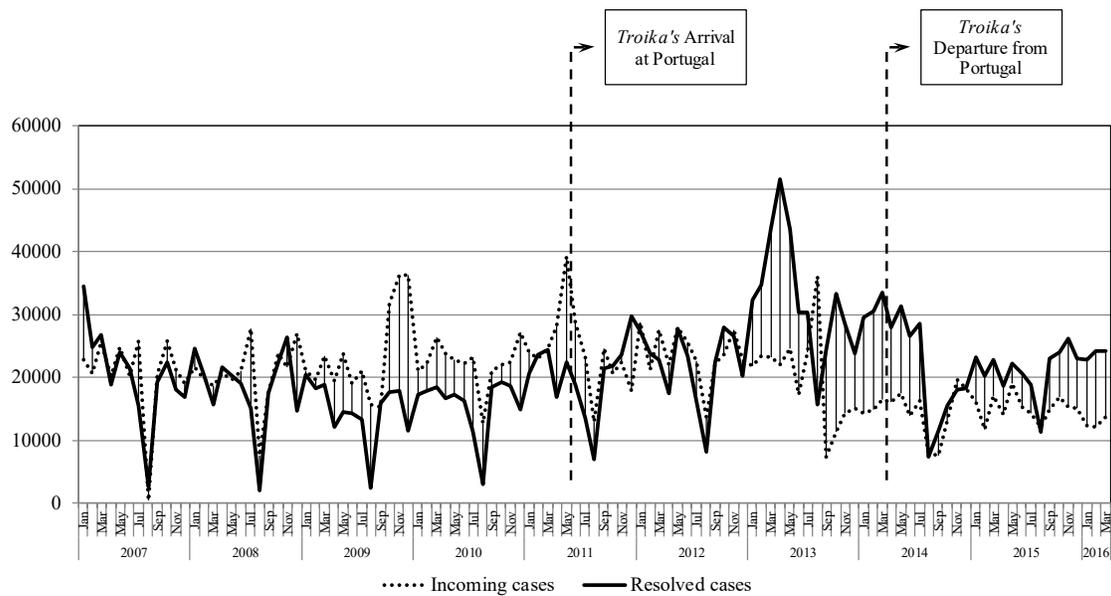
<sup>14</sup> According to Correia and Videira (2015), “the lower the value the most favourable it is”.

<sup>15</sup> The use of the ANOVA test requires the existence of Gaussian distributions and of homoscedasticity (equality of variances). If one (or both) of this prerequisites fails, the ANOVA test should not be applied to that particular dataset.

<sup>16</sup> Kruskal and Wallis (1952). Significance level of 5.00% (0.05).

<sup>17</sup> Examples of application of the Kruskal-Wallis test can be found, for instance, in Correia and Catarino (2016), Catarino and Correia (2016) or Correia *et al.* (2016).

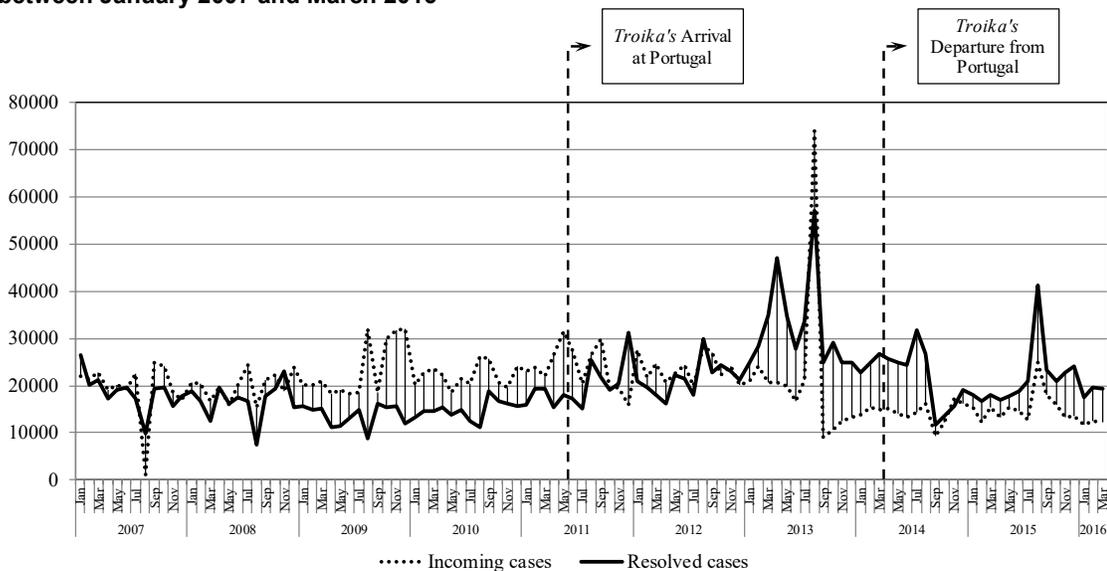
**Figure 1 – Incoming and completed civil enforcement actions, between January 2007 and March 2016**



Source: prepared by the authors.

In order to reduce these effects and obtain a less biased reading, the data was adjusted to compensate for the seasonality effects<sup>18</sup>. Figure 2 presents the monthly numbers of incoming and completed civil enforcement actions, between January 2007 and March 2016, adjusted to compensate for seasonality. The calculations of the procedural balance, clearance rate and disposition time (figures 3 to 5) are based on the values of incoming and completed cases displayed in figure 2<sup>19</sup>.

**Figure 2 – Incoming and completed civil enforcement actions, adjusted according to the seasonality, between January 2007 and March 2016**



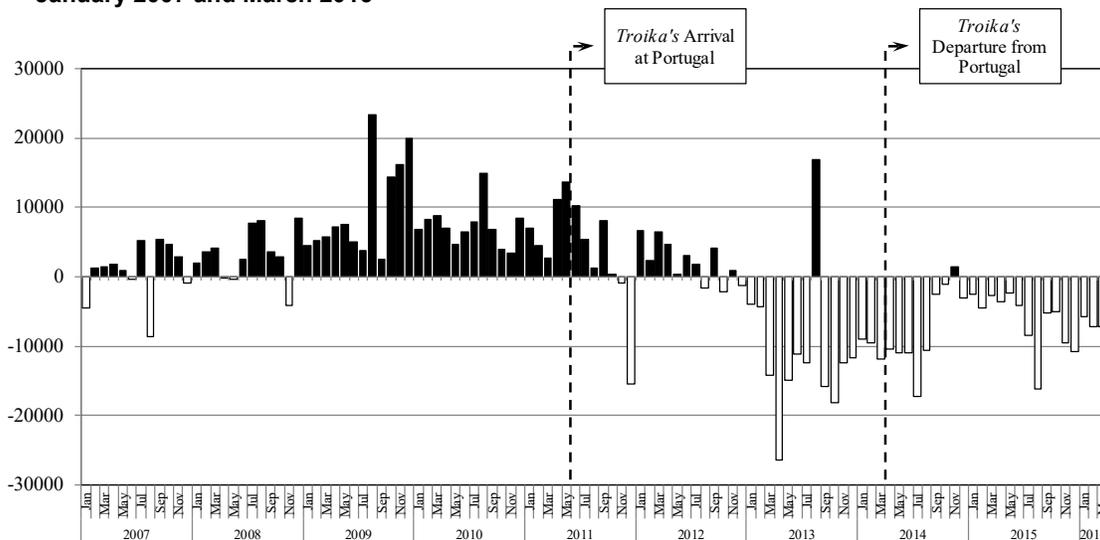
Source: prepared by the authors.

<sup>18</sup> Following the procedure adopted by Correia and Videira (2015), a number of steps were taken, namely, “[...] taking logarithms of each of the original data series (incoming cases and resolved cases)”, the use of “[...] a regression analysis [...] to identify the linear trend on the logged data”, the calculation of the “[...] differences between the logged series and the logged trend” (called residuals), the calculation of “[...] averages of the residuals for each month” (called seasonal factors), the subtraction of the “[...] seasonal factors [...] from the original logged series in order to attain the logged seasonally adjusted series” and finally, the recovery of the “[...] original scales [...] by taking the logged seasonally adjusted series and use them as powers of 10”.

<sup>19</sup> Note that the number of pending enforcement actions is not affected by seasonality and, therefore, adjustment of this data series is unnecessary (figure 6).

The seasonality adjusted procedural balance is, for the period in question, plotted in figure 3. The change in trends reported by Correia and Videira (2015), initiated about 1,5 years after the start of the adjustment program, continues to be well visible in the post-*Troika's* period. Of the 111 months considered in the analysis, 49 presented favorable procedural balances (number of completed cases higher than the number of incoming cases, resulting in a decrease in the pendency equivalent to that same balance). Of those 49 months, 7 (or 14.3%) were recorded in the *pre-Troika's* period, 19 (or 38.8%) were recorded in the *Troika's* period and 23 (or 46.9%) were recorded in the post-*Troika's* period. More noteworthy, however, is the fact that in the 53 months comprising the *pre-Troika's* period only 13.2% (7 months) presented favorable procedural balances, in the 34 months covering the *Troika's* period 55.9% (19 months) presented favorable procedural balances and in the 24 months spanning the post-*Troika's* period, a staggering 95.8% (23 months) presented favorable procedural balances.

**Figure 3 – Procedural balance for the civil enforcement actions, adjusted according to seasonality, between January 2007 and March 2016**



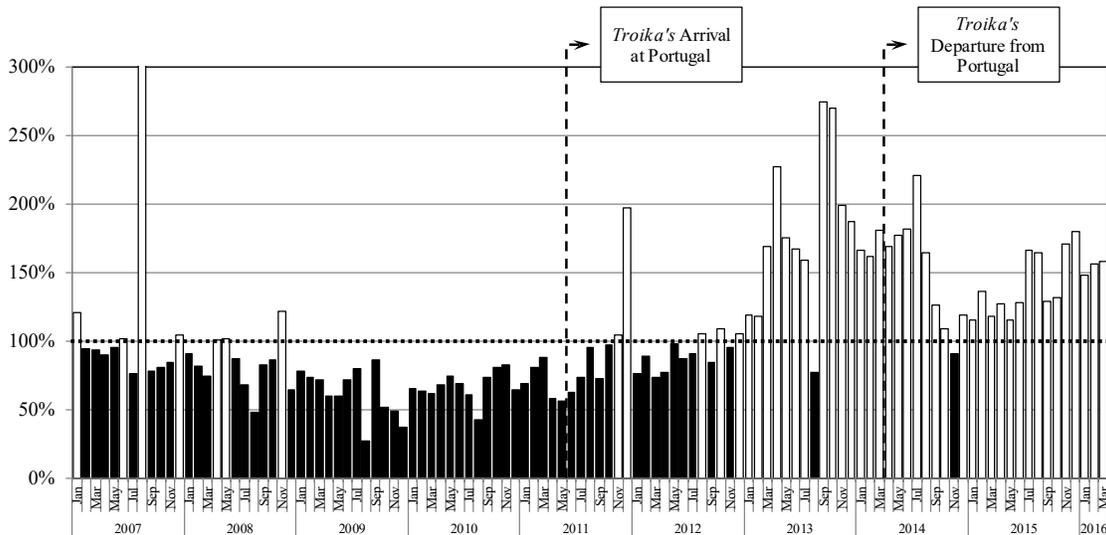
Source: prepared by the authors. White bars represent favorable values (negative procedural balances) and dark bars represent unfavorable values (positive procedural balances).

The seasonality adjusted clearance rate is, in turn and for the same period, shown in figure 4<sup>20</sup>. As for the seasonality adjusted procedural balance, starting in mid-2012, a trend change is noticeable becoming unequivocal from 2013 onward and extending well beyond the end of the adjustment program. Of the 111 months considered in the analysis, 49 presented favorable clearance rates (i.e., above 100%, resulting in a decrease in pendency). Of those 49 months, 7 (or 14.3%) were recorded in the *pre-Troika's* period, 19 (or 38.8%) were recorded in the *Troika's* period and 23 (or 46.9%) were recorded in the post-*Troika's* period. Similarly, more noteworthy is the fact that in the 53 months comprising the *pre-Troika's* period only 13.2% (7 months) presented favorable clearance rates, in the 34 months covering the *Troika's* period 55.9% (19 months) presented favorable clearance rates and in the 24 months spanning the post-*Troika's* period, a staggering 95.8% (23 months) presented favorable clearance rates<sup>21</sup>.

<sup>20</sup> Note that for August 2007 the seasonally-adjusted clearance rate presents an uncommonly high value of 899,2% (not completely visible in figure 4). However, this value is obtained on extremely low volumes of incoming and resolved cases (530 and 2,705, respectively), and results from a relatively high number of resolved cases in a month of judicial vacation period. Despite its magnitude, the very low volume of cases implies it is not a particularly relevant month for the reduction of pending cases.

<sup>21</sup> Note that the clearance rate indicator "has the advantage, in relation to the procedural balance indicator, of being a measure based on relative rather than absolute values, enabling extended periods of time to be better compared, even if the conditions of demand and supply of the judicial system significantly alter" (Correia and Videira, 2015).

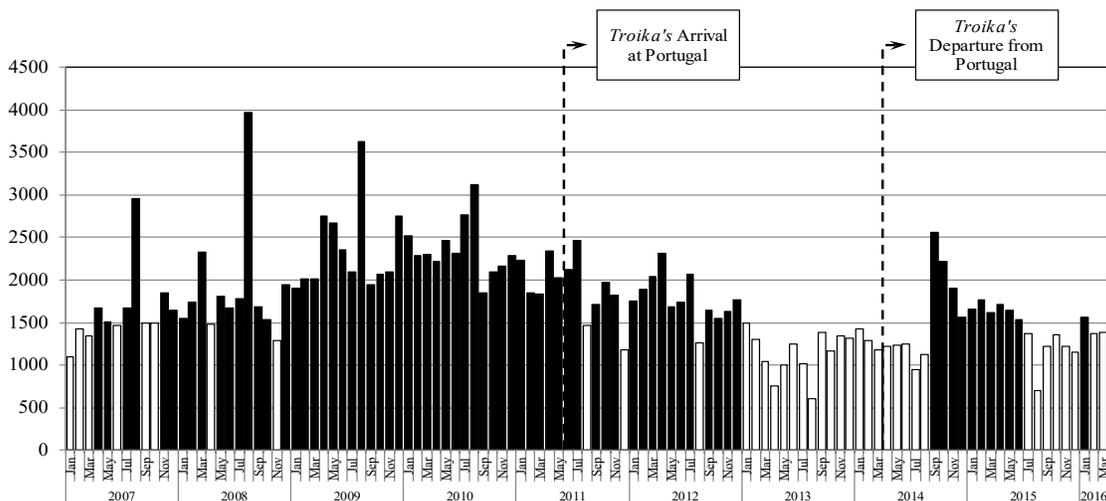
**Figure 4 – Civil enforcement actions clearance rate, adjusted according to the seasonality, January 2007 to March 2016**



Source: prepared by the authors. White bars represent favorable clearance rates (above 100%) and dark bars represent unfavorable clearance rates (below 100%).

In turn, for the period under analysis, figure 5 displays the seasonally-adjusted disposition time. As for the previously shown indicators, a change in trend is observable particularly from January 2013 forward. Of the 111 months considered in the analysis, 39 presented disposition times under 1,500 days<sup>22</sup>. Of those 39 months, 8 (or 20.5%) were recorded in the *pre-Troika's* period, 18 (or 46.2%) were recorded in the *Troika's* period and 13 (or 33.3%) were recorded in the post-*Troika's* period. However, more noteworthy is the fact that in the 53 months comprising the *pre-Troika's* period only 15.1% (8 months) presented disposition times under 1,500 days, in the 34 months covering the *Troika's* period 52.9% (18 months) presented disposition times under 1,500 days and in the 24 months spanning the post-*Troika's* period 54.2% (13 months) presented disposition times under 1,500 days.

**Figure 5 – Civil enforcement actions disposition time, adjusted according to the seasonality, January 2007 to March 2016**

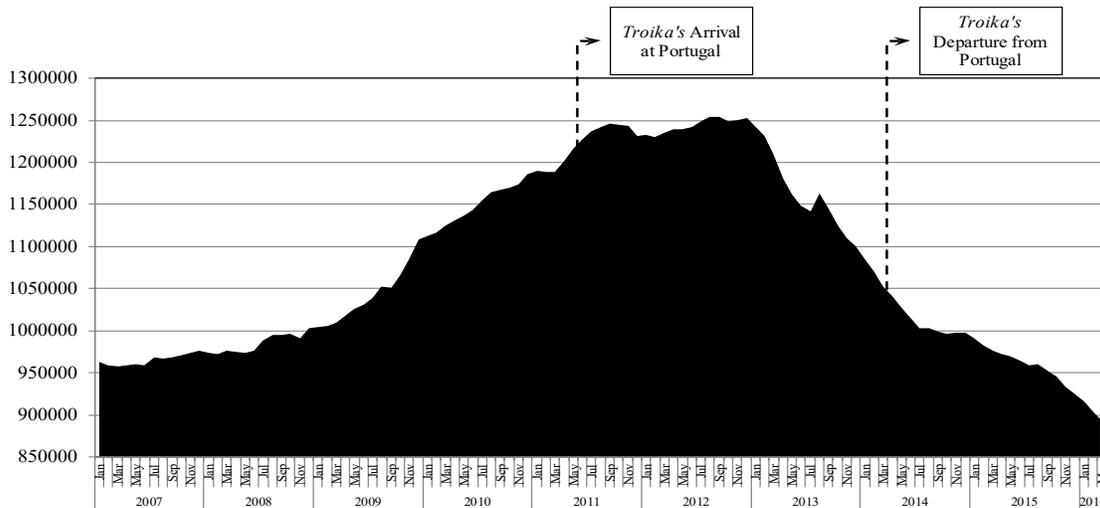


Source: prepared by the authors. White bars represent disposition times below 1,500 days and dark bars represent disposition times above 1,500 days.

<sup>22</sup> Although an important point can be made that 1,500 days (more than four years) is still an incredibly long time for a court case to be disposed of (one that few people and businesses can afford), the authors chose this threshold for reasons of literature comparison with previous work, namely, Correia and Videira (2015).

Figure 6 presents the evolution of the number of pending civil enforcement actions, from January 2007 to March 2016, which is a consequence of the previously presented results. A detailed analysis of figures 2 through 6 suggests that the stabilization and initial decline of the pending cases during the *Troika's* period, and its subsequent continued decline in the post-*Troika's* period, were not achieved by chance or by random fluctuations, but rather by Portugal's measured implementation in the context of the *MoU* objectives set by the adjustment program. If one considers the maximum reached in August 2012 as a reference point, by March 2016 a reduction of more than 360,000 pending cases had been achieved (including a reduction of nearly 160,000 pending cases in the first 24 months of the post-*Troika's* period). The measures, even after *Troika's* departure from Portugal, appear to continue to be effective.

**Figure 6 – Pending civil enforcement actions, January 2007 to March 2016**



Source: prepared by the authors.

The data poses an interesting and relevant question: do the values of the above examined indicators (incoming, completed and pending cases; procedural balance; clearance rate; and disposition time) for the three considered periods (pre-*Troika's*, *Troika's* and post-*Troika's*), have different statistical properties? If so, those differences cannot be merely attributed to the common fluctuations of the studied phenomena and should be regarded as consequences of the Portuguese judicial system's continued resolve to tackle the challenges identified in the 2011 *MoU*.

#### 4.2 Statistical Evidence – Once More

Due to the absence of Gaussian distributions for the various data groups, the Kruskal and Wallis test (1952) was applied in order to determine whether the three sets of data come from the same population ( $H_0$ ) or if, alternatively, they originate from distinct populations ( $H_1$ ). Table 1 presents the results of the Kruskal-Wallis test for the six variables included in this study.

**Table 1 – Results for the Kruskal-Wallis test, grouped by “pre-*Troika's* period”, “*Troika's* period” and “post-*Troika's* period”**

	Incoming*	Completed*	Pending	Procedural balance*	Clearance rate*	Disposition time*
<b>Kruskal-Wallis test value</b>	35.174	47.085	61.469	47.854	51.401	30.372
<b>p-value (2-tailed)</b>	0.000	0.000	0.000	0.000	0.000	0.000

Source: prepared by the authors.

\* Values adjusted for seasonality.

In all the considered variables  $H_0$  is rejected ( $p$ -values=0.000<0.05), and  $H_1$  is validated, i.e., the three data sets do not come from the same population.

The logical question arising from the Kruskal-Wallis test results is: if the three data sets do not come from the same population, can their outcomes (for each of the six indicators) all be considered statistically different or, instead, can they be statistically grouped?

In order to answer that question, table 2 presents a stepwise comparison<sup>23</sup> for statistical similarity of medians for the pre-*Troika*'s period, the *Troika*'s period and the post-*Troika*'s period<sup>24</sup>.

**Table 2 – Statistical similarity of medians – stepwise comparison for “pre-*Troika*'s period”, “*Troika*'s period” and “post-*Troika*'s period”**

	Incoming*		
	Group 1	Group 2	
pre- <i>Troika</i> 's period	22028	---	
<i>Troika</i> 's period	22314	---	
post- <i>Troika</i> 's period	---	15037	
	Completed*		
	Group 1	Group 2	Group 3
pre- <i>Troika</i> 's period	18173	---	---
<i>Troika</i> 's period	---	25483	---
post- <i>Troika</i> 's period	---	---	22799
	Pending		
	Group 1	Group 2	Group 3
pre- <i>Troika</i> 's period	1009552	---	---
<i>Troika</i> 's period	---	1232315	---
post- <i>Troika</i> 's period	---	---	974527
	Procedural balance*		
	Group 1	Group 2	
pre- <i>Troika</i> 's period	4614	---	
<i>Troika</i> 's period	---	-1429	
post- <i>Troika</i> 's period	---	-5508	
	Clearance rate*		
	Group 1	Group 2	
pre- <i>Troika</i> 's period	76,7%	---	
<i>Troika</i> 's period	---	105,9%	
post- <i>Troika</i> 's period	---	142,3%	
	Disposition time*		
	Group 1	Group 2	
pre- <i>Troika</i> 's period	2010	---	
<i>Troika</i> 's period	---	1484	
post- <i>Troika</i> 's period	---	1379	

Source: prepared by the authors; \* Values adjusted for seasonality.

Note: Independent analysis for each variable (groups 1, 2 and 3 unrelated between variables)

Understanding the contents of table 2 complements and enhances the interesting outcomes reported in previous studies<sup>25</sup>. On the one hand, regarding the median of incoming actions adjusted for seasonality, it is possible to conclude that there is no statistically significant difference over the pre-*Troika*'s and *Troika*'s periods, but the difference of roughly 7000 incoming cases between these two periods and the post-*Troika*'s period is statically significant and signals a decrease in society's demand for the resolution of this type of cases (median of 22028 incoming cases per month before the arrival of *Troika* to Portugal, of 22314 incoming cases during *Troika*'s stay in Portugal and of 15037 incoming cases per month after the departure of *Troika* from Portugal).

<sup>23</sup> The stepwise comparison is a complement of the Kruskal-Wallis test that allows an analysis refinement: the identification of group statistical similarities and/or dissimilarities.

<sup>24</sup> These three periods correspond to the three original datasets described in the methodology section. The groups in table 2 were created, for each variable, using the stepwise comparison. Periods within the same group can be considered to have statistically equal medians for that particular variable. Periods in different groups can be considered to have statistically different medians for that particular variable.

<sup>25</sup> Correia and Videira (2015).

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On the other hand, regarding the enforcement completed cases by the Portuguese courts, all three periods are statistically different: median<sup>26</sup> of 18173 completed cases per month before the arrival of Troika to Portugal, of 25483 completed cases per month during Troika's stay in Portugal and of 22799 completed cases per month after the departure of Troika from Portugal. Despite the median decline of more than 2600 completed cases per month after the departure of Troika from Portugal, when compared with the previous period, the median per month value of completed cases for the post-Troika's period is still more than 4600 units above the value for the pre-Troika's period. This important and sustained improvement in the number of disposed cases, in turn, strongly influences the outcomes of the composite indicators used in this analysis.

The results obtained in terms of pendency are also statistically different for all three periods of analysis: median of 1,009,552 pending cases before the arrival of Troika to Portugal, of 1,232,315 pending cases during Troika's stay in Portugal and of 974,527 pending cases after the departure of Troika from Portugal. Despite the median increase of more than 222,000 pending cases during the Troika's period, when compared with the previous one, the median value of pending cases for the post-Troika's period is more than 35,000 units below the value for the pre-Troika's period and more than 255,000 units below the value for the Troika's period. This desirable and sustained decline in the median number of pending cases started in 2013 and remains ongoing more than three years later. It is also noteworthy that the post-Troika's period is the only one with a median below 1,000,000 pending cases.

Concerning the procedural balance adjusted for seasonality, it is possible to conclude that there is no statistically significant difference over the Troika's and post-Troika's periods (both with favorable values procedural balance), but the approximate difference of between -6000 and -10,000 units between these two periods and the pre-Troika's period statistically signals a substantial improvement in the procedural balance for civil enforcement actions (median of +4614 cases per month median procedural balance positive, hence, unfavorable) before the arrival of Troika to Portugal, of -1429 cases per month (median procedural balance negative, hence, favorable) during Troika's stay in Portugal and of -5508 cases per month (median procedural balance negative, hence, favorable) after the departure of Troika from Portugal. Note also, that the difference in 'sign' constitutes a strong qualitative improvement<sup>27</sup>.

In turn, considering the clearance rate adjusted for seasonality, it is possible to conclude as well that there is no statistically significant difference over the Troika's and post-Troika's periods (both with favorable values above 100%), but the approximate differences of between 29% and 65% between these two periods and the pre-Troika's period, statistically signals a substantial improvement in the clearance rate for civil enforcement actions (median of 76.7% before the arrival of Troika to Portugal, of 105.9% during Troika's stay in Portugal and of 142.3% after the departure of Troika from Portugal). Note that the ascent above the 100% mark for the clearance rate also constitutes a strong qualitative improvement, directly related to the reduction of pending cases.

Finally, considering the disposition time adjusted for seasonality, it is possible to conclude, similarly, that there is no statistically significant difference over the Troika's and post-Troika's periods (both below 1500 days), but the approximate differences of between 500 and 600 days between these two periods and the pre-Troika's period statistically signals a relevant improvement in the disposition time for civil enforcement actions (median of 2,010 days before the arrival of Troika to Portugal, of 1,484 days during Troika's stay in Portugal and of 1,379 days after the departure of Troika from Portugal). Note that the reported reduction in the disposition time supports the case in favor of the existence of important celerity gains in the Portuguese judicial system's processing of civil enforcement actions (in fact, the reduction of 631 days in the disposition time between the pre-Troika's period and the post-Troika's period corresponds to a reduction of more than one year and nine months in this indicator).

## 5. Discussion and Conclusions

When the Portuguese authorities began the pursuit of objectives set out in the MoU for the justice sector in May 2011, the deterioration of the socio-economic and financial environment in the country was contributing to a pervasive increase in the number of pending enforcement actions<sup>28</sup>.

By March 2014, the situation had been profoundly improved: statistically there were no fluctuations on the demand of society for such actions; the judicial system's supply improved significantly with reflex on values attained in indicators

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<sup>26</sup> Recall that, as stated in the methodology section, medians are used instead of means, for all variables, due to the absence of Gaussian distributions.

<sup>27</sup> A shift from a period of unfavorable (+ sign) procedural balances and accumulation of pending cases to a period of favorable (- sign) procedural balances and reduction of pending cases.

<sup>28</sup> For additional information on this topic consult European Commission for the Efficiency of Justice (2014).

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such as procedural balance, clearance rate or disposition time; and the number of pending civil enforcement actions had sharply declined<sup>29</sup>.

The next logical and essential step in this process was, to understand if the implemented public policies would produce only short term results or, alternatively, if those positive results would endure.

After *Troika's* departure, in the period comprised from March 2014 to March 2016, the statistical answer is clear: society's demand for civil enforcement actions has decreased (probably as a reflex of the improving socio-economic and financial environment); the judicial system's supply for such actions has sustained most of the improvements achieved during the *Troika's* period; and the number of pending civil enforcement actions continues to sharply decline. All these results converge on improved values for indicators such as procedural balance, clearance rate or disposition time (note that those indicators improved not only when compared to the pre-*Troika's* period but when compared to the *Troika's* period as well).

Therefore, it is acceptable to conclude, on the basis of the empirical study hereby presented, that the noteworthy Portuguese civil enforcement actions public policy implementation success story, reported by Correia and Videira (2015), was not confined to the *Troika's* period but extends well beyond it, with statistically significant results observable 24 months after *Troika's* departure from the country.

We leave to others the task of analyzing to what measure and extent these results constitute evidence of a successful IMF, EC and ECB strategy toward countries that benefited from financial assistance<sup>30</sup>.

Future studies should consider following two distinct paths. The first consists of carrying out similar empirical studies on other types of actions specifically targeted in the *MoU* (for instance, bankruptcy, insolvency and corporate recovery actions, or special revitalization procedures). This will permit a more comprehensive assessment of the tangible accomplishments of the adjustment program for the Portuguese judicial system. The second is to continue the empirical monitoring studies of the results at the level of civil enforcement actions resulting from goals inscribed in the *MoU*. This will allow for the creation of a rich detailed history that will make it possible to determine whether the successful story resulting from the experiment carried out in the justice sector in Portugal is limited to a well-defined time span or, instead, if its fruitful results will be carried out into the mid-term and long term future.

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<sup>29</sup> Correia and Videira (2015).

<sup>30</sup> A cautionary note is due in this regard and restraint is advised in the assessment of the *Troika's* benefits. This papers' intent is not to present an over optimistic perspective of events. The conclusions are restricted to the civil enforcement actions (see Correia and Jesus (2016) for an instance of other Portuguese court actions that do not follow the same behavior) and to the variables used, and should not be extrapolated lightly. Note that even for the civil enforcement actions, factors like the age of the pending cases were not taken into account. The information presented is factual and the interpretation assumes a *ceteris paribus* scenario. As in all science, conclusions should be considered as valid until a better explanation for the same data is presented.

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