

SGI Sustainable Governance Indicators 2011

Greece report

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Executive Summary

In 2008 – 2010, Greece ran into grave governance and financial problems. The high economic growth of the first half of the 2000s faltered, and budgetary performance declined. Endemic systemic weaknesses and rigidities meant that both the economy and the system of governance were ill-equipped to deal with the challenges of the global recession. In the aftermath of the parliamentary elections of October 2009, in which the Panhellenic Socialist Movement (PASOK, led by George Papandreou) defeated New Democracy (ND, led by Costas Karamanlis) to form a single-party majority government, the budget deficit climbed above 13% of GDP, and by the end of 2009 the public debt level had grown to 115% of GDP. This was proof not only of economic crisis but also of a failure of governance, which – coupled with the failure in internal security evident in the Athens riots of December 2008 – contributed to the public image of a country in disarray.

The country's systemic constraints involve the conflict-prone nature of the prevailing, peculiar type of corporatism (which distorts economic and social interests); the long-term weaknesses of public administration; cultural habits of rent-seeking and corruption; and the limitations of policy debates (including a paucity of high quality, independent think tanks and a politicized expert class).

However, party positions are today closer to consensus than was the case in the 1980s. Both major parties (ND and PASOK), which have alternated in power almost without interruption since 1974 (with a small interval of coalition government in 1989 – 1990), have evolved to the point of sharing a consensus as to the value of economic liberalization, including the privatization of state-owned enterprises. Though they have overplayed their differences and used inflammatory rhetoric, both parties are in favor of a more competitive economy, and of reforming the social security and public education systems. Yet in 2008 – 2010, reforms were once more postponed due to domestic political pressures. In the meantime, the Greek growth model, based on heavy public borrowing, construction and tourism, as well as an inflated public sector, reached its limits.

In 2008 – 2009, under the Karamanlis government, a combination of factors including lack of political will and state capacity, as well as the persistence of influential sectoral interests and a clientelistic culture, prevented substantive reforms in important policy sectors. Under Papandreou, particularly from the beginning of 2010, a new period of reform commenced.

Today there is both foreign and domestic recognition that embedded

problems will need to be addressed if the current crisis is to be overcome. The degree of fiscal retrenchment required is unprecedented in the euro area. Such adjustments pose significant social and political risks. By the close of the review period, it remained uncertain whether the political system would be able to deliver the reforms required. However, there was evidence (e.g., in opinion polls) of a shift in attitudes toward a break with the past. Moreover, the upcoming monitoring of domestic reforms by the European Union, the IMF and the financial markets creates powerful external constraints against reform failure.

Strategic Outlook

In Greece, obstacles to reform are posed both from within and outside state institutions. There are also problems of unreliable information and a lack of skills among political and administrative personnel; misinformation of the public, which is subjected to the influence of sensationalist media; and an asymmetry of political representation. The strategy and tactics needed to improve policy results and strategic management traditions require initiatives at a variety of levels. They also require reform projects to be implemented successively, over the short, medium and long term.

In the short run, it is clearly necessary to contain public expenditure and increase state revenue in order to face the Greek state's ongoing fiscal crisis. It is equally necessary to take measures to alleviate the social cost of these measures for those most severely hit by the crisis, and to offer a vision for the future to the population as a whole.

In the medium run, it will be necessary to establish a set of preconditions for substantive reform in critical sectors of the economy, society and state. Such preconditions for reform in developed economies were laid out in a recent OECD study (2009), and include the following: an electoral mandate for reform; effective communication in favor of reform; solid, data-based preparation of any changes; a long gestation time allowed for reform projects; government cohesion; firmness of leadership; preceding erosion of status quo; and persistence of reformers in their task even in the face of initial failure.

Past international fiscal crises suggest that adjustment is most lasting if relatively deep public sector and structural reforms are made, and if emphasis is placed more heavily on cuts than on tax increases. In such circumstances, the contractionary impact of cuts is lower when debt and deficit levels are dire (see Citigroup report, April 24, 2010). In 2010, Greece embarked on long-delayed reforms. Difficult issues were confronted (notably pensions and labor conditions), though the

initial stress was more on tax increases than on cuts to state spending. These latter will involve confronting strong political pressures.

In the long run, in order to reform governance and state-society relations, and enhance the strategic management capacities of the Greek state, reformers will have to overcome the three following historical legacies. First, at the level of the political system, there is a long legacy of polarized party competition and conflict-prone political culture. Second, at the level of the administrative system, there is a legacy of weak state capacities. Finally, at the level of state-society relations, there is a legacy of exclusionary state intervention in society, in which certain powerful interests are systematically favored at the expense of others, and these favored interests are allowed to obstruct reforms; at the same time, the system of corporatism, being both conflict-prone and fragmented, has undermined the capacity for social pacts. Each of these factors undermines reform capacity.

The fact that a will to adjust was evident from both government and public, and that a reform process was underway with international support (from EU governments, the IMF and the financial markets), means that there are grounds for optimism. But the task is Herculean, and the stakes high: either systemic failure or a paradigmatic shift.

Status Index

I. Status of democracy

Electoral process

Candidacy
procedures
Score: 10

Greece has been a stable democracy since the 1974 transition to a democratic system. In order to participate in elections, parties must register with the country's highest civil court (Areios Pagos). Parties submit their lists of candidates to the same court, which does not decide on any substantive issues, but performs a purely procedural function. It simply checks whether parties and candidates fulfill the requirements of the constitution. An example is the age requirement – candidates must be at least 25 years old. A second example is the requirement that government and regional officials, such as general secretaries of ministries or prefects, must resign from their official post well in advance of election day in order to be admitted as candidates for a parliamentary seat. The reason for this requirement is to avoid allowing candidates to use their official post to boost their candidacy. Essentially, the court plays a purely formal role, without examining matters such as whether a party is insolvent, or whether a party advocates the overthrow of Greece's liberal democratic regime. In practice, this means that extreme parties are fully entitled to compete in elections.

Media access
Score: 5

In 2002, the Greek parliament passed Law 3023/2002 on the financing of political parties and media access by parties and candidates during electoral campaigns. This law, which regulated access to the media during the parliamentary elections of 2004, 2007 and 2009, stipulates that individual candidates and parties have unlimited access to media. Three organs are entrusted with the monitoring of the law's implementation: first, a government authority called the Secretariat General of Communication-Secretariat General of Information, which is headed by a secretary general. This is a political appointee, who works closely with the incumbent government's spokesperson. Second is an independent administrative authority, the National Council for Radio and Television, which is entitled to regulate the media sector in Greece. In reality, this council bends easily to the incumbent government's preferences, as formulated by the Prime Minister's Office (PMO), the government's spokesperson and the aforementioned secretariat.

Third in this regulatory arena is a committee convened during electoral campaigns, including representatives of all parties holding at least one parliamentary seat. The TV and radio time slots allocated to parties during campaigns are proportional to the share of the vote each obtained in the preceding national election. During the 30 days of an electoral campaign, a party can freely use a 10-minute long slot every week to propagate its electoral messages. Parties can buy additional time by paying what are generally high fees to state-owned and private media organizations.

This system provides incentives for every party to try to outspend the others, and a disincentive for new parties to enter the electoral competition. Newly founded parties, parties which failed to obtain any parliamentary seats in the previous elections, and parties with poor financial resources are discriminated against.

There is fair and equal access for citizens in terms of electoral participation. All Greek citizens are required to participate in national elections, as voting is compulsory. However, the law requiring all citizens to vote is not enforced, which means that people can in fact abstain from voting if they choose to do so. Voter registration takes place efficiently and impartially, and is performed by prefectural authorities in a nondiscriminatory manner. There is no political interference in the administrative tasks involved in voter registration, which are carried out by low-ranking civil servants who process citizens' registration petitions. If an individual is denied the right to vote, which hardly ever happens once he or she is registered as a voter, he or she can appeal to independent judicial authorities which are competent to rectify the situation.

There are three issues to note in this context. First, convicts can also vote, unless a criminal court decision has imposed a temporary suspension of voting rights. Second, citizens without a permanent residence in the country have the right to vote (under Article 51 Paragraph 4 of the constitution), but as of the time of writing, no law or presidential decree had specified the details by which Greek citizens could exercise their right to vote while living abroad. In practice, this means the right is not upheld.

Third, on the basis of a new law passed in March 2010 (Law 3838/2010), permanent residents, including legal migrants, have the right to vote in local government elections. This is a vast improvement over the situation of the previous years. However, the new voter registration requirements have multiple conditions to be filled, and are linked to acquisition of permanent resident status.

Parties are obliged to keep financial accounts, and to publish them on an annual basis. However, they are not required to specify either the sources or the value of donations received. While the state budget

Voting and
registrations rights
Score: 9

Party financing
Score: 2

funds parties on the basis of their performance in the most recent parliamentary elections, parties' electoral campaign costs in practice far exceed the funds allocated to them by the state. The very high costs are the result of the high prices of printing and distributing electoral material, organizing electoral rallies, and buying time in the electronic media, a sector which in Greece has the structure of an oligopoly. Thus, parties regularly resort to soliciting funds from private sources (e.g., private donors or big business leaders). Such revenue is not included in the parties' published accounts. In other words, parties essentially keep two sets of accounting books. After the close of parliamentary elections, a parliamentary commission is supposed to audit the finances of candidates who won parliamentary seats. In practice, the committee performs a largely rubber-stamp role. The lack of enforcement of the relevant legislation, pertaining (for example) to candidate expenditure ceilings, means that in Greece today there is no real way to monitor party financing.

Moreover, there is no independent body or other effective mechanism to oversee, investigate and sanction parties in regard to their finances. The political class as a whole resists any substantive inspection of its finances. There is even one party (the Communist Party of Greece) which has consistently refused to publish its accounts. Finally, infringements of the relevant legislation are not punished.

Access to information

Media freedom
Score: 5

Though the state-owned media offers news coverage in a pluralist fashion, the incumbent government nevertheless retains channels through which to influence the content of media coverage. For example, the government appoints the board of directors of ERT (Hellenic Radio and Television), which is a large public organization overseeing all state-owned TV and radio stations. The Secretariat of Information - Secretariat of Communication fully controls the finances of ERT, which is funded by the general population in the following compulsory manner: All legal persons and house or apartment occupiers who use electricity (i.e., practically everyone) pay a compulsory fee to ERT, which is included in their electricity bill. Bills are issued bimonthly by the country's single, state-owned energy company, the Public Power Corporation (DEI). In other words, the state-owned media tax the population as a whole, but such media are at the disposal of the governing elite. Through its control of the ERT governing body, the incumbent government appoints and dismisses all ERT directors. In that respect, there is insufficient protection against potential government influence, although compared to the

past (the 1980s and the early 1990s) the government has loosened its grip over the electronic media.

Media pluralism
Score: 5

Since 1989, it has been legal to own and manage private TV and radio channels in Greece, while government control of the state-owned TV and radio stations has been somewhat relaxed. Whereas the 1989 decision led to a flourishing of private radio and TV stations both in the urban centers and in peripheral regions, it also provided the opportunity to create a private electronic media oligopoly with the capacity to broadcast news, films, sports and entertainment programs nationwide. On the surface this may appear to be a diversified environment conducive to the pluralism of opinions, but in practice the system airs only a few selected viewpoints. Often, because of the fierce competition among media owners to attract and preserve a share of the market, only the most popular opinions are aired. For example, if the public opinion leans toward staunch nationalism in foreign affairs, the media will not give any publicity to voices critical of established ethnocentric opinions.

In the period under review here, private media companies belonged to owners of traditional newspapers or of companies active in other sectors (e.g., construction, shipping). A few private media companies influenced public opinion, the day-to-day political agenda, government policy decisions, and even the rise and fall of individual politicians. Indeed, politicians' public image can be severely tainted by negative publicity diffused even by a single newspaper or TV channel.

Access to govmt.
information
Score: 8

On the basis of legislation passed in 1999 and 2006 (Laws 2690/1999 and 3448/2006), access to information is ample and free. There are a few reasonable restrictions referring to matters of national defense and security. In the 2008 – 2010 period, there were a few changes to these regulations. First, a new ministerial ordinance was issued by the ND government in April 2009. The ordinance required all public services, including regional and local authorities, to create a separate section on their website where all administrative documents they produced would be published. Each public service would thus create its own "Service Gazette." However, the ND government lost the elections of October of that year, and the ordinance was not fully implemented.

Second, a new law was under preparation at the time of writing. The new PASOK government planned to extend access to information through a new law, the first draft of which was ready in late April 2010. The new law extended to state-owned enterprises the aforementioned requirement for electronic publication of documents, and also created a very detailed list of all documents which were required to be made publicly accessible through the Internet.

Civil rights

Civil rights
Score: 6

Several concerns can be noted regarding civil rights. In Western Thrace, the north-eastern portion of Greece that is home to a Turkish-speaking Muslim minority, the level of protection of civil rights, equal access to the law and equal treatment under the law are not up to the standards guaranteed to the majority of Greece's population. This remains the case despite reforms introduced in the early 1990s by the Konstantinos Mitsotakis government. For one thing, the rights of women are not protected. Owing to Sharia legislation still held as valid among the members of this minority on issues of marriage, family and inheritance, Muslim women in that region of Greece do not enjoy the same rights as men. Married men can divorce their wives more easily than vice versa; inheritance laws favor male over female offspring; and other such matters are decided by local religious judges (muftis), while the Greek courts of first instance, to which the muftis' decisions are submitted for final approval, do not change the muftis' decisions.

Significantly, there is still no mosque in Athens, for example, despite the influx of migrant Muslim workers. Moreover, neighborhood and police pressure has repeatedly disrupted the ability of minority faiths to establish a settled place of worship. One such case in 2009 involved Muslims being ejected from a converted warehouse in Athens.

Furthermore, the civil rights of religious minorities more generally display unequal status. The position of the Orthodox Church of Greece is privileged on both a de jure and de facto basis. Laws against proselytism by other faiths, and a requirement that local Orthodox bishops must approve the establishment of new places of worship (an effective veto right) place important restrictions on minority faiths. Underlying such policies is the cultural sense that to be non-Orthodox is to be non-Greek.

Similarly, one may doubt the level of protection of civil rights and equal access to the law enjoyed by nonnative speakers who are migrants or family members of migrants. Most of this population has come from Southeastern and Eastern Europe (Albania, Russia, Georgia, Ukraine, Moldova) or from South Asia (Iraq, Afghanistan, Pakistan, Sri Lanka). Most of the migrants entered Greece in the post-1990 period, legally or illegally, as economic migrants, asylum seekers and/or refugees. Official statistics estimate their number at over 700,000. However, their number could be as high as 1 million. First-generation migrants and their families usually have poor Greek, little knowledge of their rights and a lack of experience with a Western state administration. Few of them have acquired Greek citizenship, as

this was very difficult to achieve until 2010, when a new law was passed. In this respect, the level of protection of migrants' rights and their access to law leaves much to be desired.

Political liberties
Score: 9

The Greek constitution of 1975 (as amended in 1986 and 2001) guarantees a wide range of political liberties, which since the 1974 transition to democracy have flourished in Greece. There is no government or private interference with individual freedoms of thought, expression, worship or petition. There are no constraints on collective rights of organization, assembly or public protest. There are many channels through which individual and collective citizen preferences can be expressed, including petitions and demonstrations, the latter of which frequently take place without any interference.

However, this does not mean either that civil society has flourished or that interest groups and civic associations are equally capable of organizing and exerting pressure on the government. Public sector unions and party-dominated interest groups, including large confederations of labor and farmers' associations, are much more vocal than other interest groups, while business associations and associations of liberal professionals (medical doctors, lawyers and engineers) find it easier to attract the government's attention. This and other power inequalities are attributable to longstanding preferential relations between the state and well-placed, powerful groups such as those mentioned above. These groups enjoy better access to decision makers than do social movements and voluntary associations active in environmental, human rights or other post-materialist policy sectors.

In addition, the restrictions on religious freedom noted above (see Civil Rights) are relevant here as well.

Non-discrimination
Score: 6

In Greece there is no discrimination based on social status or political views. In regard to religion, however, there is some discrimination. The Greek constitution protects religious freedom, but at the same time recognizes the dominant position of Greek Christian Orthodox dogma. This amounts to providing that dogma with a position effectively like that of a state religion.

The preponderant position of the Greek Christian Orthodox Church in the Greek state and society is evident in the very close relations between church and state, reflected in tax breaks enjoyed by the Greek Orthodox Church before the new taxation legislation was introduced in March 2010; in the financing of the Church through the state budget; and in assigning a specific and important secretariat of the Ministry of Education the task of overseeing religious matters – in effect, the affairs of the Greek Orthodox Church (notably the ministry's

full official name is the Ministry of Education, Lifelong Learning and Religious Affairs).

All other religions and dogmas are equally protected, but proselytization is prohibited. The Greek government and bureaucracy have long posed various obstacles to the building of a mosque in Athens, with the result that Muslim residents of Athens must resort to private or makeshift places of worship. Officially, there is still a regulation requiring representatives of dogmas other than the Greek Christian Orthodox to petition their local Orthodox bishop for his opinion when constructing a new place of worship. However, the country's highest administrative court (the Council of the State) has decided that the bishop's opinion, even if negative, cannot prevent town planning authorities from issuing such a building license.

The situation is better in regard to education. There are state-owned, mixed, Greek-and-Turkish-language primary schools for children belonging to the Turkish-speaking Muslim minority in northeastern Greece (the Thrace region). The schools are staffed by Turkish-speaking Muslim teachers. In the same region, in the cities of Xanthi and Komotini, there are also two Greek and Turkish language high schools with teachers who are Turkish-speaking Muslims (minority members) and Turkish nationals. The limited number of places available, however, means that a majority of Turkish-speaking pupils still cannot attend such a school. Turkish-speaking Muslims who are graduates of these schools and are also Greek citizens are admitted by Greek state universities on the basis of a quota. On this matter, more can be done to facilitate the flow of pupils from primary to secondary education, and to attract more members of the minority to Greek state universities.

Officially there is no discrimination on the basis of gender and physical ability. The Greek government has transposed the relevant EU directives on gender equality in the workplace, and has passed legislation to protect the disabled. In practice, however, there remains a persistent wage and salary differential between male and female employees. Women are still pensioned off much earlier than men, and disabled persons encounter substantive difficulties in terms of their everyday physical mobility (for instance, the headquarters of public services continue to present problems of access).

Rule of law

Greece displays a problematic mix of heavy regulation with an ill-coordinated process by which to cross-check other relevant legislation. This problem is evident throughout the regulatory process, from the drafting of legislation to the application of laws.

Legal certainty
Score: 4

There is a plethora of regulations, including laws, presidential decrees and ministerial ordinances covering the same subject. Even though decrees and ordinances are necessary in order to interpret and specify laws passed by the parliament, the end result is an unmanageable and self-contradictory body of regulation. This pattern is very evident in taxation and town-planning legislation.

The large number and often contradictory substance of regulations contributes to the unpredictability of government decisions. The same holds for the tendency of ministers taking office after a cabinet reshuffle to amend or even reverse legislation passed by their predecessors, even if they come from the same political party.

The bulk and complexity of existing legislation dampens legal certainty, as middle- and low-ranking civil servants can be left with contradictory guidelines as to which regulation applies. In certain extreme occasions, civil servants have opportunities to negotiate with citizens and their legal representatives the exact meaning of the letter of the law. Paradoxically, with so much regulation and legalism, scope is created for corruption.

Often, courts are called upon to resolve issues stemming from contradictory and inconsistent legislation. Even though courts play a corrective role, at the end of the day the Greek government and administration have ample room to make unpredictable decisions.

Greek courts can review actions taken and norms adopted by the government. Administrative courts, which are entrusted with reviewing executive acts, are differentiated and stratified into first- and second-instance courts, spread throughout the country. A third-instance court, the Council of the State, serves as an appellate court. Judges are trained not only in the law faculties of universities located in Athens, Thessaloniki and Komotini, but also in a post-graduate, specially designated school for judges based in Thessaloniki. Proceedings are rational, and there is considerable professionalism in the judiciary and court administration.

What is lacking, however, is a larger pool of resources (administrative staff, judges, infrastructure) and better management to cope with the large number of cases under review. As a consequence of understaffing, lack of funds and insufficient infrastructure, reaching a decision on an appeal made by a citizen against a government body may take years. The situation is grave in the larger urban centers (Athens, Piraeus and Thessaloniki) where more than half of the population lives and where many cases have been accumulated. For example, in Athens it takes approximately five years between the filing of an appeal related to a simple taxation issue and the issuing of a decision by a first-instance administrative court.

Another problem is the sporadic delay in government conformation to

Judicial review
Score: 5

the court's decision. Citizens and businesses find themselves sometimes at a loss, having won a legal battle in court but discovering that civil servants and their politically appointed supervisors (general secretaries of ministries and ministers) simply delay compliance or even refuse altogether to comply with the court's decision.

Appointment of
justices
Score: 8

There is no constitutional court in Greece. There is an appellate court, in effect the highest administrative court of the country (the Council of the State). The highest-ranking justices of this court are its president and vice presidents. The constitution (Article 90) stipulates that these justices are appointed by the incumbent government. However, the new PASOK government passed a law in March 2010 to limit its own competence on this matter. The new law provides for a different arrangement, according to which a committee consisting of the president and the vice presidents of the Greek parliament (who come from different political parties) compiles a list of candidates from among the appellate court justices. This high-level parliamentary group should decide on the list with a four-fifths majority. The list will be then submitted to the government, which makes the final decision in a cabinet meeting. The government has to take into account the opinion expressed by the parliamentary committee.

Corruption
prevention
Score: 3

In terms of perceptions of corruption, Greece is usually ranked low on comparative lists. One such well-known list is the 2009 Corruption Perception Index (CPI), compiled by Transparency International and containing estimates using a scale from 0.0 (very high perceptions of corruption) to 10.0 (almost no corruption perceived). In 2009 Greece obtained a score of 3.8 and was ranked 71st, tied with Bulgaria, Romania and FYR Macedonia, among 180 countries. This represents a decline from 57th place on the same index in 2008, when its CPI score was also higher (4.7). The CPI is indicative of the extent to which third parties (citizens, businessmen and more generally users of public services) perceive corruption to have permeated the bureaucracy of a certain state.

The index also reveals the way in which perceptions of corruption vary either by policy sector or hierarchical level of bureaucracy. Generally, there is more public service corruption involved in the sectors of customs, taxation and town planning. High-level corruption became very evident in 2008 – 2009, when a scandal broke out involving bribes allegedly paid by Siemens Corporation to Greek politicians in the late 1990s and the early 2000s.

Compared to the period covered in the SGI 2009 report, the prevention and prosecution of corruption have not improved. In the period currently under review (May 2008 – April 2010), there was no new legislation aimed at fighting corruption. However, the new PASOK government has pledged to introduce new legislation on the

issue, and has already announced that a new anti-corruption law is under preparation.

Citation:

On the corruption perception ranking of Greece: www.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table.

II. Policy-specific performance

A Economy

Economy

As has been evident since the autumn of 2009, when an acute fiscal crisis erupted in Greece, economic policy in 2008 – 2010 was not able to provide a reliable economic environment in Greece. Even though the high annual economic growth rates of the 2000s (4% in 2004 – 2007) improved the country's competitiveness, and made Greece a more attractive economic location than it was in the 1990s, the Greek economy's basic structural deficiencies saw no change. Economic growth was not followed by a more equitable distribution of income. The fact that in 2007, GDP per capita stood at \$28,423, making Greece the 21st richest country in the world (according to OECD data), does not tell the whole story. In the period under review, the poverty rate remained at 20%, and economic inequalities were not curbed. In addition, Greece was the least competitive among all OECD countries.

The budget deficit amounted to 13.6% of GDP in 2009 and public debt soared to 115% of GDP by the end of that year. Inflation reached approximately 4% in 2008, decreased to 1.2% in 2009, but rose again to about 3% in the early months of 2010, in the wake of the crisis.

Throughout the period in question, the Greek economy continued to suffer from relatively low international competitiveness. Levels of inward foreign direct investment (FDI) are low; the openness of the economy is constrained by various barriers to market entry (as evidenced by the World Bank's Ease of Doing Business reports); and heavy, inefficient state regulation of the domestic product markets sustain higher costs. A new debate emerged in 2009 about the benefits of opening up the so-called closed professions in order to create more competitive pricing. The new government is expected to introduce reforms on this issue as a result of the EU/IMF loans it has

Economic policy
Score: 2

received.

The stability of the macroeconomic policy framework has been repeatedly called into question by doubts as to the credibility of the fiscal data supplied by the government. EUROSTAT revealed that it had questioned the validity of the Greek data five times in the 2005 – 2009 period. The credibility of the data could not be relied upon, it indicated.

The consequence was that international financial markets became alarmed as to the ability of the Greek government to cover its high levels of debt maturing in 2010 and onwards, given that public debt was set to rise to 120% of GDP that year, and was forecast to rise to 140% thereafter. An unprecedented fiscal crisis arose for Greece and the euro zone, prompting an EU/IMF bailout. Thus, the stability of the domestic economic setting was shattered, accompanied by major political and social unrest.

The crisis brought Greece to the brink of defaulting on high levels of maturing debt. This eventuality still cannot be ruled out over the next three years, but the aid package provided by the euro zone countries and the IMF, as well as the new measures announced for those euro zone states in fiscal difficulty, hold out the change of preventing such default.

The Greek economy is largely based on services such as tourism, construction and public sector services (including transportation, education, health, and utilities supplied by public bodies and state-owned enterprises). Roughly three-fourths of the Greek workforce is employed in the tertiary sector. The economy is heavily dependent on imports of energy (oil) as well as imported capital and consumer goods, to the point that in 2009 the total value of exports was just one-third the total value of imports (the value of imports was \$61.47 billion, and that of exports only \$18.64 billion). Unemployment hovered around 9% in 2009, but had already surpassed the 11% mark by April 2010.

Citation:

For data on GDP per capita in comparative perspective, see OECD Factbook 2009: Economic, Environmental and Social Statistics. For data on inflation, see OECD Economic Outlook 86, Table 18 and also http://www.theodora.com/wfbcurrent/greece/greece_economy.html (accessed: 22 March 2010).

Labor market

Labor market policy
Score: 3

Successive Greek governments since the early 1990s have struggled to implement greater labor market flexibility. Such attempts, and related efforts to create active labor market policies (ALM), have largely been prompted by EU-level commitments (e.g., the Lisbon 2000 Agenda). Thus, this is a policy area that displays both low domestic reform capacity and the problem of non-implementation in a practical sense, or the limits to “Europeanization.”

Labor market policies are still much more passive than active. ALM policy measures have not been implemented, or have met with the indifference of the labor force. For instance, only 3.5% of eligible Greek workers have participated in any kind of nonformal job-related education and training program.

The labor market shows a Janus-type character. Workers in the public sector and the in the largest private enterprises are well protected from dismissal, and have a loud union voice. It is particularly difficult for employers to implement large-scale layoffs, as regulations in this area are strict. By contrast, few relevant regulations are adhered to in practice in the very large numbers of micro- and small-sized enterprises in the urban centers where young and/or underemployed Greeks find precarious work, or in the agricultural sector where many migrants are employed. The Greek economy is marked by a very flat pyramid, with few large companies and a very high number of very small enterprises. This shapes the relationship between the state and the differentiated markets.

Minimum salaries and wages are set every two years through nationwide collective agreements by representatives of employers and employees. However, in the large underground economy – estimated as the equivalent of at least 25% of GDP – an unknown but probably large number of unskilled migrant workers and skilled Greek employees work for less than the minimum wage.

In general, labor market policy has been rather unsuccessful in combating unemployment. This rate was over 11% in April 2010, up from 7.7% in 2008. The rate of youth unemployment is double the national average, and about half of all unemployed have been without work for more than 12 months.

To conclude, ALM policies have been the subject of legislation, but are rarely applied. Labor rigidity, while present in some sectors of the economy (state-owned enterprises, large private businesses), is completely unknown and irrelevant in the case of small and medium-sized enterprises and farms, where workers and employees receive little protection from labor law regulations. There is a long-term, rising

problem of structural unemployment affecting the young in particular, leading to growing fears of social exclusion and conflict.

Citation:

For data on unemployment, see OECD Employment Outlook 2009, Tables A, C and G.

For an account of labor market reforms and of the nature of the Greek economy, see K. Featherstone and D. Papadimitriou, 'The Limits of Europeanization: Reform Capacity and Policy Conflict in Greece'; London: Palgrave, 2008.

Enterprises

Enterprise policy
Score: 3

During the period under review, Greece tried to improve enterprise policy by limiting restrictions on investment, proceeding with privatization operations and lowering the top corporate tax rate to 25%. However, investment restrictions remain in some utilities: Greece applies restrictions to prospective non-EU investors in sectors including banking, mining, broadcasting, maritime services and air transport. In contrast to its stated intent to welcome innovation, investment and entrepreneurship, the Greek government has been unable to overcome the sluggishness and corruption rampant in some quarters of the public administration (particularly among tax, customs and town-planning authorities). The negative impact of bureaucracy on enterprise policy is compounded by rising labor costs, particularly non-wage labor costs. This is true for the reporting period even though monthly salaries remained very low: On average, unit labor costs rose by 4.9% between 2008 and 2009, which is close to the OECD average (4.2%). However, in 2008 the monthly salary of a newly hired unmarried worker without children was only €681.

The data too shows contradictory indications, perhaps indicative of the mix of good intentions and partial enterprise policy failures. Gross fixed capital formation by the private sector as a share of the GDP rose by almost 17.9% in 2005 – 2008, which is close to the OECD average (19.2%). However, GDP growth in Greece averaged 0.95% in 2007, 0.15% in 2008 and -0.65% in 2009. It is currently estimated to be at -0.80%, while inflation is as high as 3.9% (April 2010). The new government has also talked of easing enterprise regulations. To sum up, enterprise policy was more successful before 2008 than it was in the reporting period, and is currently tied to the downturn of the Greek economy as a whole.

Citation:

For data on unit labor costs, see OECD Economic Outlook 86, Table 22 and also http://www.businessweek.com/investor/content/feb2010/pi20100218_722508.htm

For data on gross fixed capital formation, see Eurostat Structural indicators

short list: Business investment

For data on GDP growth, see information on taxation and investment restrictions, see the minimum salary see

Taxes

Tax policy
Score: 2

The tax collection system – like the wider budget management framework – displays endemic problems associated with poor institutional capacity. With respect to taxation, the biggest and most-well known issue in Greece is tax evasion. This is rampant, producing an unfair and inefficient outcome: Every year, wage and salary earners pay (on average and per person) more taxes than any category of the self-employed, including lawyers, physicians, engineers and businessmen. Tax evasion is particularly pronounced among the liberal professions, but also in small and medium-sized enterprises (restaurants, bars, garage, plumbing and other services). Tax authorities are unable or unwilling to track the exact sources and assess the size of the income of self-employed tax payers. Tax evasion also flourishes because of widespread corruption on the part of tax authorities, and the very slow or very lenient reaction of ministerial authorities in punishing civil servants implicated in cases of corruption. It thus comes as no surprise that the black economy is estimated to amount to about a third of the total economy.

Before 2009, the Simitis and Karamanlis governments attempted to tackle these problems, for instance by requiring various categories of self-employed tax payers to pay taxes on the basis of incomes estimated by the authorities rather than on what had been declared by the citizens themselves. In 2009 – 2010, the Papandreou government extended such measures to other occupational categories (such as taxi drivers and owners of petrol stations). The Papandreou government also imposed additional taxes on real property.

In other words, there is neither vertical nor horizontal equity. Competitiveness is not supported by the taxation system. The final result is very wide discrepancy between public revenues and expenditures. By 2010, issues of poor institutional capacity loomed large as a cause of Greece's fiscal crisis and its need for foreign loans.

Budgets

Budget policy
Score: 1

The Greek fiscal crisis of 2009 –2010 received widespread international attention. Since the mid-1990s, Greece had been running a high “mortgage,” with public debt levels consistently at or above 100% of GDP. The sudden announcement of dramatically revised deficit projections in September 2009 created major concern in the financial markets as to Greece’s ability to continue to cover its borrowing costs.

In 2009, the Greek budget deficit reached 13.6% of GDP. Among OECD countries, this was surpassed only by Iceland. In the same year, the Greek government’s net debt interest payments as a percentage of nominal GDP were the highest in the OECD, on a par with Italy and Iceland. In April 2010, the Greek government resorted to a rescue package guaranteed by the IMF and the rest of the euro zone countries in order to meet its financial obligations. The purpose of this action was to pay Greece’s soaring debts, to which France, Switzerland and Germany were exposed.

This outcome was the result of many different factors: the accumulated interest to be paid for a large public debt incurred over decades; the decision after entry into the euro not to take advantage of low interest rates and high growth to pay off some of the public debt; the continuation of the tendency to hire unnecessary personnel in the public sector, often for political reasons; the falling competitiveness of the Greek economy in 2008 – 2010; the endemic low capacity of the Greek state to raise taxes; the long-term propensity of successive governments to use inflows from the European Union to raise incomes rather than to restructure the economy; and the long-term, very high Greek expenditure on defense (in 2009, Greece spent 2.8% of its GDP on defense, compared to an average of 1.7% in the other European NATO countries). In sum, there is no doubt that this type of budgetary policy is not sustainable. The new government has, of necessity, prioritized a more effective budget management and tax collection process.

Citation:

For data on defense spending, see <http://www.aviationweek.com/aw/blog s/defense>, article posted by Christina Mackenzie on 19 February 2010.

For data on Greece’s public budget deficit and public debt, see international news reports on Greece throughout the January - April 2010 period.

B Social affairs

Health care

Health policy
Score: 5

Health care in Greece is organized through a British-style national health system (NHS), covering the population as a whole and funded on the basis of general taxation. However, health care is also organized along occupational lines: certain professions, such as liberal professionals and bank employees, have their own health care programs that mirror their occupation-based pension plans. At the same time, owing to fiscal constraints, inefficiency and the unpredictable quality of service offered by the Greek NHS, there has been a shift over time toward private health care by those who can afford it. This trend was evident in the increase of the ratio of private to public health spending in 2003 – 2007, as OECD data shows.

This situation is reflected in basic statistics. In 2006, Greek public expenditure on health care amounted to 11.5% of total public spending, the lowest such level among southern European countries (Greece, Italy, Portugal and Spain). The same low ranking held true for Greece's per capita public expenditure on health. However, compared to the rest of southern Europe, Greece has the highest number of hospital beds and the highest number of physicians (50 physicians per 1,000 residents in 2005). The country's rate of infant mortality at birth is as low, and its life expectancy is as high as the rest of its southern European peers (respectively 4.0 deaths per 1,000 live births, and 80.0 years). Still, the NHS is in disarray, as the very large debts incurred by public hospitals testify. These debts are the result of mismanagement and comparatively large expenditures on pharmaceuticals, as OECD data show.

As a result, while health care policies do not generally provide poor health care to the population, inclusiveness is doubtful and cost efficiency leaves much to be desired. Problems with poor budget management in the health system are profound and endemic; they also provide ample scope for corruption.

Citation:

For data on public health indicators in Greece in comparative perspective, see <http://apps.who.int/whosis/data> (accessed on 13 April 2010). The latest available WHO data refer to 2006.

For more recent (2007) data on a) the increase of the ratio of private to public health care spending and b) spending on pharmaceuticals, see OECD Health Data 2009: Statistics and Indicators for 30 Countries.

Social inclusion

Social inclusion
policy
Score: 4

The Greek welfare system is rudimentary and offers only partial support. Unemployment benefits are very limited, as are other state benefits. The exception is state pensions; very few also have private pensions. Government efforts to tackle poverty are also limited. The traditional reliance on the family and other social networks remains important in the context of high unemployment.

Compared to the previous reporting period, the current period (2008 – 2010) saw no dramatic changes in terms of social inclusion policies or social cohesion outcomes. This is because the global financial crisis did not hit Greece, which has a less open economy than many other European countries, until late in 2009. The fiscal crisis of the Greek state did not erupt fully until the first months of 2010, and the austerity measures taken by the Greek government did not start taking their toll until after the spring of 2010.

In 2008 – 2010, the poverty rate remained steadily high, at about 20%. The income differential between men and women remained large, with Greek women earning on average half that earned by men. Income inequality, already large, did not grow substantially, leaving Greece on a par with the rest of the southern European countries (Italy, Portugal and Spain), and in a better position than the most unequal OECD societies.

In 2008 – 2010, government policy aiming to prevent poverty risks and enhance equal opportunities was haphazard. The ND government, in power between September 2007 and October 2009, passed laws which provided for the foundation of new special funds. Those laws were never really implemented, and the funds were ultimately dismantled. After October 2009, the new PASOK government made an initial effort to exempt the poorest wage-earners from the austerity measures, but the final shape of such policies remained to be determined as the review period drew to a close.

Citation:

For data on poverty, income and gender inequalities in Greece in comparative perspective, see OECD Society at a Glance 2009, Equity Indicators, Data-Chart EQ2.1; OECD Factbook 2009: Economic, Environmental and Social Statistics; and OECD Gender, Institutions and Development Database 2009.

Families

Family policy
Score: 4

In Greece, the extended family remains a prime provider of social support, including housing, health care, child care and transfers to any unemployed or socially excluded family members. The persistence of extended family networks is probably responsible for the comparatively low incidence of child poverty (which in the mid-2000s was 13.2% in Greece compared to an OECD average of 12.4% among children aged one to 17 years). The functioning of these networks as a cushion against child and family hardship has also provided an excuse for not devoting more public funds to child care. Despite the high number of nursery school teachers, state-owned and local-government-managed nurseries are insufficient to cover the needs of the population. The same holds true of kindergartens. These patterns are evident in the very low enrollment rate of three-to-five-year-olds in Greek formal preschool services, as OECD data show. Support policies for women who want to combine parenting and employment are generous for women employed in the public sector, but slim in the private sector, where pressure from employers and the absence of state-owned child care facilities create an impasse for young mothers. In brief, as in the past, Greek family and child policies remained underdeveloped – that is, underfunded and not equitable – throughout this period of review.

Citation:

For child poverty in Greece in comparative perspective, see OECD Society at a Glance 2009, Equity Indicators, Data-Chart EQ3.1

For the enrollment of young children in formal pre-school services, see OECD Society at a Glance 2009, Self-Sufficiency Indicators, Data-Chart SS3.2

Pensions

Pension policy
Score: 2

Pension policies in Greece are not fiscally sustainable, and do not guarantee intergenerational equity. At the current rate of public pension expenditure, the deficit shown by the public pension system is expected to reach 7.7% of GDP in 2030 and 15.7% in 2050. The system's distributional principles favor today's pensioners as well as the currently middle-aged cohort whose pension rights will mature in the next few years. Younger generations will face many more constraints unless the government urgently embarks on a streamlining of the pension system. At the same time, the protection offered to pensioners is currently very uneven.

As comparative OECD data for 2009 shows, the net income replacement rate of the median pension earner in Greece was 110% (down from 113% in 2007). The OECD average for 2009 was 71.8%. The apparent Greek generosity does not mean that the elderly in Greece thrive on pensions. Large shares of pensioners coming from the private sector receive minimum pensions and live close to the poverty line. At almost 23%, senior citizen poverty is almost double the OECD average. However, retired people who receive pensions from the liberal professions' occupational programs, from state-owned enterprises or banks do comparatively well. The remainder of pensioners struggle to make ends meet, often relying on minimum pensions plus a small allowance. In Greece, the labor-force exit age (the real retirement age) in 2007 was 60.9 years, which was close to the OECD average of 62.3. However, there were large discrepancies among public pension programs, with some allowing for very early retirement. In brief, pension policy in Greece fails to meet fiscal criteria and criteria of distributional justice.

Integration

Integration policy
Score: 5

Cultural, education and social policies focused on integrating migrants into Greek society are still in a stage of infancy. Legal immigrants who are active in the labor market make contributions to the Greek social security system out of their wages and salaries, but the insurance and health care services they receive are very uneven. This is attributable to the lack of funds, the absence of sensitivity in matters of intercultural interaction, and discrimination encountered in state insurance agencies, hospitals and social care centers.

There is a lack of reliable data on the education of foreign-born pupils and students. Education is provided in primary and secondary schools for first- and second-generation migrants, who are often able to do well. OECD data show that 16% of migrants have attained tertiary education. Since many first-generation migrants from southeastern and eastern Europe obtain tertiary education skills in their countries of origin, it is not possible to draw conclusions simply by looking at data on the presence of university graduates among migrants.

Cultural policies aimed at integrating immigrants are inchoate. This is exemplified by the continuing absence of an official (rather than makeshift) mosque in Athens, which is necessary to support the worship needs of Muslims from Southeast Asia, the Middle East, Africa and Albania who have settled in the greater Athens area.

During the course of the reporting period, tensions between natives of Greece and migrants rose. Migrants concentrated in very large numbers in downtown urban neighborhoods, which in the past were typical Greek middle-class areas. An example can be found in the recurrent tension between native Greek residents and migrants in the Athens quarter of Agios Pandeimonas (in Patissia), as well as in the streets around Omonoia Square, one of the most central squares in the Greek capital.

A strong version of Hellenic identity, particularly popular among the native-born middle- and lower-class, less-educated Greek strata, hinders the integration of migrants into Greek society. This identity is characterized by a sense of belonging to a unique, introverted and embattled nation.

Citation:

For data on the education of migrants, see OECD A Profile of Immigrant Populations in the 21st Century:

Data from OECD countries, 2008.

C Security

External security

External security
policy
Score: 9

Greece is a longtime European and NATO member state. It keeps an army which uses sophisticated equipment and is based on compulsory military service as well as the hiring of professional soldiers. These are preconditions for an effective external security policy, a goal which Greece fulfilled in 2008 – 2010, as in the previous reporting period. However, the global financial crisis of 2008 – 2009, and the Greek fiscal crisis of 2010, may eventually lead to a decrease in military expenditures as the country strives to address its soaring public debt and worsening balance of payments.

Comparative data show that Greece ranks 26th in the world in terms of its military expenditure, which in 2005 amounted to 4.3% of its GDP. Among NATO countries Greece was outstripped in this respect only by Turkey. Since that time, military expenditure has fallen to below 3% of GDP. Indeed, for years Greece had maintained one of the highest military expenditure levels in the Western world, a fact attributable to ongoing tensions with Turkey. Disputes focused on the Cyprus question and the Aegean. The potential for conflict with Turkey decreased in the 2000s, because of a rapprochement policy followed by the Greek and Turkish governments and because of Turkey's drive to join the European Union.

However, compared to the mid-2000s, relations between the two countries made no visible progress during the period under review.

Citation:

For the military expenditures of Greece in comparative perspective, www.cia.gov/library/publications/the-world-factbook/rankorder. Data refers to 2005.

For more recent data (2009), see article posted by Christina Mackenzie on February 19, 2010.

Internal security

Internal security
policy
Score: 5

During the period under review, there were sporadic attacks against banks, government buildings and police stations, orchestrated by very small groups stemming from the Greek extra-parliamentary left. However, overall internal security risks are not great. The Greek state has received technical assistance from the United States and the United Kingdom in security matters, and has generally been able to offer effective protection against terrorist threats. At the time of writing, the police had been able to capture the leaders of a group (“Revolutionary Struggle”) implicated in bombings in Athens. This group was far less significant and effective than the “17 November” group captured in 2003.

Other politically motivated outrages were rare until December 2008, when the killing of a young pupil by a policeman in the Athens city center incited a cycle of violence, destruction and looting in downtown Athens that lasted for approximately two weeks. The police proved incapable of containing the situation, which included peaceful protests and demonstrations as well as violent clashes with security forces. Private and public property was destroyed. The Karamanlis government’s long hesitation and lack of coordination and planning were also to blame for the Greek state’s weak response to this challenge.

On the other hand, the scope and penetration of organized crime in economic life is very small. Political and social institutions and processes are not affected by organized crime. Greece has one of the lowest rates of homicide and incarceration among EU member states. In early 2010, legitimate protests against the economic austerity measures were paralleled by hooligan and anarchist violence on the streets of Athens. Notwithstanding the arrests noted above, there is a risk that continued protests against the government’s economic policies (in the context of the external bailout by euro zone governments and the IMF) will lead to crises on the streets and challenge the government’s ability to maintain order (as in December 2008, albeit for different reasons).

D Resources

Environment

Environmental
policy
Score: 3

The fact that Greece was never an advanced industrial economy has probably protected the quality of its environment, at least in comparison with the more industrialized OECD countries. Even to this day, close to 13% of the Greek workforce works in the agricultural sector.

Although Greece is not a heavily industrialized country, it produces a relatively large quantity of CO₂ emissions. It ranks 21st among the 31 OECD countries according to the size of CO₂ emissions in proportion to GDP. The contribution of renewable energy sources to Greece's energy mix is low, at approximately one-third of the OECD average.

These patterns are probably related to the fast economic growth (4% annually in 2003 –2007), which has meant increased consumption and waste. In the largest urban centers in particular, namely Athens and Thessaloniki, where more than 50% of the population lives, the deterioration of environmental quality is visible in the low air quality and the large quantities of waste left in the streets. The latter is a problem related not only to the overproduction of waste, but also to inefficient waste management on the part of municipal authorities. Along the Greek coastline, the intensification of construction for tourism and private leisure purposes (such as second homes built and owned by the upper social strata), has also had a negative impact on the environment.

The recurrence of forest fires across Greece during the summer months is related to the conflicting interests of prospective builders and landowners on the one hand, and the state's struggle to protect the environment during periods of considerable heat and dryness on the other. Illegal building and profit-seeking highlight the ineffectiveness of state actions.

Until 2009, environmental policy was a secondary government policy priority. Environmental protection was subsumed under the authority of the Minister for Public Works and Town Planning. After the October 2009 government turnover, a new Ministry of Environment was founded by PASOK. During the fall 2009 electoral campaign, PASOK's electoral program emphasized the creation of a "Green Economy."

The dire financial situation, which became clear in the winter of 2009 – 2010, has of course limited the prospects for an economically sustainable new environmental policy.

Citation:

For CO2 emissions, see IEA Key World Energy Statistics 2009. For figures on economic growth and the agricultural labor force, see http://www.theodora.com/wfbcurren/greece/greece_economy.html (accessed: 22 April 2010). For Greece's energy mix in comparative perspective, see OECD Factbook 2009: Economic, Environmental and Social Statistics, p. 125

Research and innovation

Research and
innovation policy
Score: 3

Research in Greece is largely carried out in the private sector, as well as in universities and state-owned research centers. Despite the existence of high quality human capital and well-known research centers, such as the Democritus National Center for Research in the Natural Sciences or the Biomedical Research Foundation of the Academy of Athens, research and innovation policy has been inconsistent and underfunded. Successive governments have failed to provide researchers with the necessary funds and infrastructure. In 2007, expenditure on research and innovation amounted to just 0.5% of Greece's GDP (European Commission data), which was significantly below the EU-27 average of approximately 2%. Private sector companies have shown little interest in establishing research structures either on their own or in cooperation with the state.

The lack of interest in research and innovation in the private sector and the underfunding of research by the state are visible in the corresponding employment trends: Only 2.4% of the total workforce works in high-tech manufacturing companies, while Greece ranks 27th among the 31 OECD countries (2007 data) in terms of the number of science graduates in the 25-34 age group. In part, this pattern is related to the size of firms in the economy: There are very few large firms in Greece, and this limits the capacity to support R&D. The structures and functions of state-owned research centers are fragmented and overlapping. A recent law, passed in March 2008, attempted to rationalize the organization of research in Greece, but the scheduled mergers among research units met with opposition from the academic and research community. Part of the negative reaction to the new law stemmed from the haphazard and hasty manner in which mergers were conceived.

In sum, Greece's state-funded research sector lacks sufficient resources (and correspondingly finds it difficult to retain or provide

incentives for staff). In addition, the country faces problems with graduate quality, has a private sector that is ill-suited to supporting research, and maintains a regulatory environment that stifles innovation.

Citation:

For EC data on research expenditure, see European Commission, ERAWATCH research inventory report for Greece, Brussels 2010, available at <http://cordis.europa.eu/erawatch/> (accessed: 22 April 2010)

For the share of the population having broadband subscriptions see the OECD broadband portal.

For the figures on employment in high-tech companies and science graduates see the innovation scoreboard 2008 and OECD, Education at a glance, 2009.

Education

Education policy
Score: 3

Education is one of Greece's less well-performing policy sectors. While the population today enjoys wider access to secondary and tertiary education than ever before, the content of educational curricula and the structure and management of the public education system do not ensure high quality, efficiency or the equity of education. While in comparative perspective, the overall public expenditure on education is not impressive (4% of GDP in 2005 according to the World Bank), the student-to-teacher ratio in primary schools is a comparatively low 10.3 (students per teacher). In high schools, this ratio is 7.9 (2007 data). In primary schools, the dropout rate is only 1.8% (2006 World Bank data).

However, with respect to test results from the Program for International Student Assessment (PISA), Greece ranks among the least well-performing countries. It is also ranked 31st among the 31 OECD countries in terms of continuing education, measured on the basis of the share of the population aged between 25 and 64 years who have participated in nonformal work-related training. And while 60% of Greeks aged between 25 and 64 years have finished high school, other OECD countries have done better, putting Greece at 25th place among the group's 31 nations. Both the primary and secondary educational levels are victims of traditional patterns, with results such as ethnocentric curricula, an emphasis on humanities instead of the sciences and excess reliance on memorization skills as a method to evaluate pupils.

Greece does better in terms of tertiary education: About 23% of Greeks aged 15 years to 64 years have finished tertiary education. This gives Greece a ranking of 21st among the 31 OECD countries. However, during the reporting period, the trends of instability and unpredictability in the day-to-day functioning of Greek universities,

already visible in the previous reporting period, were intensified. The new higher education law (passed under the ND government in March 2007) was implemented in fits and starts. Student unions fought tooth-and-nail battles against the presidential decrees issued in support of the law's provisions. The university professors' trade union, which until February 2009 was controlled by SYN and KKE, the two left-wing parties of the Greek parliament, also opposed what it considered implementation of the Bologna Process in the Greek higher education system. However, since February 2009, the union has been in the hands of a center-right and center-left coalition which accepts the need for university reform. In 2009 – 2010, illegal student mobilizations declined .

Opposition to the new law and bureaucratic delays on the part of the Ministry of Education have meant that the new policy for tertiary education, which aims at improving universities' management, evaluation procedures and autonomy, has not yet had visible effects. The Greek education system has also failed to respond to labor market requirements. The academic fields and specialties offered at secondary and tertiary education institutions are not compatible with ongoing shifts in the economy and the labor market, leaving increasing numbers of high school and university graduates with few choices other than underemployment or unemployment. Overall, while Greeks today tend have received formal education to an extent broader than ever before, and many Greeks are able to pursue higher level studies abroad, the outcomes of education policy are mediocre in terms of quality.

Citation:

For World Bank's data on education in Greece, see

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTEDUCATION>

Management Index

I. Executive Capacity

A Steering capability

Strategic capacity

Strategic planning
Score: 4

In Greece there are some planning units and advisory cabinets, but their role is circumscribed. The Prime Minister's Office (PMO) is not a functional equivalent of a strategic planning unit, as its role is to monitor the work of ministers and follow up the evolution of government policies. The PMO is primarily a coordinating agency.

Each minister is entitled to hire a group of advisers, many of whom are experts and/or academics. Strategic planning units can be found within some ministries. While most ministries do not possess a permanent strategic planning unit, some ministries have acquired the functional equivalent of such a unit. For instance, the Ministry of Foreign Affairs has recourse to a council composed of experts on foreign policy and professors of international relations. However, the minister of foreign affairs does not regularly seek their opinions. In the Ministry of Finance, there is a more established institution, the Council of Economic Experts. Its members are academics, and the minister in charge often asks for their advice. Indeed, after the Greek debt crisis erupted, the Papandreou government used members of that council as advisers and negotiators in the encounters between official representatives of Greece and the European Commission and in the negotiations with the IMF.

Before the October 2009 government turnover, meetings between ministers and the strategic planning units were infrequent. The situation changed dramatically after the turnover, particularly in the winter of 2009 – 2010 as the government was obliged to tackle the fiscal crisis on an emergency basis.

The long-term pattern of the government administration as a whole has sustained a state of chronically weak coordination, with little capacity for strategic planning.

Scholarly advice
Score: 4

Greek governments seek scholarly advice and expertise either by forming ad hoc committees to monitor and formulate policies in specific areas (e.g., pensions, public administration) or by directly

hiring academics and experts as political appointees. These appointees are made ministerial advisors (staff posts), or offered roles as “general” or “special” ministry secretaries (line positions). Indeed, these line posts are high-ranking political appointee jobs, ranking above the civil service hierarchy in each ministry, with their holders accountable directly to the minister in charge. The problem is that such academics and experts come and go with each ministerial reshuffling even within a single government’s term, and certainly change whenever there is government turnover. In addition, policy advice by such experts is often overruled on the basis of electoral or patronage-related considerations, by the same ministers who sought the contribution of academic experts in the first place.

Inter-ministerial coordination

GO expertise
Score: 4

The PMO consists of several branches corresponding to specific policy areas (e.g., economy, foreign policy, constitutional and legal affairs) and secretarial services. The structure and size of the PMO have changed several times since it was first founded as an institution in 1982. However, with the possible exception of the Konstantinos Simitis years (1996 – 2004), a lack of expert staff, infrastructure and other resources has left the PMO without sufficient capacity to guide government policy, let alone evaluate draft bills. In the Karamanlis government, the PMO worked in parallel with an ad hoc group of cabinet ministers and party cadres who met daily to assess current affairs and manage the government’s public image.

Ministries have been able to perform last-minute redrafts of government bills with little effective input from the PMO, providing scope to engage in clientelistic and/or corrupt activity. Moreover, there are limited resources allowing new legislation to be checked for consistency with existing statutes; as a result, court challenges frequently thwart the implementation of new initiatives.

In the Papandreou government, the PMO has been strengthened through a number of measures, including the hiring of expert staff (advisors to Papandreou with expertise in law, economics and public management); the assignment of the task of assessing the government’s legislative production and priorities to a government vice president and a minister without portfolio; and the enlistment of a group of foreign experts from the United States, the United Kingdom, Sweden and Australia to reorganize the PMO and help in enhancing the government’s strategic management capacity.

GO gatekeeping
Score: 7

The PMO is legally and de facto able to return materials on the basis of policy considerations. However, the importance assigned to this function fluctuates depending on the prime minister.

Last-minute revisions of draft bills by ministries can go unchecked, and provide distortions in the service of clientelistic and/or corrupt interests. More generally, the ability of the PMO to scrutinize draft legislation at any stage is very limited.

In the Karamanlis government, the cabinet used to meet infrequently, and there was a more lax attitude toward draft bills prepared by cabinet ministers, although of course the most important legislative proposals fell under the scrutiny of the prime minister's advisors. In the Papandreou government, which has been functioning under a condition of acute fiscal crisis and is eager to decrease public expenditure associated with any new legislation, there is tighter supervision of items envisaged for the cabinet meeting on the basis of policy considerations.

Line ministries
Score: 6

The extent to which line ministries have to involve the PMO in the preparation of policy proposals differs by government and by the policy issue at stake, but is generally rather minimal. When a major reform is underway, such as a substantive policy shift in the pension or higher education system, line ministries do coordinate their action with the PMO.

However, it is not uncommon for ministers to prepare proposals for less-crucial policy shifts that are barely scrutinized by the PMO, as long as there is no conflict with government priorities as laid out in the governing party's program. This results from the administrative weakness of a PMO that often has insufficient resources. It also results from the fact that some ministerial portfolios are held by old, powerful politicians of the governing party who may feel they can keep the PMO at bay in regard to their own policy choices. This traditional Greek centrifugal pattern of relations between ministries and the PMO was reproduced in the Karamanlis government. In the Papandreou government, given Greece's dire financial situation and the prime minister's ambition to ensure that policies are more tightly controlled by the core executive, line ministers regularly brief the PMO on their plans and policy proposals. The new government also initiated moves to reform coordination and control across the administration.

Citation:

For essential information on the number and task areas of Greek ministries in English, see <http://www.primeminister.gr/english/government/> (accessed on 29 April 2010)

Cabinet committees
Score: 3

Greece's government has cabinet committees, but their function is not relevant to preparing cabinet meetings. Such meetings are prepared by the PMO, which is in charge of setting the agenda of meetings, and by another government organ called the General

Secretariat of the Government. This latter group is often staffed by lawyers and administrative officials who take care of procedural and legal aspects rather than the substance of the meetings' agenda.

The existing cabinet committees have other functions. For instance, there is a cabinet committee which is in charge of defense issues, including matters such as selecting and promoting the leadership of the armed forces. The title of this committee is the Government's Council for National Defense, and it is a political institution that monitors the armed forces, in effect affirming the elected government's control over the army.

Other cabinet committees are formed in an ad hoc fashion, for tasks such as supervising and coordinating Greece's economic policy.

Citation:

For information on the general secretariat of the government (in English), see http://www.ggk.gov.gr/?page_id=334 (accessed on 25 April 2010)

Senior ministry
officials
Score: 3

The role of senior ministry officials is circumscribed not only in the preparation of cabinet meetings, but also in the preparation of draft bills belonging to their own ministry's area of competence. The role of such officials is limited to voicing objections to government policy on the grounds of legal or technical constraints (e.g., a lack of personnel or other resources necessary for implementing a new law). Instead of senior ministry officials, cabinet ministers and the prime minister rely on political appointees (party cadres, academics and other experts) who come and go with each ministerial reshuffling and government turnover.

In other words, the PMO is exclusively staffed by political appointees, with the same holding true of the General Secretariat of the Government, which has the function of preparing cabinet meetings. Appointees to this secretariat tend to be pro-government lawyers and academics who offer their expertise to the cabinet, but do not really participate in policy-making. Their role is to coordinate and prepare cabinet meetings by attending to any legal aspect of the cabinet's activities and taking care of administrative details.

Line ministry civil
servants
Score: 3

Line ministries' higher civil servants are not normally involved in either the formulation or the coordination of policy proposals. Most policy preparation is done by political appointees, typically pro-government academics, experts and governing party cadres who form the minister's entourage. These appointees staff a unit at the peak of each ministry's hierarchy which is the functional equivalent of the French "cabinet ministerial," called in Greece the "political bureau of the minister."

Successive governments have found cross-departmental

coordination to be very difficult for political, bureaucratic and quality of resource reasons. Ministries tend to be isolated fiefdoms, with distinct political interests; and the amount of available information by which policy can be merged and coordinated can be woefully weak. Thus, the role of higher civil servants is very limited. Only a few capable civil servants are invited or are even capable of raising legal issues, or of pointing to potential implementation difficulties during the drafting and coordinating stages of policy creation. This administrative capacity is the result of the longstanding practice, under many successive governments, of hiring unskilled employees selected on the basis of patronage, party political or personal criteria, and subsequently promoting them to the upper echelons of the civil service bureaucracy.

The Papandreou government, elected in September 2009, has initiated moves to address these problems of coordination and control.

Informal coordination
procedures
Score: 7

Most coordination mechanisms in the Greek government are informal. The PMO discusses policy proposals with ministers in ad hoc meetings; individual ministers inform one another of policy initiatives over the phone or in brief personal meetings; and advisers to the prime minister confer with ministers on policy issues when the prime minister selectively invites ministers to the PMO headquarters for consultation.

RIA

RIA application
Score: 2

Regulatory impact assessments (RIAs) are known in Greece, but are not systematically applied. Efforts to introduce RIAs in the previous reporting period were never implemented. Under the Karamanlis government, all ministries were requested to accompany new bills with a RIA beginning in February 2009. However, the elections of 2009 and the financial crisis of 2009 – 2010 have served as considerable distractions, and the RIA process was quickly dropped. In theory, RIAs in Greece are supposed to assess the impact that new bill would have on already existing legislation, estimate the economic impact of the bill, and evaluate whether the new law would overlap with other legislation. But impact assessments (and policy evaluation more generally) has in fact remained very underdeveloped.

In the Papandreou government, a new attempt to start applying RIA was made in various ministries in April 2010, but it is too early to evaluate this attempt. A separate unit for RIAs within the PMO was also apparently under discussion.

Needs analysis
Score: 2

RIAs are very underdeveloped in Greece, and thus have little analytical depth. The resources and capabilities needed to undertake such analyses have simply not been in place. The prime minister's office has asked ministers to explain the purpose and need for any new legislation by drafting a concise statement to that effect and attaching the statement to the draft regulation. In the first months of 2010, under Papandreou, some ministers did in fact prepare and submit such statements, but it is too early to say whether such a practice will take root.

Alternative options
Score: 2

The RIA system remained largely undeveloped in Greece through most of the period under review. Government resources and practices have not been able to sustain a process of evaluating alternative policy options to any substantive degree, save for the appointment of external ad hoc committees.

Thus, even though RIAs are somewhat known and to an extent practiced by the Papandreou government, the effort to produce alternative options and to quantify the costs and benefits of alternative options has not come to fruition.

Societal consultation

Negotiating public support
Score: 5

In formal terms, the Greek political system possesses institutions specifically built for societal consultation. These include the Economic and Social Committee, set up by the social partners to discuss the government's policy initiatives and other issues of interest to employers and employees; the negotiations on wages and salaries which take place every two years between representatives of employers' associations and trade unions, resulting in the national collective labor pacts; Internet-based public deliberation on all new major pieces of legislation, in the form of online debates over prospective government measures organized by ministries and hosted on official websites; and ad hoc rounds of dialogue between social and economic actors affected by proposed reforms (e.g., dialogue on pension reform, on higher education reform, etc.).

The end result of all these institutions and processes of consultation is mixed. While the government aims to facilitate the acceptance of its policies among social and economic actors by consulting with them, in practice the various forums of consultation may not be used or may play a cosmetic role rather than serving as true sites of debate and policy refinement. Some of the consultative organs do not meet regularly and may be underused. An example of this is a consultative council in which representatives of the market and consumers' associations are supposed to meet and discuss the prices and quality of goods and services offered in the market.

Policy communication

Coherent
communication
Score: 6

The Greek government is organizationally fragmented, meaning that individual ministers are not closely monitored by the PMO (which is rather small and weak in resources) nor by any other central executive organ. This is true both for ministry policy content and priorities and for the patterns of political communication between the government and the citizens. While the government has a spokesperson who briefs media representatives on government priorities and decisions on a daily basis, individual ministers develop their own linkages to the media. They aspire to win the public's attention, and also cater to local interests in their own electoral district, where individual channels of communication help them win reelection.

As a consequence, cabinet members sometimes made contradictory statements during the period under review. The occasional lack of coherence was also due to the fact that under the Karamanlis government (September 2007 – September 2009), the cabinet rarely met, and did not really discuss prospective policy measures. This situation has been different under Papandreou, who after winning the elections of 2009, created an administrative level tasked with supervision and monitoring of ministry activities, consisting of a minister without portfolio and a government vice president. Papandreou has made it a point to convene the cabinet regularly, and have ministers announce and discuss their plans in front of their colleagues.

B Policy implementation

Effective implementation

Government
efficiency
Score: 4

Depending on the policy sector in question, the success of the government in implementing its policy objectives varies; generally, however, it is low. There are a number of areas where successive governments have identified reform objectives, but been forced to accept more limited implementation performance, including the pension system, privatization and employment regulation, for example. Efforts to implement structural change have run against entrenched interests and practices, and the policy areas have proven difficult to separate from other issues. The failure to make greater progress has undermined competitiveness, and has placed Greece in a vulnerable position with respect to its deteriorating fiscal position at

the end of 2010.

In the Karamanlis government, the state-owned Olympic Airways airline was successfully privatized, although with some delay. On the other hand, the objective of streamlining the pension system, the finances of which are unsustainable, was not attained. The 2008 law on pension reform, passed by the Karamanlis government, essentially amounted to an administrative reorganization of the current social security system's ailing pension funds.

In the Papandreou government, the aim to amend legislation on the rights of migrants was fulfilled by passing a new law in March 2010, which opened up opportunities for migrants to acquire Greek citizenship and granted migrants the right to vote in local government elections. However, the Papandreou government was unable to raise enough state revenue from taxes or loans drawn on international financial markets in the first three months of 2010. As a consequence, in April 2010 Greece applied to the European Union and the IMF for financial support in order to meet its obligations toward creditors.

There are very few, if any, incentives for Greek ministers to implement the government's program. They abide by this program as long as the legislation they must pass in order to implement government policy does not tarnish their personal public image. Ministers are almost always members of parliament, and they make a point of avoiding legislation that might negatively affect their reelection chances. Also, if the press or large trade unions offer opposition to ministers' efforts to implement the government's program, the ministers will usually back down rather than putting up a fight. This trend in the political behavior is related to the very competitive and very costly election campaigns for parliamentary seats. The tendency of ministers to shy away from implementing the government's program if such implementation is unpopular is particularly aggravated in large electoral districts, where each political party presents a long list of candidates from among whom voters choose one to four preferred candidates. In these cases, party supporters may use their preference vote in order to vote for the party of their choice, but also to "punish" a candidate who has made unpopular decisions in his or her capacity as minister.

The capacity and will of the Greek PMO to monitor the activities of line ministries depends on the government in power, and on the policy competence of the ministry in question. Generally, the PMO closely monitors the activities of the Ministry of Finance, the Ministry of Foreign Affairs and the Ministry of National Defense. The PMO is not always focused on the activities of the rest of the ministries.

In the Karamanlis government, the PMO was from time to time able

Ministerial
compliance
Score: 3

Monitoring line
ministries
Score: 4

and willing to closely monitor line ministries. However, as the fiscal performance of Greece in 2008 – 2009 showed, apparently no government organ, even the PMO, was able to control either the runaway public expenditures or the collapse of the state's capacity to raise revenue. Since October 2009, the PMO under the Papandreou government has made a more concerted effort to monitor line ministries, particularly just after the winter of 2009 – 2010 when the government realized the gravity of the country's fiscal problem. Indeed, the Papandreou government's PMO has made a point of tightly controlling line ministries.

Monitoring agencies
Score: 4

Greece is a unitary state, and does not encounter the problems of monitoring executive agencies that appear in some federal states. Greek ministries each oversee a substantial number of semiautonomous executive agencies.

However, the performance of many executive agencies is poor, and a number continue to exist without exercising any effective function (i.e., they are moribund). Regulatory performance is often inadequate.

Ministers appoint the chief executive officers and administrative boards of most agencies attached to the ministry. In fact, ministers control most functions and activities of agencies falling within their task area so closely that, in practice, bureaucratic drift is not the most dangerous problem. Rather, the tight, less-than-transparent control of agencies by ministers, even at the expense of the agency's sustainability, is a concern. For instance, an agency may be "instructed" to hire excess personnel or to channel its financial assets (e.g., savings) toward this or that financial institution. This type of mismanagement allows the minister in charge to engage in patronage and service sectoral interests by selectively administering favors through the agencies monitored by his or her ministry.

Task funding
Score: 4

In Greece, subnational self-government refers to directly elected prefectural authorities and municipal authorities. These authorities primarily depend on the state budget for the funding of their mandates, but are able to raise revenue through a few locally imposed taxes (e.g., municipalities requiring restaurants, bars and coffee shops to pay for a license to set out tables and chairs on public walkways outside their doors). Since the mid-1990s, the central government has followed a course of delegation, passing many responsibilities to subnational authorities. However, the central government does not provide the prefectural and local governments with enough funding, making unfunded mandates common.

Constitutional discretion
Score: 3

Compared to other southern European states such as Italy and Spain, Greece is a unitary and centralized state. Authorities at the regional level are appointed by the central government. There are

elected authorities at the prefectural and the municipal levels, which are organized along the French model of administration. Whereas the Greek constitution grants economic and administrative autonomy to subnational self-governments at the prefectural and municipal level, in reality this autonomy is circumscribed. Even though such subnational units have acquired more competences over time, they are not financially sustainable, as they depend heavily on the ailing fiscal policy of the central Greek state. Administrative incapacity is another factor limiting prefectural and municipal authorities' autonomy. For example, municipal services are staffed by unskilled personnel, who are not able to carry out complex tasks related to local economic planning and programming, law enforcement (even within the jurisdictional realm of the municipal police), or social care and social services. Moreover, there has been frequent reshuffling of competences, from the central to the local level of public administration and back again. Thus, even though the central government does not deliberately preclude the development of subnational self-governments, prefectural and municipal governments accomplish very little within their scope of discretion.

National standards
Score: 2

The central government has difficulty ensuring that various ministries, semi-autonomous agencies and state-owned enterprises meet national standards of public services even at the central level. It goes without saying that the central government has even greater difficulties ensuring the same thing when the decentralized provision of public services is concerned. Both at the central and the decentralized level, there is an uneven allocation of resources (e.g., staff, infrastructure, funds), which is irrational and inefficient. Rules are bent to serve clientelistic and sectoral interests, while performance figures are all but unknown as a tool of policy evaluation and planning in many quarters of the central and local administration.

C Institutional learning

Adaptability

Domestic
adaptability
Score: 5

The government has adapted domestic administrative structures in at least two ways. First, it has created and expanded new units within ministries which are in charge of European and international affairs. These units are staffed by civil servants and political appointees with the title of "special" or "general" secretaries, who are hand-picked by ministers when the latter assume their duties. It is not uncommon for such political appointees to leave when the minister who appointed them also leaves office. In other words, the frequent reshuffling of

Greek cabinets affects not only the top level of ministry personnel (the minister and his “political bureau,” which is roughly the equivalent of the French “cabinet ministerial”), but also administrative levels below that of the minister.

Second, the government has founded new agencies, officially appended to the central hierarchy of ministries, but in fact substantively outside the realm of the civil service hierarchy, and away from the web of intraministerial relations. These units are semi-autonomous agencies, tasked with projects that the government deems inappropriate for the regular ministries either because it wants to closely monitor a certain task required by supranational developments (e.g., the absorption of EU Community Support Frameworks funds), or because it correctly calculates that the civil service would be incapable of engaging at an international and supranational level (e.g., communication and contacts with international agencies on the issue of policy transfers).

Overall, the effectiveness of such adaptations has been limited. The state administration, including such agencies, lacks sufficient high-quality resources, operating procedures and professional norms to deal effectively with external institutions in many areas.

Greece is a longtime EU member state, but is small in terms of its national economy and is administratively and financially weak. Even if Greece had developed more efficient governance structures, it could not play anything but a minimal role in shaping international policies. Greek representatives participate in almost all international forum and initiatives, in numerous policy sectors. Still, the participation of Greek officials in international cooperative programs in fields such as international security, economic development, social progress, human rights issues and environmental protection does not guarantee that the country will follow, let alone lead, any joint reform initiatives. Moreover, Greece is a laggard in some policy sectors such as environmental protection, because it either delays the transposition of EU or other international regulations or altogether fails to implement them.

Organizational reform capacity

Monitoring institutional governing arrangements has never been a strong point of Greek governments. In the Karamanlis government, the task of setting rules of procedure and work formats was left to an ad hoc body consisting of a few cabinet ministers and advisers to the prime minister, presided over by a minister without portfolio. This body met informally on a daily basis at the prime minister’s headquarters and monitored the day-to-day functioning of the

International
coordination
Score: 4

Self-monitoring
Score: 4

government, including the cabinet, the PMO and ministers' portfolios. This body was not really expected to monitor institutional arrangements in any systematic way, but rather to discuss government priorities in the short run, resolve issues of public communication in order to boost the government's approval rates, and manage relations with the parliament, the governing party and the ministerial administration.

In the Papandreou government, the role of monitoring institutional arrangements is assigned to the vice president of the government (a post that did not exist under Karamanlis) and to the minister without portfolio. They have their own staff of experts and political advisers, and attempt to monitor arrangements in a more systematic fashion than was the case with the previous government.

The Papandreou government also initiated a review of its organization and procedures. This involved an international advisory committee. At the end of the current review period, this had not yet led to a final report.

The pace of change of institutional arrangements in Greece has always been slow, and the change itself has often looked like a journey through uncharted waters. These patterns were exemplified during the period under review when first the Karamanlis government and then the Papandreou government tried to improve on the strategic capacity of the state by pursuing a "reinvention of government" (under Karamanlis), and by trying to rationalize the cabinet's size and reallocate ministerial tasks (under Papandreou). The "reinvention of government" represented more of a general vision of reform than a clearly specified plan of change. Papandreou's ministry mergers and reduction in the total number of cabinet ministers was a more concrete step toward changing the strategic capacity of the government. However, none of these attempts has produced visible improvement in the government's strategic capacity, though in the case of the Papandreou government it is too early to give a full evaluation. Yet, credit should be given for both administrations' unusually wide-ranging attempts to review the operation and effectiveness of government, and to take fresh initiatives. This predates the fiscal crisis.

The repeated tendency of Greek governments to change institutional arrangements without really achieving tangible improvements in strategic capacity is the result of prevailing modes of thinking and routines followed by political elites.

Institutional reform
Score: 5

II. Executive accountability

D Citizens

Knowledge of government policy

Policy knowledge
Score: 4

The Greek public has a high interest in politics, but considerably less knowledge of specific government policies. Historically, high levels of politicization have served to obscure policy debates, as have the substantial levels of clientelism. Though partisanship does not run as high today as in the past, much of the previous neglect remains buttressed by other factors.

However, the lack of professionalism among journalists, the sensationalism which prevails in media programs and the relatively minimal emphasis put by the state and major political parties on civic education result in citizens being ill informed of government policies. Most citizens have at best an elementary knowledge of policies, which is evident in the widespread inability to understand and assess the main facts about macroeconomic and fiscal policies, or about social security, education and taxation reforms.

E Legislature

Legislative accountability

Obtaining
documents
Score: 9

According to the Greek constitution and the by-laws of the Greek parliament, parliamentary committees have the legal ability to ask for most government documents, with only a few exceptions (documents related to highly sensitive foreign affairs, internal security, and defense issues). Ministries responsible for the issues addressed by such committees are able and willing to deliver the requested documents, usually on time.

Citation:

For information on the committees of the Greek Parliament see, http://www.parliament.gr/synthesh/e_pitopes.asp (accessed: 30 March 2010)

Summoning
ministers
Score: 9

Parliamentary committees have the ability to summon ministers freely and as frequently as they wish. Ministers indeed attend when

summoned by such committees, and are obliged to respond to the questions posed by committee members. This procedure is typically followed when a minister introduces a draft law in the Greek parliament, or when a major political issue arises. As in other systems, the voracity of such committee investigations is constrained by party discipline and interests.

Summoning experts
Score: 9

Parliamentary committees may summon experts, with no limitation in this respect. When an issue is debated, committees typically invite experts representing different opinions (for example, experts expressing different viewpoints on pension or higher education reform).

Task area
coincidence
Score: 6

The Greek parliament maintains committees whose area of competence roughly coincides with that of sets of related ministries. For example, the Standing Committee on Defense and Foreign Affairs exercises parliamentary control over and debates bills submitted by the two ministries mentioned in its title. Even though there are fewer parliamentary committees than ministries (six standing committees, 13 ministries in the Papandreou government), committees are not overburdened. This is because committees are allowed to form subcommittees from among their members in order to cover the task areas of particular ministries. An example is the Subcommittee on Defense, which is an outgrowth of the Standing Committee on Defense and Foreign Affairs. In addition, some committees hold a competence of a “horizontal nature,” spanning more than one policy sector. Examples are the Special Permanent Committee on Technology Assessment and the Special Permanent Committee on Equality and Human Rights.

As in many other contemporary democracies, the legislature in Greece faces the challenge of responding to the increasing power of the executive. Greek governments produce many new regulations of their own, and also transpose EU legislation, while members of parliament may not be always resourceful enough to grapple with the many different and complex aspects of new legislation.

The effectiveness of parliamentary scrutiny of the ministries is limited by intragovernmental features of poor coordination, information and data, as well as a lack of transparency. Indeed, if scrutiny of the ministries from the center of government is limited, it is not surprising that the parliament too struggles in this respect. This is not, in the main, a result of any mismatch of committees and ministries.

Audit office
Score: 2

The audit office is a separate court institution, which along with its duties to resolve specific administrative conflicts, is also entrusted with the task of preapproving and reviewing all public expenses made by public services, including ministries and state organizations such as state universities and public hospitals. The audit office is not

accountable to parliament. Its president and its eight vice presidents are selected by the cabinet from among the highest-ranking judges who are members of the audit court. In the Papandreou government, a new law has given a high-ranking parliamentary body consisting of the president and the vice presidents of the Greek parliament a consultative role in selecting the leadership of all high courts. This means there has been a slight shift in the balance of control of the audit office, which for a long time had favored the executive.

The 2010 fiscal crisis has triggered a new debate on institutional reforms that might strengthen budgetary oversight and lead to higher-quality data.

Citation:

For information on the Greek audit office published in English, see <http://www.elsyn.gr/elsyn/files/Greece0012.pdf>

Ombuds office
Score: 2

The parliament does not have an ombuds office, but the Greek Ombudsman is an independent authority. The officeholder is selected by the government, but the candidate must obtain the approval of a body consisting of the president and the vice presidents of the parliament. The Ombudsman is also obliged to submit an annual report on its activities to the parliament.

The Ombudsman's office has quickly established its reputation. The lack of a specific ombudsman's office for parliament is not a prominent matter of debate, though it could help with accountability and alleged corruption.

Citation:

For information on the Greek Ombudsman, see <http://www.synigoros.gr/> (accessed on 28 April 2010)

F Intermediary organizations

Media

Media reporting
Score: 3

The country's main TV and radio stations provide daily infotainment programs early in the morning (6 am to 9 am), and news programs in the late afternoon (2 pm or 3 pm) and in the evening at 8 pm. More infotainment, plus a few political debate programs are also broadcast at 10 pm or later at night, two or three times a week. With very few exceptions, the news programs focus and thrive on sensationalist news and last for a long time (sometimes over an hour), since they involve not only reporting on current issues but also live commentary

by invited journalists, politicians and media celebrities. The few existing information and debate programs typically involve government and opposition MPs or party cadres known for their tendency to provoke and fuel personal or ideological disputes rather than engage in substantive policy discussions.

Anchorpersons (most of whom are anchormen) are not well informed about the topics they address, and rarely use factual knowledge to structure the agenda of their programs or the questions they pose to their interlocutors. Generally, the tendency of anchormen is to dispute the government's decisions and to reinforce a culture of distrust toward all political and administrative institutions. Discussions allow or even incite program participants to interrupt each other constantly in a way that completely marginalizes the information and analysis content, thus impeding the presentation of competing viewpoints.

In sum, a culture of opposition to every government decision often prevails among commentators, such as journalists and opposition party cadres. The available infotainment, news and information programs do not enable viewers to gain in-depth information either about the precise content of government's decisions or about the parameters of the ensuing debate. In other words, except for confirming the almost instinctual drive of interest groups and opposition parties to reject almost all government decisions in toto, it is difficult to deduce exactly where parties and interest groups stand on specific aspects of government decisions.

Parties and interest associations

Party competence
Score: 3

The fact that both the 2007 and 2009 elections were called on the basis of short-term electoral calculations, a pattern followed by many Greek governments since the 1974 transition to democracy, contributed little to the elaboration and lack of cohesiveness in the policy proposals contained in the two main parties' electoral programs. The parties have long-established institutions which are supposed to produce problem diagnoses, policy objectives and proposals. PASOK has created the Andreas Papandrou Institute for Strategic and Developmental Studies (ISTAME), whereas ND relies on the Center for Political Research and Training (KPEE) and the Democracy Institute "Constantine Karamanlis." All these institutes employ permanent research and administrative staff, and have been able to attract well-known academics and experts to their administrative and scientific boards. However, Greek parties, which are very personalistic in their decision-making structures, have an unpredictable relationship with these policy-making institutes,

sometimes asking them to produce fully realized policy proposals and at other times completely neglecting their policy contributions.

In 2007 and in 2009, the leadership of the two major parties had groups of party cadres construct a variety of hastily formed, half-baked policy proposals, often omitting important details such as the projected cost and predicted policy impact of the proposals, so as to avoid negative reactions from the public. Periodically, parties do produce proposals which are concrete and reasonable, such as recent proposals to coordinate local governments in Greece's two major urban centers (Athens and Thessaloniki), which are currently governed by several local authorities instead of a single metropolitan administration in each city.

Major interest associations such as the General Confederation of Workers of Greece (GSEE) and the Association of Greek Industrialists (SEV) formulate policy proposals on major issues such as income policy, taxation and pensions. These associations rely on think tanks they have founded with the purpose of obtaining technical and policy advice. For example, the Foundation of Economic and Industrial Research (IOVE) is loosely related to SEV, while the Institute of Labor (INE) is closely associated with GSEE and the Confederation of Civil Servants' Unions (ADEDY). The think tanks are staffed by part-time academics who have full-time appointments in Greek universities, as well as by younger researchers.

Interest associations prepare policy proposals based on reports prepared by these think tanks. However, interest associations and their think tanks do not have the administrative and scientific capacity to comment on all major policy initiatives taken by the government. They periodically produce concrete proposals (e.g., SEV's reports on Greece's national action plans for employment and social inclusion, 2003 – 2005) which are not regularly updated. Interest associations often put forward vague statements of opinions, such as values or guidelines meant to inform policies, rather than concrete policy proposals. Even when interest associations agree on the significance and basic parameters of a policy problem (e.g., pension reform), they often arrive at diametrically opposed, less-than-reasonable solutions, which reflect the history of polarized party and interest competition, the prevailing distrust toward political institutions, and the absence of established channels of consultation among social partners.

At times, policy proposals are not technically feasible, but express an unrealistic, polemical attitude on distributional issues. An example is GSEE's periodic demand that the state budget provide additional funding to the pension system, even at a time of fiscal crisis (2008 – 2010), and during a period in which the state's capacity to raise tax revenue actually fell (2007 – 2009).

Association
competence
(business)
Score: 4

Association
competence
(others)
Score: 3

Social interest groups, environmental groups and religious groups have an even weaker capacity than business associations and trade unions to produce concrete policy proposals. They cannot count on organized structures of policy analysis (e.g., think tanks) but rely on individual expertise mostly offered on a voluntary basis. This is less true for the Greek Christian Orthodox Church, which is a large organization funded by the state budget, than for associations active in social welfare, environmental protection, culture, education or migration issues. The Orthodox Church has a pool of lawyers and managers tasked with managing its substantial property and personnel (all Orthodox priests' salaries are paid by the state). However, the church's interventions in public debates remain either at a general abstract level of policy guidelines or are limited to arguing for the preservation of the most traditional forms and values of schooling, social welfare and family life. On the other hand, small social interest associations, such as associations promoting human rights, environmental protection or higher education reform, formulate and disseminate concrete, substantive and reasonable policy proposals, with the help of academics and experts sympathetic to the associations' causes. Still, such proposals, even if they succeed in catching the attention of the mass media, rarely influence top decision-making structures, which normally consist of a minister and his or her small circle of political appointees (governing-party cadres and technocrats).

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