

**SGI** Sustainable Governance  
Indicators 2009

## Greece report



## Executive summary

In recent years, Greece has enjoyed relatively high economic growth and has improved its budgetary performance. Compared to the period before the mid-1990s, when inflation and the budget deficit were high, Greece today performs well in most international economic comparisons. Over the last 10 years Greece has enjoyed strong annual economic growth and a rise in living standards. It was able to stage the 2004 Olympic Games in Athens successfully, and has built new transportation infrastructure, including airports and highways, which promotes commerce and tourism. The quality of life may have deteriorated in the big cities, but Greeks still live in comparatively safe cities and enjoy the country's coasts, islands and mountains. Despite occasional disasters, such as the 1999 earthquakes in Attica and the 2007 wildfires in the Peloponnese, Greece's cultural heritage and physical beauty remain poles of attraction and are sources of pride and wealth.

However, while a general consensus on liberal economic reforms such as privatization has been sustained, unemployment has remained high, and the record of substantive structural economic reform has been limited. With a few exceptions, domestic political pressures have preempted much-needed reforms, including in the areas of social security, education and public utilities. A review of the government's work program reveals only a moderate level of activity, while pressure "from below," on the part of public opinion and organized social interests, has been little more productive. Both the present and previous governments offered promising starts, but have left much yet to be done to achieve a more competitive economy and an integrated social policy regime. The record of reform highlights the constraints on government leadership. In critical areas such as state administration and structural policy, the country's reform capacity appears limited.

Greece's reform capacity displays important contrasts. The government dominates the political system, with few formal veto points. Yet internally, the government is institutionally weak, with a patchy record of reform. In some policy areas, where it has been empowered by the European Union and has greater domestic autonomy, the government's policy record is favorable. Notable successes include macroeconomic policy and the European monetary

union. In sectors such as economic and social policy, where the process is more diffuse and it is difficult to exert leadership, successive governments' record of reform has been less clear, and marked by small, incremental steps.

Greece is a two-party democracy, in which the presence of smaller parties is visible but inconsequential for the composition of the cabinet. Since the 1974 transition to democracy, the country has largely been governed by strong majoritarian party governments either of the center-right or center-left. The one short-lived exception came in 1989 – 1990, when left-leaning politicians participated in coalition cabinets. The March 2004 national elections brought in a majority center-right government, replacing a majority center-left government. (The majority center-right government was returned to power in the “snap” elections of September 2007, after the close of this period of analysis). The 2004 turnover resulted in a very considerable change in governing style and substance. The pre-2004 government had strong control of the legislative agenda, and rule emanated directly from government leadership, which had pursued a program of modernization. The program included the streamlining of macroeconomic performance, aimed at allowing Greece's national economy to converge with the economies of the euro zone; the tidying-up of state-run public utility companies; a focus on large public works projects; and an effort to balance high economic growth with targeted policies of social cohesion. The post-2004 government is in better control of some aspects of the agenda but in worse control of others. For example, the post-2004 government proceeded with more rapid privatization of state-owned companies, tried to inject some flexibility in labor market regulation and opened up the question of higher education reform; but it did not even touch Greece's ailing social security system, which the previous government had addressed with some successful and some abortive reform attempts.

In general, reform in Greece is today discussed more fervently than it is actually planned or carried out. The lack of visible, vigorous reform may reflect the fragmented character of Greek governance. Ministries, public corporations and state-run agencies are coordinated only loosely. Government interaction with societal groups is done in an ad hoc and slow fashion, impeded by a heavy, contradictory and incomplete regulatory framework. The gap between policy formulation and implementation is quite wide. Medium- and long-term planning is rather rare, and the lack of follow-up to decisions is evident. In this context, there is a rather erratic flow of cautious legislation, subject to pressures from a myriad of social, economic and political interests. Legislation reflects a larger strategic vision of reform only to a very limited extent.

These patterns are reinforced by a number of other debilitating factors, including a lack of widespread or long-term reform vision among the country's political and administrative elites; strong and deeply entrenched interests in the public sector, in influential sectors of the economy such as shipping, food companies and the mass media, and in the liberal professions; a sizable underground economy, including an unregistered part of the labor force composed of illegal migrants; fragile public finances; private investors' focus on short-term profits; opinion-makers' and other social interest representatives' unwillingness to face difficult choices; a prevailing culture of confrontation inside and outside the parliament; and a habit of postponing political decisions or their implementation.

More broadly, economic and social conditions in Greece are fluid, unpredictable, and very complex. Tradition and modernity exist side by side. Traditional modes of state-society relations persist, such as political patronage favoring social groups, provinces, towns or villages, and individual voters benefiting from favors and transfers allocated by their political patron. These coexist with modern modes of state-society relations, including the unhindered exercise of political, social, individual and collective rights; the functioning of modern public institutions, such as independent administrative and regulatory authorities, as well as corporatist structures and processes; and the unavoidable forging of close ties between the state, political parties, mass media and business interests. Traditional ways of work organization, evident in the civil service's legalism and rather low skills, coexist with new technologies and methods of management applied in some service sector companies.

In general, strong business, professional and public labor interests are reluctant to change their frame of mind or courses of action. The state has never seriously invested in enhancing its reform capabilities, by marshalling sufficient financial and technical resources, training and hiring skilled personnel or introducing efficient mechanisms of planning, monitoring and control of public policy-making and implementation. The central government in particular is certainly to blame for its own incapacity to steer the Greek economy and society away from past practices and traditions, and toward a delicate but necessary balance of economic competitiveness and social cohesion.

## Strategic Outlook

The evaluation of reform capacity in Greece highlights a crucial systemic contrast. At the top, executive leadership is strong and faces few formal veto points, suggesting high capability. Yet the delivery and progress of reform in key economic and social policy areas has been limited. The paradox has its source in a range of constraints on reform-seeking governments. These include the strength of the “informal” veto-holders, such as unions and interest groups, and the internal weaknesses of the state administration. Each of these has already been emphasized. Wider constraints on reform also exist. Government interference in the internal operations of partially privatized enterprises (such as OTE, the formerly state-owned telecommunications company) shows the resilience of a political culture of patronage and clientelism, particularly when sharp political interests are at stake.

The constraints – informal veto-holders, cultural attitudes, conflicting intraparty interests, limited market options and EU regulations, among others – are largely beyond the scope of government ministers to control. Yet, the reform task is overly reliant on the skills and commitment of individual ministers, supported by the prime minister. The relevance and effectiveness of the state bureaucracy is very limited. Few independent and resource-rich policy think-tanks exist to help legitimize a reform agenda, and the party outside government plays a minimal role in policy-making. Positive results demand “heroic” individual leadership by ministers.

With these features, the Greek system’s reform capacity system can appear low, especially in sensitive areas involving distributional issues (e.g., pensions), accumulated privileges (e.g., employment law, privatization), or low skills and resources (e.g., state administration). In the 2005 – 2007 time period, Greece did successfully advance reforms in a few areas such as fiscal stabilization and reform of banking employees’ social security system, but failed to proceed with reforms in most other policy areas.

Reforms have been stalled, among other reasons, by the inability of government, labor and business groups to agree on the basic parameters of social and economic problems, and to engage in systematic and meaningful social dialogue. The lack of mechanisms and processes for long-term policy planning or the monitoring of policy implementation has also been damaging, with the lack of follow-up and evaluation particularly harming new policies. For any reform to be successful, the management capacities of the Greek

government and public administration need to be upgraded.

A number of recommendations can be advanced in various sectors:

- **Media and politics.** As in other contemporary democracies, the relations between the media and politics in Greece are complicated, allowing media businesses to exert extensive influence over political processes such as the funding and waging of electoral campaigns. The terms on which owners, shareholders and managers of electronic media engage in business with the state and the political parties should be clarified in a way that, without hampering business competition, will promote transparency in transactions and fairness in the treatment of political parties. This must include the treatment of opposition parties by the government-controlled public TV and radio. Low-quality journalism is also an increasingly significant problem, reflected not only in the spread of “infotainment,” but in the lack of professionalism on the part of journalists, reporters and anchorpersons. Their lack of understanding of the issues and reluctance to follow certain professional and ethical standards is painfully obvious to anyone who follows Greek media. Existing mechanisms for appeal and oversight (for example, the National Council for Radio and Television, parliamentary committees, the courts and the Ombudsman) should be given the resources and backing necessary to perform their tasks, both in the area of political communication and in the area of access to information.
- **Integration of immigrants and minorities.** Greek state institutions generally protect against discrimination. However, measures taken by these institutions are not evenly implemented. For example, the Roma and members of religious minorities face discrimination on the part of local government and low-level civil servants. Resident foreigners, including legal migrants, do not have the right to vote, even in local government elections. Migration policies, which have been slow and erratic, should be formed with a long-term perspective. There should be an effort to rationalize the state’s response to immigration by weaving together the inconsistent policy responses to immigration-related problems today advocated by the Ministry of Interior, the Ministry of Employment and Social Welfare, the Ministry of Health and the Ministry of Education. There is also an evident need to familiarize public employees and the general public with the long-term desirability of integrating increasingly different ethnic and religious groups of immigrants, instead of considering the influx of such groups as only a temporary change in the composition of Greek society.
- **Labor markets, education and research.** A little over half of the Greek population participates in the labor force, with women’s participation rate even

lower. In order to sustain growth and to increase social security system inputs, participation must be increased. Despite the decrease in the unemployment rate (down from 12 percent in 1999 to 8.1 percent in September 2007), the prevailing passive labor market policy measures are not sufficient for households with one unemployed family member, while the resources devoted to active labor market policies are meager. Concerted efforts should be made to advance life-long learning, repair the collapsing vocational training system, retrain employees and workers who lose their jobs, and provide child care facilities which would help women enter or reenter the labor market. (In the Greek traditional family, child care is a task allocated almost exclusively to women.)

The quality of schooling at all levels of education, and particularly at universities, is very uneven. Pockets of good academic work exist, but the dominant pattern is one of educational underdevelopment, with meager state funding, a lack of infrastructure, parochial course curricula, and insufficient evaluation of students and instructors. The synergies between the education system, particularly the higher education system, and the needs of the labor market should be strengthened, as neither university graduates' numbers nor skills today correspond to labor market needs.

Synergies between education and research are also weak. Bureaucratic impediments to research should be lifted. The state should devote more funds to research, and provide incentives to private businesses to engage in innovative activities. Greece needs a wholesale, long-term and consensual reform in research and education, including the primary, secondary and tertiary levels of education.

- Economic growth, competition and enterprise policy and the natural environment.

Greece has sustained considerable levels of growth over the last ten years. However, bureaucratic barriers hampering new businesses make it impossible to increase the pace of job creation. Fast and simple procedures should be established for anyone who wants to start a business. Restrictions on entering certain professions should be abolished. The restructuring of ailing state-run companies has been slow and ineffective. If decisions to privatize such ailing companies are taken, then there should be a step-by-step, partial rather than wholesale privatization, as large numbers of public employees may be affected. The restructuring of the public sector, which is absolutely necessary, must be pursued cautiously in order to avoid worsening the unemployment problem and further damaging the finances of the already fragile social insurance funds.

Despite the social insurance system's financial problems, it is today impossible

to raise contributions by employers and employees. This would discourage private investment even more, and would divert resources to the underground economy. There must instead be a long-term, uphill effort to draw government revenue from the income produced in the underground economy, and to regulate labor relations in underground sectors where workers are uninsured and unprotected. The division of tax revenue between indirect and direct taxes should be recalibrated in order to increase the share of direct taxes, which can be progressive. Limiting tax evasion, in order to tap today's large, undeclared sources of income, is an obvious precondition to most of the above recommendations. If tax policy is not streamlined, the recent progress in fiscal sustainability will be endangered.

Nor can economic reform ignore environmental problems any longer. To this day, private and public investors have paid only lip service to the need to protect Greece's natural environment. The lack of a comprehensive and long-term environmental policy will have to be rectified. Obvious places to start are the excessive dependency of the country on coal and oil, the erratic waste management policies, the unabated increase in the sales of new vehicles and the growth of city traffic, and last but not least the negligent and environmentally hostile practices of private businesses in the industrial, construction and tourist sectors.

**Social protection.** The rapid aging of the Greek population, the social security funds' debts and comparatively high replacement rates, and the high cost of public health care constitute impending problems, pointing to the need for reforms. Future retirees and hospital patients may lack even the insufficient pensions and low-quality public health services available today. Not only fiscal sustainability but also intergenerational fairness and the quality of welfare and public health services should be policy priorities for the incumbent government and its successors. If no reforms are implemented, the cost to future generations will be very high. Specifically, the management of public hospitals should be upgraded, public procurements in the health sector streamlined, and public hospital expenses rationalized. Incentives are needed to increase the numbers of general practitioners (currently a rare category of medical doctors), and for addressing the health care needs of the population residing in small towns and rural areas, where vast geographical disparities in health care persist.

Drastic reforms should be aimed at alleviating poverty. Greece is the only country in the EU-15 which does not have a minimum-income guarantee program either at the national or regional level. Poverty is dealt with through meager cash transfers, and nonmonetary state-run social services are rare. Clearly, a comprehensive social protection reform should include interlinked

policy shifts in the areas of pensions, public health and poverty alleviation.

- National leadership and governance. To date, the success of reforms has depended on the personal commitment and skills of members of incoming governments. From time to time, reformers have been successful, if certain conditions were met. In the past 35 years, almost all governments have enjoyed an absolute majority of seats in the unicameral parliament. Thus, whenever reformers had a clear vision, a plan of action and a group of committed and hard-working advisors on their side, reform went through – unless, of course, it seriously harmed entrenched social and economic interests. In Greece, the public administration is very weak in terms of resources, expertise and skill. This makes it difficult for its personnel to start or sustain a reform process in any policy area. Government officials and public employees have difficulty in adapting to new concepts of policy-making and policy implementation, including an understanding of what governance entails in contemporary societies. Long-term planning, monitoring and evaluation mechanisms and processes are absent both at the level of the central government and of the public administration. In other words, what is missing is a built-in organizational ability to think, plan and bring about reforms.

In society itself, various interest groups and categories of the population have periodically benefited from preferential state treatment in the form of tax breaks, low-interest loans, preferential civil service recruitment and other regulations. The fragmented and particularistic nature of state-society relations, in the context of which individuals and whole groups have by turns benefited from clientelistic state transfers and disbursements, as well as from patronage-ridden legislation, does not facilitate the institutionalization of social dialogue and channels of interaction among recognizable social partners. For 35 years, a knee-jerk reaction, expressed in immediate confrontation and polemical discourse on the part of affected social interests and opposition parties, has followed almost every government initiative, regardless of which political party was in office.

Democratic governance is based not only on the government's readiness to listen to society's voices, but also on the readiness of social groups to participate in the decision-making process. Both are often absent in Greece. This problem is compounded by the government's inability to steer and implement policy effectively. The most serious problems of coordination and cooperation among state agencies and social interest groups should be tackled first, in all policy areas noted above, in order for reforms in Greece to stand any chance of success.

## Status Index

### I. Status of democracy

#### Electoral process

*Fair electoral process*

*Score: 9*

Between January 2005 and March 2007 in Greece the registration of candidates and parties was fair and not subject to any restrictions. The constitution provides for the right of Greek citizens to establish political parties, “the structure and action of which ought to serve the free functioning of the democratic regime.” This principle allows restrictions against parties which aim to overthrow the regime. In practice, there are no such restrictions, and no party faces sanctions for not adhering to this requirement.

In any case, Greek parties do not make general pre-election statements for or against the free functioning of the democratic regime, and it is taken for granted that parties participating in elections support the prevailing political system. Parties may participate in elections by submitting a formal statement, signed by the head of the party to the Supreme Judicial Court, and by obtaining the nomination of the court. This is a formal procedure which does not involve any substantive evaluation of a party’s electoral platform by the court. Several restrictions on candidacy do exist. Parliamentary candidates must be at least 25 years old, and public sector employees’ rights to run for office are limited.

*Fair electoral campaign*

*Score: 7*

In theory, candidates and parties have unrestricted access to the media and other means of communication. The constitution requires that information provided by the media must be objective and must treat all parties equally. Media coverage of elections is regulated by law 3023/2002, passed in 2002. The implementation of this law is supervised by the Secretariat General of Communication/Secretariat General of Information (a ministerial unit), the National Council for Radio and Television (an independent administrative authority) and an interparty elections committee, which is convened before

each election and which includes representatives of all parties. Media coverage is balanced in the sense that parties' exposure on television and radio is roughly proportionate to their electoral strength, or to the share of the votes which they obtained in the previous election. In practice, parliamentary candidates are treated differently depending on their status and financial power.

The party of the incumbent government uses information campaigns, advertising new government policies, throughout its term in power. Each party is entitled to a free ten-minute broadcast on a public or private radio or TV channel every week during electoral campaigns, which usually last approximately one month. However, parties spend the majority of their campaign budgets on additional television advertising, which is expensive. As a consequence, candidates and parties with fewer financial resources cannot compete equally. Candidates are given limits on political advertising expenditures, ranging between €18,000 and €35,000, depending on the electoral district.

*Inclusive  
electoral process  
Score: 10*

All Greek citizens have the right to vote, provided they are at least 18 years old. The voting registration procedure is effective, impartial and nondiscriminatory. Once registered, citizens can not be deprived of their right to vote, except by a court decision which declares them to be mentally or physically unfit, or deprives them of voting rights because of a severe criminal offense. This is not a common penalty, however. These criteria are prescribed by law, are objectively verified and are applied by independent judicial authorities. The constitution, as amended in 2001, gives Greek citizens living abroad the right to participate in elections. However, no law had been passed to implement this rule by the close of this period of analysis. Resident foreigners, including legal migrants, do not have the right to vote either in national or local government elections.

#### **Access to information**

*Media freedom  
Score: 6*

The freedoms of opinion and of the press have been constitutionally guaranteed since Greece's transition to democracy in 1974. However, successive Greek governments have exercised some influence over the public TV and radio corporation (ERT AE), which is owned and run by the state. The corporation's management is appointed by the incumbent government, including its president, the general director and the board of trustees. The result is that state-run TV and radio stations heavily reflect the priorities and opinions of the incumbent government. This is evident in the selection of news items, the time allocated to different pieces of news, and the focus on government policy

initiatives. Until the late 1980s, when the media sector was liberalized, domination of the media by the incumbent government was complete and comprehensive. Since then there has been some progress, with the publicly owned media regularly presenting the opinions and reactions of opposition parties. Nevertheless, today's protections against potential government influence remain insufficient.

*Media pluralism*

*Score: 5*

Since 1989, all kinds of private media have grown, including national, regional and local television and radio channels. There are approximately 18 TV stations broadcasting nationally, along with a large and unverifiable number of regional and local TV and radio stations. Private TV broadcasters attract larger advertising revenues and audiences than do their public counterparts. The media landscape's dominant players are the two private channels, Ant1 (with a 19.4 percent audience share) and Mega (with an 18.5 percent audience share). Together, this pair dominated audience shares and advertisement revenues in 2005, with Mega attracting 30.3 percent of broadcast ad dollars, and Ant1 trailing closely at 29.7 percent.

Approximately 20 daily newspapers, all published in Athens, have nationwide circulation, but the readership of newspapers has been falling over the last twenty years. The newspaper market, as measured by circulation, is dominated by a handful of media businesses. These same businesses also own shares in TV and radio stations capable of broadcasting nationwide, as well as subsidiaries involved in calls for public tenders. The result is a quasi-oligopolistic situation which provides considerable opportunity for private interests to influence the government, including providing good or bad publicity for the incumbent government depending on the way it allocates public contracts to the media-affiliated companies.

The National Council for Radio and Television, which is in charge of safeguarding objectivity and quality in the media, does not have the human or technical resources to monitor the situation adequately, and does not have strong political support.

*Access to government information*

*Score: 6*

Under Greece's constitution, each citizen is entitled to free access to information. This freedom of information is regulated by law, with some exemptions and restrictions. However, in practice the very dense and often contradictory nature of Greek legislation, the inefficient daily functioning of the Greek public services, and legal exemptions and restrictions limit citizens' access to information. Some restrictions, as in cases where free access may violate the right to privacy, can be absolute. Others, as in the case of classified information pertaining to defense or national security matters, are relative.

The right to privacy of individual persons (e.g., political officials) has been

used by authorities to block access to information which should otherwise have been part of the public domain. Parliamentary committees, the courts and the state Ombudsman all provide mechanisms for appeal and oversight. However, the high cost of lawyers' fees, the slow pace of Greece's state apparatus, and the very slow speed with which justice is administered probably render these mechanisms ineffective.

### Civil rights

#### *Civil rights protection*

*Score: 7*

Greece has a battery of constitutional provisions and laws guaranteeing civil rights. In Freedom House's 2007 survey of political rights and civil liberties, Greece earned the highest score possible on issues of political rights and only slightly lower for civil liberties. Protections are thus strong with regard to freedom of expression and belief, rule of law, personal autonomy and individual rights. However, despite progress over the years, the picture is less rosy for associational and organizational rights, particularly freedom of expression of religious beliefs for non-Christians, who are outnumbered by the Orthodox majority.

According to Council of Europe reports in 2006, problems of police ill-treatment, infringements of detainees' basic rights, and poor conditions in many prisons and detention facilities persist. Prisons are overcrowded, and the quality of medical, social and psychological support offered to the incarcerated is generally low. In early 2007, the Greek press reported on instances of police abuse and physical brutality against migrants accused of various crimes and detained in police stations. Such civil rights infringements are compounded by long and tortuous court procedures, which undermine not only the protection of civil rights, but also the justice system as a whole. These processes may inhibit victims from seeking protection from the courts.

Annotation: Freedom House, "Freedom in the World 2007,"

[http://www.freedomhouse.org/uploads/press\\_release/fiw07\\_charts.pdf](http://www.freedomhouse.org/uploads/press_release/fiw07_charts.pdf)  
(accessed August 25, 2007)

#### *Non-discrimination*

*Score: 6*

Greek state institutions generally protect against discrimination. However, measures taken by these institutions are not evenly implemented. For example, Roma individuals and members of religious minorities may face discrimination on the part of low-level civil servants. Local government officials, including municipal authorities in semi-rural and rural areas, have from time to time

expressed hostility towards Roma and foreign migrants. Religious minorities also face specific restrictions. For example, the right to establish a place of worship is subject to the approval of the local Orthodox Church, which according to the Greek constitution enjoys the status of a prevailing religion.

Other issues remain as well. The obligation of conscientious objectors to perform military service has been problematic. The provision of education to the Turkish and Muslim minority in western Thrace has improved significantly since the early 1990s, but there are still prominent gaps. The majority of Turkish children in Thrace do not have access to a secondary school that teaches in their first language.

There is no discrimination based on social status or political views. However, women face discrimination in promotions to high-ranking posts in the public sector, and probably in private companies as well. Officially there is no discrimination based on physical ability. In practice, disabled peoples' freedom of movement in the streets of major Greek cities, as well as their physical access to public buildings, are blocked owing to the erratic and unpredictable use of pavements and streets by shop owners and vehicle drivers. Ramps and lifts at the entrance of buildings are rare

### Rule of law

#### *Legal certainty*

*Score: 5*

Executive actions are guided by law, and the government and administration function within the boundaries set by law. The 2007 Freedom House annual survey of political rights and civil liberties awarded Greece a relatively high score of 10 out of 12 for the functioning of government (including administration). However, Greece's legal regulations are not necessarily consistent, owing to the large number and frequent amendment of laws, decrees and ministerial decisions guiding administrative action and transactions between individuals and businesses. As a result, few officials in any given policy area have a complete picture of existing legislation. The majority of officials have only a limited and narrow knowledge and understanding of the regulations covering their field of competence. This pattern hampers legal certainty and transparency.

Public administration has a culture of embedded legalism and hierarchy. Processes are often slow and subject to multiple authorizations and checks. However, corruption within the public bureaucracy is endemic, reducing legal certainty. Low-ranking officials often accept bribes on small issues to speed up or instigate a process, or to overlook planning regulations. At senior levels there are occasional reports of officials acting in a non-transparent fashion and

circumventing established procedures, as with allegations about the purchases of “structured bonds” in spring 2007.

*Judicial review*

*Score: 8*

The courts normally review actions taken and norms adopted by the executive, but only with great delay. Particularly in the large urban centers, courts are understaffed and provided with inadequate resources. At the same time, citizens often resort to legal action. This social pattern, of turning almost automatically to the state (in this case, to the justice system) in order to resolve ordinary social tensions and conflicts, can be considered a cultural particularity of Greek society (arguably resulting from a long tradition of preserving state, church and family hierarchies, along with expectations for the state to run society in a paternalistic fashion).

Courts have generally been able to act independently of the influence of incumbent governments, powerful groups or individuals. However, the law gives governments some leverage, as they make appointments to the top posts of the Supreme Judicial Court (the top civil and criminal court) and the Council of State (the top administrative court). For example, when the president and vice presidents of the Supreme Judicial Court or the Council of State retire, the incumbent government can select their successors from a short list of candidates, such as high-ranking judges, who have comparable qualifications. Once selected, these top court officials can influence the promotion of other judges in the justice system.

*Corruption prevention*

*Score: 4*

In its 2006 report, Transparency International ranked Greece 54th among 163 countries. Indeed, several departments of public administration have been considered susceptible to corruption. Hospitals and the tax department are certainly among these, but town planning agencies, customs and transport authorities, and local governments are not immune. A common form of petty corruption consists in bribing employees of such departments in order to secure a service to which the citizen is already entitled (e.g., the issuance of a document), or in order to secure preferential treatment, as when a doctor issues a medical certificate, an inspector gives a building permit, or an employee of the Ministry of Transport awards a driver’s license. In these instances, mechanisms intended to maintain integrity do not work. Such oversight mechanisms have traditionally been weak, with insufficient administrative personnel, expertise, funds, guidance and coordination devoted to the problem.

Prosecution of corruption is similarly ineffective. Investigations are carried out, but only a small number of cases are forwarded to prosecutors. These problems are even larger when it comes to party financing and public procurement systems. Both sectors are highly regulated, but the lack of effective oversight mechanisms, the domination of all political and administrative institutions by

the major political parties, and a societal norm of toleration for economic crimes all contribute to a situation in which public office holders abuse their positions for private interests to an extent unacceptable for an advanced Western democracy.

**Annotation:**

Transparency International, “Corruptions Perceptions Index 2007,” [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi) (accessed August 26, 2007).

Group of States Against Corruption (GRECO) Council of Europe. Directorate General 1: Legal Affairs Department of Crime problems, Greco Eval 1 Rep (2001) 15E, <http://www.coe.int/t/dg1/greco/pdf> (accessed August 26, 2007)

## II. Economic and policy-specific performance

<i>Basic socioeconomic parameters</i>	<i>score</i>	<i>value</i>	<i>year</i>
GDP p.c.	4.15	29578 \$	2005
Potential growth	5	4 %	2008
Unemployment rate	5.08	8.9 %	2006
Labor force growth	4.82	2.2 %	2007-2008
Gini coefficient	6.18	0.338	2000
Foreign trade	1	-57.36	2005
Inflation rate	7.03	2.9 %	2007
Real interest rates	9.08	1.6 %	2007

## A Economy and employment

### Labor market policy

*Score: 4*

Successive governments, including the incumbent during the period of this analysis (the conservative New Democracy party), have failed to balance labor market supply and demand. Although the unemployment rate dropped from 12 percent in 1999 to about 8 percent in 2007, it remains among the highest in the European Union. Unemployment is particularly high among women, the young and residents of the northern and northwestern regions of Greece. Long-term unemployed constitute about half of the total unemployed population. As the OECD 2007 Economic Survey of Greece describes, labor mobility is low. This can be seen in the low monthly numbers of people leaving unemployment, in the long average job tenures, and low levels of gross labor flow among industries.

Structural problems remain. Youth unemployment is high. State vocational training happens only infrequently, and unemployment benefits are low. In the public sector, employment protection is high and pensions are generous. Unions defend these privileges very strongly. By contrast, workers in the private sector have lower job security, are often “hidden” in a myriad of small family businesses, have lower levels of unionization, and face the regulatory inefficiency of the state administration in enforcing legislation. The current Kostas Karamanlis government has recognized the problem of structural unemployment, and has introduced reforms aimed at making the labor market more flexible. Such attempts proved highly controversial, leading the government to pursue a series of small, incremental reforms.

### Enterprise policy

*Score: 4*

Greece’s business landscape is highly regulated. In a survey of 175 countries, Greece ranked a low 168th in terms of offering a business-friendly environment. The World Bank survey “Doing Business 2007 – How to Reform” found Greece ranked lower in terms of business regulations than any other EU country, having improved its score compared to previous years in only two of ten categories.

It is relatively expensive to start a business in Greece. Sources of start-up financing are skewed towards private savings and the family. A comparative survey in 2007 found that Greeks were both the most confident, and the most

fearful in Europe with respect to starting up a business, with few second chances offered after bankruptcy. Administrative costs in setting up a business in Greece are estimated at an average of 69.6 percent of per capita income, much higher than in Italy, Portugal, Slovenia, Spain or Turkey. New businesses face substantial bureaucratic barriers in a variety of sectors. Greece made some progress over the period under investigation in terms of increasing competitiveness and private investment, but levels of foreign direct investment have been relatively low and innovation generally poor. Indigenous private investment has typically been directed toward the construction and tourism sectors, rather than to industry or other services.

Productivity has also suffered, despite the fact that wages and salaries, particularly in the private sector, are rather low (an unmarried first-time private sector employee averages just €58 as a starting monthly wage). Market regulation is high, and can hinder competition. However, it has not prevented oligopolistic structures from forming in numerous sectors, including the food industry, public works, naval commerce and sea transport, private hospital care, maternity care and the mass media.

### Tax policy

*Score: 3*

Greek fiscal policy is not only arbitrary, inequitable and complicated; it also leads, despite having a highest tax rate of about 40 percent, to very moderate national revenue. This can be verified by the high levels of national debt, currently more than 100 percent of GDP. The inequity and arbitrariness of the fiscal policy is proved by a notional assessment applied in many cases on a broad basis. For example, the revenues of certain assets, certain professions, small- and medium-sized enterprises as well as crafts enterprises are assessed at a fixed rate.

In the period under investigation, the incumbent government launched a plan to decrease corporate taxes and personal income taxes. However, taxation policies fail to adhere to the core principles of equity, competitiveness and the generation of sufficient public revenue. Taxation is particularly ineffective in terms of equity and competitiveness. Over time, there has been some progress in increasing public tax revenue, but the share of indirect taxes over direct taxes (about two-thirds of tax revenue comes from indirect taxes) prohibits taxation from functioning as a redistributive tool. Tax evasion is rampant, with the black-market economy estimated to amount to 30 percent to 35 percent of the country's annual GDP. The tax base itself is narrow, with wealth taxed hardly

at all, and landed property taxed at very low rates. If tax policy is not streamlined, problems of fiscal sustainability will ensue.

### Budgetary policy

*Score: 6*

Although on the decrease since 2001, the Greek national debt remained at 120.6 percent of GDP in 2006. This was the second highest level in the European Union, after Italy's 120.8 percent, and the third highest in the OECD countries after Japan's 176.2 percent. Since 2005, the government's fiscal consolidation measures have had a positive effect. The growth rates of the budget debts have decreased since 2004 (2004: 8.4 percent, 2005: 5.6 percent, 2006: 3.4 percent of the GDP). Despite this positive development, the overall volume of the national debt remains very high. Interest payments amount to 4 percent of GDP at the moment, and will be a heavy burden for the national budget for many years. Moreover, the budget consolidation has disproportionately affected the less well-off parts of the population, triggering some social instability.

Looking ahead, the aging of the population, the debts of the social security funds and the comparatively high replacement rates (among other pension system problems), and the high cost of public health care constitute impending problems, pointing to the need for reforms. Intergenerational fairness has not been a priority for most of the incumbent governments of the last two decades. However, if no reforms are implemented, the cost to future generations will be very high.

## B Social affairs

### Health policy

*Score: 4*

Pockets of good public health care exist in Greece, along with good medical schools and an overabundance of medical doctors. However, the public health system is ailing. Public health is organized on the basis of a National Health System, following the British NHS model. Since its inception in 1983, the system has been plagued by problems of inefficiency, uneven quality of care and acute regional disparities. Long waiting lists are common, inefficiency is rampant in public hospitals' procurement systems, and primary health care is not effectively organized. Patients are often tempted to hand out bribes to public hospital doctors and nurses in order to obtain good medical care.

Greece's low per-capita health expenditures are part of the problem. Among

old EU member states, per capita expenditures are lower only in Spain and Portugal. As a result, people have begun turning away from the public health system, and today private health spending is among the highest in the European Union. Future costs will be even higher, as the aging of the population and retiree health problems, along with the cost of drugs and medical tests, put more pressure on public health and health insurance budgets. It will be necessary to upgrade the management of public hospitals, streamline the health sector's public procurements, and rationalize public hospital expenses. New incentives are necessary to increase the number of general practitioners (currently a rare category of medical doctor) and to address the health care needs of the population residing in small towns and rural areas, where vast geographical disparities in health care persist.

### **Social cohesion**

*Score: 3*

While poverty has not dramatically worsened over the last ten years, it has remained a serious problem. About 20 percent of Greece's population lives below the poverty line, and antipoverty policies have not been effective. Many among the poor are elderly, members of the long-term unemployed, or residents of mountainous or isolated areas in northern Greece.

As shown by the Gini coefficient for Greece, socioeconomic disparities are among the worst in the European Union. Disparities persist despite social policy reforms attempted by successive governments. New policy measures are often inefficiently implemented, with policies frequently modified by incoming governments or overturned as unconstitutional by court decisions, before bearing results and without being evaluated. In practice, poverty is addressed through meager cash transfers, and nonmonetary social services are hardly available. In times of social and economic crisis, the church and voluntary associations have substituted for the state in offering social services to people in need. However, voluntary associations' social care activity is not large enough to substitute for the deficiencies of public social services.

### **Family policy**

*Score: 3*

Greece's system of family support is suboptimal. There is a lack of child care services, and employment opportunities for women are few. Women are not easily hired and are the first to be fired. Greece society is family-centered in the sense that the wider family is still the focus of social life. Even in the urban centers, women continue to play traditional roles associated with motherhood

and the life of a housewife. Younger women have entered higher education in large numbers over the last three decades, but they have not taken the additional step of entering the labor market and staying in it. National labor force participation in Greece is a little over 50 percent, with female labor force participation rates even lower. Greece has one of the lowest rates of employment for women among the pre-2008 European Union's 25 member states: 45.2 percent as opposed to an EU mean of 55.7 percent (only Malta had a lower rate).

Family policy is understood by state officials as a tool to deal with the country's demographic problems of low overall fertility rates and decreasing life expectancy over time. Family policy measures offer tax exemptions and benefits to families with four or more children. For example, the state offers allowances to families with four or more children until each child reaches the age of six. Yet while social transfers are distributed to families with many children, the overall economic support they enjoy is meager.

### Pension policy

*Score: 2*

Greek pension policy has not been able to prevent old-age poverty, since more than half a million (26.8 percent) citizens older than 65 are relatively poor. Nor has it been able to guarantee the fiscal sustainability of the pension system, although the country spends 11.5 percent of its GDP on pensions, one of the highest such levels of expenditure among all OECD countries. Greek pensions are funded by current employee contributions, state benefits and by the pension plans' capital yield. The use of state benefits has become inevitable in recent years. If this development continues, the current plans' sustainability will be endangered.

The pension system's funding difficulties result in part from the demographic problems of an extremely low birth rate and an aging population. However, contributions are also shrinking due to long-term unemployment, especially among young people and women. Additionally, the large number of insurance companies has led to a myriad of multifaceted, overly complex laws. This too is a heavy burden for the Greek pension system.

While a pension crisis is not imminent, governments since the mid-1990s have done little to prevent a medium- and long-term fiscal crisis, including the possibility of cash shortages. In the current period of analysis, the incumbent government changed only secondary aspects of the system, such as banking employees' pension funds, a reform which was the result of external, international pressures related to international banking standards.

## C Security and integration policy

### Security policy

#### *External security*

*Score: 8*

Greece's defense spending levels are among the OECD countries' highest, and have been so for more than thirty years. In 2005 Greece devoted 4.3 percent of GDP to defense spending, even more than the United States' 4.06 percent. The justification for such high spending lies with perceived and real threats to Greece's external security and unresolved (but in fact low-tension) conflicts in the eastern Mediterranean, including the Greek-Turkish disputes, the Cyprus question and the tension over the name and symbols of the Former Yugoslav Republic of Macedonia. Greece's defense expenditures are relatively efficient, and the country balances its relations with neighbors satisfactorily. The country's external relations will likely improve and defense spending fall as more neighboring countries are gradually integrated into NATO and the European Union.

Tours of military service have been reduced, and additional potential acquired by enabling women to serve in the army, as well as by employing specialists and executive staff. Altogether the army is to be organized more productively and economically. The Deployable Corps-Greece (NDC-GRR), with its headquarters in Thessaloniki, has given Greece a large organization available to carry out peace and stabilization missions under NATO leadership. Greece, together with Italy, Spain and Portugal, has joined a common European Union Battlegroup to establish a "European Force."

#### *Internal security*

*Score: 8*

Greece is not a high spender on public order and safety, and rates of homicides and incarceration are rather low. The last fifteen years has seen perceived increase in crime (mostly property crimes), serious crimes are comparatively rare and internal security is not an issue of primary importance. It rarely figures in the country's domestic political agenda.

However, the internal integration of domestic police and intelligence communities has not been achieved. Technical resources, funds and trained personnel which were employed for the 2004 Olympic Games were appropriately used at the time and the games took place in complete safety. However, this public safety legacy was not exploited in the period under analysis. By contrast, despite some problems appearing in the urban centers, the incumbent government chose to give priority to a new police body, the rural police, whose primary task is to police the countryside. Partisan appointments to the leadership of domestic intelligence and police organizations, including

*New security policy**Score: 6*

the fire brigade, have affected their efficiency of coordination and steering.

The government's policy for protecting the population against new security risks is relatively sound. Greece cooperates with international and EU partners, is a member of NATO and the European Union, is a part of the Shengen border-control treaty, and has obtained useful high-technology equipment. However, the various Greek security agencies face serious problems of coordination and cooperation. Some government officials and public employees have had difficulty in adapting to new concepts of security, and the related way of thinking. Security is often perceived in a traditional way, and policies shaped accordingly.

For example, Greece has commando, special operation and marine brigades which are well trained; but Greek armed and security forces have limited sealift capabilities, and their C4ISTAR and other capabilities leave much to be desired. Greece's development aid is minimal, amounting to just 0.16 percent of national income in 2004. This makes Greece a small donor compared to other members of the OECD's Development Assistance Committee, whose average level of aid is 0.26 percent of income. Finally, while some progress has been made in "exporting" stability in southeastern Europe and the eastern Mediterranean through diplomatic and economic means, much remains to be done to counter new security risks in the region as a whole.

**Integration policy***Score: 5*

Greece has only recently started to formulate an integration policy regarding migrants. Successive governments proved unable to manage the post-1991 influx of migrants from Albania, Bulgaria and the rest of the formerly socialist East European countries. Migrants from the Philippines and South and Southeast Asia joined the wave of East European immigration, so that, according to the latest census in 2001, there were approximately 762,000 migrants in Greece. In reality, the true number of migrants is likely closer to 1 million, including undocumented people entering the country through its northern and eastern borders.

Migration policy is today grounded in a 2005 law, which incorporates relevant EU directives and tries to rationalize the process of legalizing working migrants. However, the process of allowing or inviting foreign nationals to work in Greece remains complex. Provisions detailing ethnic origin quotas, required by the law, are controversial. While migration into Greece remains comparatively large, and citizenship and voting rights have been extended to new immigrants, overall the relevant policies have been erratic, and Greeks

appear to be presenting a determined resistance to the prospect of a multicultural society.

Economically, migrant workers in Greece have overwhelmingly taken unskilled and low-skilled jobs. New immigrants have shown low educational attainment within the Greek system. However, the unemployment rate for foreign nationals is lower in Greece than in 11 other EU states.

## D Sustainability

### Environmental policy

*Score: 3*

Greece lacks a comprehensive and long-term environmental policy integrating town-planning and energy policies and addressing the country's excessive dependency on coal and oil. According to a 2005 European Environment Agency report, Greek coastal waters and beaches are of high quality, and Greece's biodiversity is high. However, the broader environmental policy is undeveloped and is mostly externally driven, shaped by the European Union and other international organizations.

Recycling efforts are minimal, particularly in rural areas. Greece ranks last in Europe both with regard to recycling rates and the development of renewable energy sources. Greenhouse gas emissions have increased steadily over the past ten years, due to continued dependent on coal mining and imported oil. Renewable energy sources supply just 8 percent of the power used to generate electricity, compared to the EU average of 14 percent. Due to rapidly increasing water demand the country may face future water shortages, a problem already felt in the Aegean islands during the summer season. Expectations of Greek environmental policy progress relating to the Natura 2000 framework have only been partially fulfilled. This can be attributed to a slow legislative process, a general lack of environmental awareness within the Greek populace, which frequently establishes illegal waste dumps, and fragmented responsibilities and bureaucratic hurdles in government administration.

### Research and innovation policy

*Score: 2*

Greece's capacity for innovation is low. The state spends relatively little on research and development, and private-sector investment research is even lower. Bureaucratic impediments hamper research and innovation, and many of the country's start-up businesses (e.g., small shops or arts and crafts

enterprises) do not use advanced technologies or belong to any technology-intensive sector. In 2005, Greece spent only 0.61 percent of its GDP on R&D, a small decrease compared to the peak year of 1999, when levels reached 0.67 percent of GDP.

Greece also faces persistent structural problems in this area. Private spending on research and development is only half of national spending (approximately 0.32 percent of GDP according to 2005 EU figures), while 21.6 percent of total research spending is attributable to foreign investment, largely from EU sources. Economic growth, which has been sustained over the last ten years, has been linked not to innovation, but to investment in construction and tourism and to the improvement of macroeconomic conditions after Greece's integration into the euro zone.

### Education policy

*Score: 2*

Greece needs a wholesale reform in education, including the primary, secondary and tertiary levels of education as well as vocational training and life-long learning. Recent governments have emphasized the expansion of education, in order to offer educational opportunities to middle and lower social strata. However, policies have not facilitated high-quality learning, or the improvement of education quality.

Greece spends too little on education, and what is spent in this sector is not used efficiently. Public spending on education, as a percent of GDP, is the second-lowest in the European Union. A number of failures are evident. The share of students finishing secondary education is the fifth-lowest in the European Union, and tertiary completion rates are the eighth-lowest. Even more strikingly, the participation rate in informal job-related education and training at all levels of education is also extremely low in Greece – about 4 percent of students, compared to an OECD average of 17 percent. Greek students rank 28th among the 30 countries participating in the OECD's Program for International Student Assessment (PISA), with only Turkish and Mexican scores ranking lower.

Apart from the lack of funding, the Greek education system has also suffered qualitatively for decades. Intense demand for tertiary education, which is public and free, and the "numerous clausus" system applied to all candidates for admission, regardless of university department, have reduced secondary education to a preparatory school for the competitive university entrance examinations. Education generally does not provide a skilled labor force, with the exception of certain professionals such as lawyers, medical doctors and

engineers. Although most schools and universities are state-run, households pay large sums of money to cover tuition costs for cramming schools, which are private, afternoon and evening courses preparing high school pupils for the competitive university entrance examinations.

The incumbent government passed two laws in 2005 which pertained to the implementation of the Bologna process guidelines in the Greek university system. To date, the laws have been implemented only partially as a result of a lack of political will, bureaucratic inertia and a lack of skilled personnel in the Ministry of Education – a situation that is symptomatic of Greece's education policy as a whole.

## Management Index

### I. Executive Capacity

*Cabinet composition*

<i>Prime minister</i>	<i>Parties in government</i>	<i>Type</i>	<i>Mode of termination *</i>	<i>Duration</i>
Konstantin Karamanlis	New Democracy (ND)	Single party government	1	03/04-09/ 07

*\* The following modes of termination should be distinguished: elections = 1; voluntary resignation of the prime minister = 2; resignation of prime minister due to health reasons = 3; dissension within cabinet (coalition breaks up) = 4; lack of parliamentary support = 5; intervention by head of state = 6; broadening of the coalition = 7.*

#### A Steering capability: preparing and formulating policies

##### Strategic capacity

*Strategic planning*  
*Score: 3*

The governing party, New Democracy, maintains a strategic planning unit. Each minister has a political office comprised of several personal advisors, some of whom have expertise in the ministry's policy area. The Prime Minister's Office employs top advisors in a few policy areas such as macroeconomic policy and administrative reform. However, in practice, there are no predictable or periodic meetings of any collective body in charge of long-term government strategy, or of any individual ministry's strategic planning. Weekly meetings of the prime minister with a few of his advisors and a few ministers who are his closest allies in the government substitute to an extent for the function of strategic planning. However, such meetings are probably concerned with tactical political moves and the day-to-day operations of the government. Finally, a governmental committee, consisting of the prime minister and four or five top ministers, also focuses on operational rather than strategic issues.

*Scientific advice**Score: 3*

The government seeks scientific advice, but mostly on an ad hoc basis. Some ministries maintain staff units consisting of experts. However, these are not necessarily consulted by the incumbent minister, who may choose instead to resort to the help of personal friends or technocratic supporters. There is no predictable pattern of meetings between the government and external academic experts. Nevertheless, the academic community has been called on for help at specific times of acute crisis. In 2006, constitutional lawyers were called in to give advice on the interpretation of gaps or inconsistencies of the text of the constitution. Seismologists and geologists were consulted when earthquakes shook the greater Athens area in 1999.

Each ministry employs a number of scientific advisers who directly confer with the minister, if required, and discuss draft bills to be submitted to parliament. One example is the Council of Economic Advisers at the Ministry of Economy and Finance. This board consists of a number of economists, primarily professors, who advise the minister and the government generally on economic questions. It is not possible to state explicitly how often meetings take place and how much influence this board has on governmental decisions. Occasionally, officials reveal in press interviews that a specific decision is based on recommendations given by the advisory board of specialists.

**Inter-ministerial coordination***GO expertise**Score: 4*

The Prime Minister's Office (PMO), has limited capacity to evaluate policy formulation and implementation taking place inside individual ministries. The PMO has few experts in specific sectoral policies. While it is organizationally divided into various units, few pertain to concrete policy sectors such as macroeconomic policy or administrative reform. The PMO's internal organizational structure is subject to change depending on the decision-making style, experience and personality of each incoming prime minister.

The government structure allows for a large number of ministers, deputy ministers and junior ministers. Between 40 and 50 such posts are filled by incoming governments, which also routinely abolish and merge posts inherited from the past governments, or create new ones. There is also a tradition of party notables obtaining highly visible ministerial posts, such as in the Ministry of Economy and Finance, the Ministry of Interior, the Ministry of Foreign Affairs and the Ministry of National Defense, and afterwards pursuing policies in a manner which is only loosely coordinated

by the government.

*GO gatekeeping*

*Score: 9*

Ministers suggest new policy measures in the form of bills of law to the Prime Minister's Office (PMO), independently of cabinet meetings, discussing them with the prime minister on an individual basis. The prime minister may or may not approve such items and certainly has full authority to return them.

*Line ministries*

*Score: 9*

Line ministries routinely involve the PMO in policy measures they intend to take. The Prime Minister's Office is central to the policy-making process. Ministers and their advisors cannot rely on their departments for policy input or advice. The bureaucracy is there for routine and managerial tasks. Senior ministry personnel, their files and resources, change with the party in government. Ministries lack continuity of knowledge and experience at the top. Ministers rely on their individual advisers and officials for advice, key management tasks and political manipulation. However, in the case of some strong governing-party notables occupying ministerial posts, government policies may be drafted and even announced independently of the policies of other ministers, and even without full consultation with the PMO.

*Cabinet committees*

*Score: 5*

Cabinet meetings are prepared by a government unit called the Secretariat of the Cabinet, and which is often headed by a lawyer or a law professor. This unit's function is procedural and technical rather than substantive, in the sense that it prepares the cabinet meeting agenda without interfering in other substantive matters. There are interministerial committees composed either of ministers or (at a lower level of the government's hierarchy) ministry general secretaries. Most such committees are not permanent, and are not convened on a regular basis. The few exceptions include the Governmental Committee, consisting of the prime minister and several top ministers, which supervises the ongoing government's tasks, and the Governmental Council of National Defense, which involves ministers and the chiefs of the armed forces. Typically, interministerial coordination has an ad hoc character and is done on an issue-by-issue basis.

Cabinet meetings are periodic but infrequent. Recent prime ministers, including the current incumbent, have not used cabinet meetings as an opportunity for collective deliberation or decision-making. Rather, cabinet meetings have served as public events in which new policies, already formulated by the prime minister and a few of the ministers and drafted as bills of law, are announced to the rest of the members of the government and the wider public.

Government business is normally conducted on the basis of bilateral meetings between the prime minister and individual ministers, or by a small

inner group of ministers around the prime minister. These small groups can perform the role of committees, coordinating priorities, strategy and tactics. In general, informal practice appears more important than formal structures.

*Senior ministry officials*

*Score: 2*

Senior ministry officials play almost no role in the preparation of cabinet meetings. There are two kinds of senior officials: career civil servants and political appointees who are advisers to the ministers. Senior officials who are career civil servants often find out about the cabinet meeting the day after the meeting by reading the daily press. Senior officials who are political appointees may have a minimal role in the preparation of the meetings, to the extent that they prepare the text of their minister's speech and supply him or her with relevant data if available.

*Line ministry civil servants*

*Score: 2*

The Greek civil service is highly politicized, with a priority put on obedience to the incumbent authorities rather than expertise. Most upper- and middle-level ministerial posts are filled by career civil servants who are supporters of the incumbent government. They participate in policy-making to a very limited extent. Policy-making is left in the hands of the staff of the minister's office, often composed of temporary personal advisors and experts appointed by the minister only for the duration of his or her term in office. Interministerial coordination bodies exist, but are rare and are formed on an ad hoc basis, if a proposal prepared in one ministry necessarily requires the cooperation of another ministry's staff. In such cases, representatives of individual ministries may convene to discuss legal and technical issues rather than policy matters, which are at the discretion of the minister's close associates and the minister himself or herself.

### Regulatory impact assessments

*RIA application*

*Score: 1*

In Greece, ministries give only formal recognition to the practice of regulatory impact assessment (RIA). There has been discussion about applying RIA since the late 1990s, but in practice no ministry regularly does so. A decision by the prime minister, issued in July 2006, requires ministers to proceed with implementing RIA. In January 2007, the Governmental Committee adopted a decision to implement RIA. Implementation was to start in March 2007, but by the close of this period of analysis, nothing had happened.

*Needs analysis*

*Score: 1*

*Alternative options*

*Score: 1*

### Societal consultation

*Mobilizing  
public support  
Score: 5*

Social dialogue and the functioning of corporatist structures are relatively new in Greece (dating back only to the early 1990s), but today the government exchanges views and information with business and labor groups whenever a major policy shift is envisaged. However, except for the biennial rounds of negotiation on wages and salaries, in which the government, employees and the employers take part, there is no institutionalized channel of exchange of views and information between the government and the country's economic and social actors. Moreover, a polarizing political culture and the polemics that dominate the exchanges between government and the opposition, and between government and economic groups, often obscure the possibilities for meaningful consultation.

NGOs are sometimes consulted by ministers in areas such as environmental policy or social assistance, but the consultative organs in the ministries involved, which include representatives of civil society, are of a cosmetic nature and do not participate in substantive policy-making. For instance, the Economic and Social Committee, which is modeled on the EU's Economic and Social Committee, and which includes representatives of employers and employees, issues opinion papers and makes recommendations, but has limited influence on decision-making.

### Policy communication

*Coherent  
communication  
Score: 4*

The government and the prime minister have not achieved the goal of "speaking with one voice." In the period under review, there was often disagreement among ministers, which was also publicly discussed in the press. This caused the press, and particularly the opposition, to question the cabinet's coherence. Loose ministerial coordination and the lack of proper steering mechanisms at the level of the Prime Minister's Office allow individual ministries to make unpredictable and contradictory pronouncements on new policy measures. In some policy areas, such as foreign policy or security, the government does offer more coherent communication, but in areas where policy measures may have an electoral cost, ministers often publicly display disagreement.

**B Resource efficiency: implementing policies**

	<i>Total</i>	<i>Share</i>
<i>Legislative efficiency</i>		
Bills envisaged in the government's work program	126	
Government-sponsored bills adopted	120	95.24 %
<i>Veto players</i>		
Second chamber vetos	-	- %
Head of state vetos	0	0 %
Court vetos	9	7.5 %

**Effective implementation**

*Government efficiency*  
Score: 5

From a formal, legal point of view the Greek government rarely fails to implement its own objectives, in the sense that the parliament is certain to pass bills of law drafted by the incumbent government. The new laws are then interpreted and codified as presidential decrees and ministerial ordinances, which serve to fine-tune the adopted legislation. However, the Greek government and the governing party have never developed the administrative capacity, expertise, or steering mechanisms to monitor the implementation of new policy measures adequately.

A few exceptions to this rule exist, as in the case of national catastrophes when the need for implementation is very high, or in cases which have received wide publicity such as the conduct of nationwide university entrance examinations. The public administration often fails to implement new legislation unless actively guided by the incumbent government. As a result of this bureaucratic inertia and inadequate oversight capacity, policies are sometimes announced and passed, but in fact fail to be implemented until further legislation is passed, or until new financial and technical resources are made available.

*Ministerial compliance*  
Score: 7

Greek political parties traditionally rely on the personal power and skills of their leaders to guide the party, win elections and then manage the government. The Greek prime minister is strong enough to control government ministers, but some ambitious top party figures may use their ministry as a power base to strengthen their own following. This activity may serve the interests of their electoral constituency, the interests of the groups regulated by the ministry (e.g., farmers and the Ministry of Agriculture, ship owners and the Ministry of Naval Commerce) or their own personal interests.

<p><i>Monitoring line ministries</i></p> <p><i>Score: 3</i></p>	<p>In this respect, the government's organization does not prevent ministers from pursuing policies other than those reflected in the official program.</p> <p>Monitoring of line ministries is insufficient, with the exception of a few policies which the government thinks important for its ideological profile or its international reputation (e.g., privatization or staging the Olympic Games). Many other policies are delegated to line ministries only to be forgotten or "lost" on the way to becoming bills of law.</p>
<p><i>Monitoring agencies</i></p> <p><i>Score: 4</i></p>	<p>The Ministry of State has neither the power nor the authorization to give assignments or recommendations to other ministries. Policies are implemented as a result of direct bilateral consultations between the prime minister and the individual ministries. The prime minister's direct contact with ministers gives him or her the ability to influence their activities.</p> <p>In Greece there are few, if any semi-autonomous executive agencies created on the Swedish model. One rare example is the Unit for Organization and Management (OMD), which is supervised by the Ministry of National Economy and Finance and is tasked with implementing the Community Support Frameworks (CSFs) related to EU structural assistance funds. To the extent that such agencies do exist, the ministries sometimes monitor their activities, while at other times bureaucratic drift leads to an organizational decoupling between the ministry and the executive agency.</p>
<p><i>Task funding</i></p> <p><i>Score: 4</i></p>	<p>Greece is a unitary state. Regional authorities are appointed and controlled by the incumbent government, while prefectural and municipal authorities are elected every four years. However, these governmental jurisdictions are prone to frequent shifts, passing from one administrative unit to another. Funding, particularly of local government activities, is not always secure. Since 1994, with the creation of elected prefects at an administrative level in between the regions and the municipalities, responsibilities and jurisdiction has shifted frequently between the central government, the prefectures and the municipalities.</p> <p>The municipalities have few funding sources of their own, sometimes resorting to EU projects and programs to secure funds for specific endeavors. They are usually dependent on the state budget for their revenue, however. This fluctuation of responsibilities, due in part to the central government's short-term policy objectives and indecisiveness, as well as to local government pressure, has created a fluid environment in which unfunded mandates are common.</p>
<p><i>Constitutional discretion</i></p>	<p>The Greek constitution (as amended in 2001) gives local governments wide-ranging powers. The central government is supposed to control only the</p>

*Score: 3*

legality of the actions of mayors and prefects. However, successive central governments have curtailed local governments' autonomy through legal, administrative, fiscal and political measures. For example, the government intervenes in local governments' personnel policies, takes away responsibilities, and fights legal battles with local administrative bodies.

*National standards*

*Score: 2*

The Greek government has no means through which to ensure that local governments meet national standards, except to take legal action if local authorities are acting illegally. Local government personnel generally have lower educational credentials than their counterparts in the central public administration. A national school for local public employee training started functioning only in the fall of 2005. Greece's present administrative system and financial plan have caused large regional disparities. Almost half of the country's population lives in the region around Athens. With a large share of the nation's financial activity here, this region's economic, social and cultural infrastructure continues to be a strong attraction. Policymakers have discussed a division of the country into five regions, with corresponding reforms to the national administrative system.

## **C International cooperation: incorporating reform impulses**

### **Domestic adaptability**

*Domestic adaptability*

*Score: 4*

The government has tried to adapt domestic structures to international and supranational developments by creating new divisions and sections within ministries, which focus on international and EU-related tasks; by founding new agencies tasked with implementing international and EU projects; by implementing transposed legislation and absorbing relevant funds; and by hiring new personnel, who have the technical and language skills useful in these activities. However, the synergies between these new divisions, sections, agencies and expert personnel and the central government's traditional ministries and civil service personnel have often been few and unproductive. There have been gaps in service delivery, mismanagement of projects, and misallocation of foreign funds. This has become evident in Greece's failures or delays in ratifying international conventions, transposing EU legislation and absorbing funds.

### **External adaptability**

*International*

Greece facilitates international cooperation in fields such as international

*coordination activities**Score: 5*

security, economic development, social progress, human rights issues and environmental protection. However, Greece has not to date played a leading role in these fields. The country is more an imitator than an innovator in this respect. The Greek government rarely contributes substantively to the international coordination of joint reform initiatives, although it sometimes serves as a reluctant follower in such activities.

*Exporting reforms**Score: 2*

Recent Greek governments have been policy importers, rather than exporters. Governments have prioritized domestic reform and adaptation to EU agendas, as in the case of structural economic reform and social policy. However, the current government has not actively pursued activities that would spread its reform priorities through supra- or international channels.

**D Institutional learning: structures of self-monitoring and -reform****Organizational reform capacity***Self-monitoring**Score: 3*

Greek legislation specifies the roles and functions of government organs, down to ministers' advisory staffs and the management of relations between the government, parliament and administration. This legislation spells out different institutions' competencies. However, procedural rules and work formats are less clear, depending largely on the decision-making style of the prime minister and the individual ministers. No clearly laid out governing arrangement, which would allow a predictable sequence of actions, exists. The lack of mechanisms, expertise and resources that would be useful for policy planning, implementation and evaluation leads to deficiencies in monitoring.

*Institutional reform**Score: 4*

The Greek government occasionally tries to improve its strategic capacity by changing its institutional arrangements. Examples have included the creation of a new agency tasked with managing responses to national disasters, and of a new fund to finance social cohesion policy. However, these are top-heavy initiatives, for which success depends on the prime minister and the minister given responsibility. Changes in institutional arrangements are rarely wholesale, and rarely represent a long-term orientation. In the current period of review, there were no examples which demonstrated significant improvement in the government's strategic capacity as a result of changing the institutional arrangements of governing.

## II. Executive accountability

### E Citizens: evaluative and participatory competencies

#### Knowledge of government policy and political attitudes

*Policy  
knowledge  
Score: 3*

Greece's daily newspaper readership has been declining since the late 1980s, accompanied by a public loss of interest in politics- and policy-focused TV and radio programs. Citizens often do not understand the motives, objectives, effects and implications of policies. Some new policies, notably including pension reform (last attempted in 2001) and higher education reform (attempted in early 2007), have met with extremely radical resistance from certain social groups, mass media organizations and political parties. In neither case were citizens given a full explanation explaining the need for reform, opposing views, alternative policy options and the long-term consequences of both policy inertia and proposed changes.

### F Parliament: information and control resources

#### Structures and resources of parliament, committees, parliamentary parties and deputies

Number of deputies	300
Number of parliamentary committees	25
Average number of committee members	23
Average number of subcommittee members	-
Pro-government committee chairs appointed	25
Deputy expert staff size	1
Total parliamentary group expert support staff	30
Total parliamentary expert support staff	145

*Obtaining documents**Score: 8*

According to Article 133 of the Standing Orders of the Greek parliament, each member of parliament is entitled to ask, in writing, for government documents. The minister in charge of the relevant subject area is obliged to send the documents to parliament within 30 days after receiving the request, or to justify his or her refusal. A minister is entitled to refuse a document request if it would expose state secrets. This latter provision does not apply if the documents are requested by parliamentary committees. Bureaucratic drift ensures that some government documents are not delivered or are not delivered in time to the appropriate committees.

*Summoning ministers**Score: 9*

According to Article 41A of the Standing Orders of the Greek parliament, parliamentary committees are entitled to summon members of the government for questioning. The right to summon and question members of the Ministry of Defense is limited to questions concerning provisions for purchasing military equipment. The Foreign Minister is entitled to refuse to answer questions dealing with negotiations concerning issues of national impact. Cabinet members must answer summonses, opportunities for which take place once a month, if they are supported by two-fifths of a committee. Legislators also have the right to submit written questions to ministers regarding any public issue. Ministers are required to reply in writing within 25 days. At the beginning of each weekly session, these petitions and questions are listed in the daily agenda and discussed. Despite these rules, ministers' answers are sometimes evasive, and as a consequence prove of little use to committee decisions.

*Summoning experts**Score: 10*

Legislative initiative is exercised either by the cabinet (through bills) or by the parliament itself (through law proposals). Bills and law proposals must be accompanied by an explanatory report analyzing the goals of the proposed regulation, and by the text of the clauses that are to be annulled or amended. The proposed legislation is transmitted to the scientific service of the parliament's Directorate of Studies, which submits a statement with its comments. In the case of bills and law proposals of significant importance, the parliament's standing committees are entitled to invite experts, special officers or representatives of regional organizations, trade unions and other social organizations to comment. The outside experts' invitation is discussed and agreed upon at the first standing committee meeting that follows a minister's proposal. In the last legislative period, this happened several times, including during discussion of an amendment to the higher education law, in which a number of tertiary education experts participated.

*Task area coincidence*

In the last legislative period there were 19 ministries and 16 standing parliamentary committees in Greece. Theoretically, this means that the

*Score: 7*

committees may be overburdened with monitoring ministerial activities. This is also the case in practice. Parliamentary committees are overburdened, and unable to monitor the ministries thoroughly due to their relatively smaller number. In addition, the huge bureaucracy often allows the ministries to avoid parliamentary monitoring partially or even completely. Incoming governments often change the name and competences of ministries. As a consequence there is not always congruence between committees and ministries.

*Audit office*

*Score: 6*

The Hellenic Court of Auditors is independent of the executive, and reports to the legislative branch. However, according to the State Audit in the European Union report on Greece, published by the United Kingdom's National Audit Office, "The Court's senior appointments – the president and the eight vice presidents – are made by the cabinet on the advice of the minister of justice." In addition, the responsibilities of the general commissioner (and the commissioners and vice commissioners) include "monitoring the Court's work and reporting to the minister of justice." Nevertheless, the report notes that "staff are usually trained economists, lawyers or accountants who have passed examinations covering public law, accounting and economics; senior staff are lawyers and economists" and are from within the office. In addition, the subjects of audits are determined by parliamentary requests. Thus, accountability is mainly to parliament, although the government has a significant role in appointing top personnel.

*Ombuds office*

*Score: 6*

The Greek Ombudsman is an independent administrative authority first established in 1997 (and regulated by law 2477/1997 and presidential decree 273/1999). The officeholder is selected by the cabinet, after hearings in parliament, for a five-year term. The Ombudsman sends a report of the office's activities to parliament every year. The office investigates actions or omissions on the part of government departments or public services that infringe upon the personal rights or violate the legal interests of individuals or legal entities. Before submitting a complaint to the Greek Ombudsman, the complainant should first contact the public service involved with his or her case. Only if the problem is not resolved by the service concerned should a complaint be submitted to the Ombudsman.

## G Intermediary organizations: professional and advisory capacities

### Media, parties and interest associations

#### *Media reporting*

*Score: 5*

The main Greek TV and radio stations produce a mix of infotainment and quality information programs. Government decisions are broadcast by TV and radio stations in the morning as well as in the evening. State-owned TV and radio stations dedicate considerable time to covering government activity. However, private channels, which enjoy much higher popularity than the state-owned channels, rarely give in-depth information on government decisions. TV and radio programs focus on personal disputes among politicians, extravagant statements by ministers or deputies, and gossip, including aspects of the personal lives and personal property of members of the political elites and their relatives. Often misinformed and poorly educated with regard to the complex political process, journalists prefer sensationalist news over information and analysis. TV and radio anchorpersons and reporters are often misinformed, and do not have the experience or skills to understand the main parameters of policy decisions, including the technical, institutional, legal and financial aspects of decision-making.

#### *Fragmentation*

#### Parliamentary election results as of 3/7/2004

<i>Name of party</i>	<i>Acronym</i>	<i>% of votes</i>	<i>% of mandates</i>
New Democracy	ND	45.4	55.00
Panhellenic Socialist Movement	PASOK	40.5	39.00
Communist Party of Greece	KKE	5.9	4.00
Coalition of the Left and Progress	SYN	3.3	2.00
Others		4.8	0

#### *Party competence*

Greek political parties' electoral programs are often vague, with populist overtones. The two major parties, the conservative New Democracy (ND)

*Score: 5*

and the socialist Panhellenic Socialist Movement (PASOK), each offer programs with catch-all overtones, trying to appeal to most if not all interest groups in society. Such programs rarely contain specific and clearly articulated policy proposals, often send contradictory signals, and lack information on the funding of policy proposals. Minor parties' programs are more overtly populist in nature, containing strong criticism of both major parties, along with inflammatory rhetoric and radical promises. The electoral programs of the PASOK and ND are today not far apart, and a gradual convergence of the ideas and programs of these two parties may be observed.

*Association  
competence*

*Score: 5*

A few interest associations have developed structures with which to engage in the policy process. The General Confederation of Greek Workers (GSEE), for example, has a research institute and a labor representative training center, which contribute to drafting concrete policy papers and reports responding to government policy initiatives. However, such interest association products are typically diametrically opposed to the government's policies. There is rarely any common ground between the government and interest groups, as the various sides disagree not only about policy choices but also about basic facts and information on most policy areas. Relations between the government and most interest associations are deeply confrontational. In this context, neither side considers the policies proposed by the other side as reasonable.

*Association  
relevance*

*Score: 5*

It is only when government policy fully coincides with the interests of a certain association (e.g., when industrialists push for the quick privatization of state-run companies and the government fully endorses this prospect) that associations' proposals are considered relevant by the government. However, this is rarely the case with trade unions, religious communities other than the Christian Orthodox Church, or environmental groups. The Orthodox Church has pursued an almost nationalistic policy with outdated slogans such as "Religion, fatherland, family" and "Somebody who is not Orthodox is not Greek." It has thus attempted to gain influence on government policy, first and foremost by means of elaborate mobilization campaigns.

This country report is part of the Sustainable Governance Indicators 2009 project, which assesses and compares the reform capacities of the OECD member states.

More on the SGI 2009 at [www.sgi-network.org](http://www.sgi-network.org)

## Contact

Andrea Kuhn, Dr. Leonard Novy, Daniel Schraad-Tischler

Bertelsmann Stiftung

Carl-Bertelsmann-Straße 256

33311 Gütersloh

[www.bertelsmann-stiftung.de](http://www.bertelsmann-stiftung.de)