

ETUDES HELLENIQUES

HELLENIC STUDIES

LA CRISE GRECQUE THE GREEK CRISIS

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Poètes Chypriotes / Cypriot Poets

Livres Reçus/Books Received

Chronologies

Volume 20, No 2, Autumn / Automne 2012

2

ÉTUDES HELLÉNIQUES / HELLENIC STUDIES

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Published twice a year (Spring - Autumn) by the **Centre for Hellenic Studies and Research Canada, -KEEK, the University of Crete, Centre of Intercultural and Migration Studies-EDIAMME, Department of Primary Education and the University of the Aegean Post-Graduate Program in «Political, Economic and International Relations in the Mediterranean», Department of Mediterranean Studies.**

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Subscription Rates/Frais d'abonnement	One year/Un an	Europe (par virement)*
Individuals/Particuliers	\$ 50.00	50 €
Institutions	\$ 70.00	70 €
Support/Soutien	\$ 100.00	100 €

* Compte chèques postaux à Paris: CCP no 2846134E020
IBAN FR72 2004 1000 0128 4613 4E02 057
BIC PSSTFRPPPAR

Revue publiée deux fois par an (Printemps-Automne) par le Centre de recherches helléniques Canada-KEEK, l'Université de Crète(Centre d'études interculturelles et de l'immigration-EDIAMME du Département d'Education Primaire) et l'Université de la Mer Egée (Programme d'études supérieures de deuxième et troisième cycle, «Sciences politiques, économiques, et relations internationales dans la Méditerranée», Département d'études méditerranéennes).

Tous les articles, les recensions et la correspondance générale doivent être adressés aux **Études helléniques / Hellenic Studies**, C.P. 48571, 1495 Van Horne, Outremont, (Québec), Canada, H2V 4T3, Tel: (514) 276-7333, Télécopieur: (514) 495-3072 (E-mail: k12414@er.uqam.ca). Pour les abonnements, les informations, pour tout numéro courant ou ancien de la revue, prière de vous adresser aux **Études helléniques / Hellenic Studies** à l'adresse ci dessus.

Études helléniques / Hellenic Studies est une revue interdisciplinaire bilingue (français-anglais) consacrée à la recherche: elle a pour objet l'étude de l'hellénisme tant de la Grèce que de la diaspora.

Gutenberg Publishing
Didodou 37
Athens 10680
Tel.: 210-3808334
Fax: 210-3642030
e-mail: info@dardanosnet.gr

Dépôt légal / Legal Deposit
National Library of Canada
Bibliothèque nationale du Québec
2e trimestre 2007
ISSN: 0824-8621

Volume 20, No 2, 2012

Autumn / Automne 2012

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La crise grecque

Panayotis Tsakonas*

Stephanos Constantinides**

La déroute de Lehman Brothers en septembre 2008 a ouvert une période de crise pour le système économique mondial, qui se résorbera à une date que personne ne peut prévoir. Il s'agit pratiquement d'un chaos économique, qui n'est pas sans rappeler la dépression de 1929.

Des Etats-Unis la crise a traversé l'Atlantique pour frapper l'Europe. La Grèce a été un des premiers pays européens à avoir été touché avec l'Irlande, le Portugal, l'Espagne et l'Italie. Aujourd'hui la France commence aussi à être atteinte et les différentes agences de notation ont l'oeil rivé sur elle.

Pendant un certain temps la Grèce a été tenue responsable de tous les maux qui frappaient son économie. Il n'y a pas de doute que les gouvernements grecs depuis la chute de la dictature en 1974 ont mis en place une gouvernance corrompue et les partis politiques ont pratiqué un clientélisme extrême. Le fait est que depuis son indépendance du joug ottoman la Grèce n'a pas réussi à créer un Etat moderne capable de mettre en place une administration efficace. A cause de cette faiblesse de l'Etat grec l'évasion fiscale a toujours été et demeure un fléau de l'économie grecque. En effet, ce qui fait la spécificité de la crise grecque par rapport aux autres pays de la zone euro, c'est l'ampleur de ses problèmes structurels et notamment sa difficulté à prélever l'impôt. Néanmoins, nonobstant tous les maux dont l'Etat grec est accablé et l'existence de facteurs propres au pays quant à la crise, on a très tôt constaté que celle-ci n'était pas un phénomène isolé, mais faisait partie d'une crise européenne profonde. La crise grecque marque, en effet, de façon plus globale, le début de la crise de la dette dans la zone euro. Ainsi est apparu l'écart qui sépare le sud européen du nord de ce continent.

En fait la crise grecque se structure à trois niveaux: le premier niveau est celui de la Grèce elle-même et des problèmes spécifiques de cet Etat et de sa société. Le deuxième niveau est celui de l'Europe - en particulier de la zone

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euro - qui n'a pas de cadre institutionnel adéquat pour faire face aux problèmes économiques, l'ayant affecté. La preuve en est que la médecine administrée à la Grèce n'a pas donné jusqu'à maintenant de résultats tangibles. Le troisième niveau de la crise est bien sûr mondial et concerne un capitalisme qui est en déclin dans son propre berceau, l'Europe et l'Occident en général. On constate, en effet, que le centre des activités économiques mondiales se déplace de plus en plus vers l'Asie. Un nouveau capitalisme plus dynamique est en train de s'ériger dans cette partie du monde dont la Chine constitue l'avant-garde. Le fait que la crise est mondiale explique pourquoi la Grèce avec une population de 11 millions d'habitants et un PNB de 300 milliards de dollars – soit 2% du PNB de l'Eurozone - constitue un risque systémique non seulement pour l'Europe mais même pour le système mondial. Ceci montre évidemment l'interdépendance globale de l'économie capitaliste mondiale.

En octobre 2009, malgré le sombre tableau de l'économie grecque, le Mouvement socialiste panhellénique (*PASOK*) a remporté les élections nationales après plus de cinq années de règne de la *Nouvelle démocratie* (*ND*), parti de centre-droit, sur une plate-forme de «dépenses» plutôt que d'«austérité». En mai 2010, face à des déficits énormes, des notations faibles et des taux d'intérêt exorbitants, le gouvernement du *PASOK* a décidé de recourir au mécanisme de sauvetage mis en place par la soi-disant «troïka», à savoir la Commission européenne (CE), la Banque centrale européenne (BCE) et le Fonds monétaire international (FMI).

Au cours des années suivantes, à savoir de juin 2010 à aujourd'hui, les représentants de ces trois organisations ont visité la Grèce régulièrement et essayé de définir les nouvelles politiques du pays concernant l'impôt, le revenu, les retraites et l'emploi. En outre, la «troïka» surveille l'un des programmes les plus sévères d'austérité jamais appliqués à l'échelle mondiale, auquel la Grèce s'est engagée à travers les soi-disant «Mémorandums», en échange de prêts internationaux considérables fournis sous la forme de plans de sauvetage. Le premier plan a été mis en place en mai 2010 par le gouvernement de Georges Papandréou, le deuxième en février 2012 par le gouvernement de Loukas Papademos composé essentiellement de technocrates et le troisième en octobre 2012, par le gouvernement de coalition tripartite d'Antonis Samaras.

Jamais dans son histoire d'après-guerre, peut-être à l'exception partielle de la décennie qui a suivi la fin de la sanglante guerre civile (1946-49), la dépendance de la Grèce à l'égard d'organismes exogènes n'a semblé aussi évidente. Les conséquences au niveau des indicateurs économiques de la Grèce ont été en effet désastreuses, conduisant ce pays en 2012 à la cinquième

année consécutive de récession. Les énormes réductions de salaires et de retraites appliquées tant dans le secteur public que dans le secteur privé depuis le premier Mémoire ainsi qu'une augmentation de la pression fiscale ont également conduit les Grecs au chômage, à une grande pauvreté, au désespoir et à l'agitation sociale.

Dans ce contexte parler d'eurosepticisme ou de nationalisme comme un trait de la culture grecque est plus qu'exagéré. On trouve en effet les mêmes phénomènes à des degrés divers dans la plupart des pays européens. Il convient d'insister sur les politiques néolibérales, qui ont contribué à aggraver la crise actuelle et ont affecté le tissu social de la Grèce et même de l'Europe.

Ainsi la crise grecque a commencé en octobre 2009 quand l'agence de notation Fitch Ratings a dégradé la note de la dette de la Grèce de A à A-, avec des perspectives négatives. En décembre cette agence de notation a abaissé cette note de A- en BBB+. Ont suivi les autres agences de notation, Standard & Poor's and Moody's, qui ont commencé aussi à abaisser la note de la dette de l'Etat grec. Sous la pression des Européens le gouvernement grec de Georges Papandreou annonce en décembre 2009 un programme de rigueur visant à rétablir les finances publiques grecques. En janvier 2010, ce gouvernement présente les grandes lignes de son plan d'assainissement des finances publiques mais sans parvenir à convaincre les marchés de sa capacité à régler la crise de sa dette.

En mai 2010 la Grèce, face à son énorme déficit et son incapacité à pouvoir emprunter sur les marchés, se résout à s'adresser au mécanisme de sauvetage européen et à accepter la surveillance de la troïka. En fait, les Européens, qui n'étaient pas capables de sauver seuls l'économie grecque, ont accepté la participation du FMI au mécanisme de sauvetage.

Malgré les différents plans de sauvetage et l'austerité imposés depuis au pays et malgré la restructuration de sa dette au printemps 2012, le problème de la Grèce n'a pas été résolu. La dette publique grecque qui représentait, fin 2009, 130% du PIB est passée maintenant à plus de 170%, et devrait représenter 190% l'an prochain, ce qui rend très improbable un retour à l'objectif de 120% fixé pour 2020. C'est pourquoi des responsables du FMI ont à plusieurs reprises estimé en privé et dernièrement en public que les bailleurs de fonds publics de la Grèce devraient renoncer à une partie de leurs créances pour que celle-ci redevienne solvable. Mais l'Allemagne, premier contributeur aux fonds de soutien financier mis en place par la zone euro, rejette pour l'instant cette idée en affirmant qu'elle serait contraire au droit européen. En fait Berlin, pour des raisons de politique intérieure ne veut pas prendre une telle décision avant les

élections allemandes de septembre 2013. Cependant le 26 novembre 2012 le FMI et l'Eurogroupe ont décidé d'aider à nouveau la Grèce avec pour objectif que ce pays réduise sa dette publique à 124% de son PIB en 2020.

Le PIB grec a été entretemps réduit de plus de 20%. Plus d'un quart de la population active grecque n'a pas d'emploi. Selon l'enquête d'Eurostat, 27,7% de la population de la Grèce, soit plus de 3 millions de personnes vivent dans la pauvreté et l'exclusion sociale. C'est la plus importante pauvreté sociale enregistrée dans la zone euro; seule l'Europe de l'Est a des chiffres qui sont pires. En 2013 la Grèce va entrer dans sa sixième année de récession. Et les perspectives pour les années à venir restent sombres.

Quelles sont les causes profondes de la crise économique, qui a éclaté en Grèce en 2010? Sont-elles d'abord économiques, politiques et culturelles ou doit-on se concentrer sur certaines des causes externes, comme la crise économique mondiale, les distortions et les défauts de conception de la zone euro? Plus important encore: on doit se demander s'il y a un moyen de sortir de l'impasse économique, politique, idéologique, psychologique et culturelle actuelle dans laquelle la Grèce est confrontée; ce qui est à la fois souhaitable et réalisable. Les contributeurs à ce numéro spécial tentent de fournir une explication à l'échec de la Grèce à résoudre sa crise, ainsi que de proposer une voie pour «réinventer» la Grèce.

Dimitri Sotiropoulos soutient que la façon dont le système politique de la Grèce a été structuré à compter de 1974 dans la période de l'après dictature (la soi-disant «metapolitefsi») a contribué au déraillement économique du pays à la fin des années 2000. Plus précisément, son article, plutôt convaincant, suggère qu'une série de causes internes de nature structurelle expliquent ce déraillement: à savoir la polarisation de la compétition entre les partis politiques, la vaste politisation de l'administration d'Etat, le pouvoir des puissants intérêts privés, y compris les intérêts des entrepreneurs liés à l'Etat; sans compter l'intervention des syndicats du secteur public, et la culture dominante politique populiste.

En effet, les deux partis qui dominant la vie politique grecque en alternance au pouvoir dans la période 1974-2011, à savoir la *ND* et le *PASOK* ont investi l'administration publique et par des politiques fondées sur le clientélisme visant à la reproduction de leurs bases électorales ont créé un État inefficace et corrompu, pratiquement incapable de concevoir, de gérer et faire le suivi des réformes, principalement liées aux privatisations et à la restructuration du secteur public. Par voie de conséquence, la *ND* et le *PASOK* n'ont toujours pas été en mesure d'orienter l'économie grecque même avant la crise et ont

été principalement responsables des dysfonctionnements de l'appareil d'Etat. Mais ces partis n'ont pas été seuls à agir dans ce jeu de favoritisme et de répartition du butin.

De plus au milieu des années 1970 il y a deux cultures opposées, affirme Sotiropoulos, qui transcendent les partis politiques et les couches sociales. L'une était pro-réformiste, pro-européenne et favorisait la modernisation, l'autre se méfiait de toute réforme, avait un ressentiment à l'encontre de l'Europe et était ouverte aux récits nationalistes et populistes. Fait intéressant, avant même que la crise économique ait eu des répercussions sur les perceptions populaires à l'égard des institutions politiques, les citoyens n'avaient pas confiance dans les principales institutions de la démocratie grecque. La confiance dans le gouvernement et les partis politiques a considérablement diminué entre le printemps de 2003 et celui de 2010, au moment où la crise a éclaté en Grèce.

Ainsi, selon Sotiropoulos, le système de partis, l'administration de l'Etat, le mode de relations entre l'État et les intérêts organisés, et la culture politique dominante ont contribué ensemble à l'incapacité de la Grèce à planifier et programmer son développement économique. Le déraillement économique de la Grèce en 2010 ne devrait être donc guère considéré comme un nouveau développement, étant donné que l'économie grecque était déjà en récession pour la troisième année consécutive alors que le pays avait déjà enregistré des déficits depuis près de dix ans sans interruption. Sans surprise, l'économie grecque devait s'effondrer comme un maillon faible dans la chaîne de l'économie mondiale dès que la crise financière mondiale a éclaté en 2008. En effet, comme Pagoulatos le fait valoir «la crise grecque est le point de rencontre d'une crise de la dette publique intérieure et d'une crise systémique européenne. Deux tempêtes se sont rencontrées au-dessus de la Grèce, et ont créé la tempête parfaite».

En outre, les conséquences politiques et sociales de la crise grecque semblent être aussi d'une importance capitale, soutiennent ces deux auteurs, comme le montrent la propagation de l'agitation sociale, le chômage, la montée de la gauche et de l'extrême droite, la création d'une nouvelle ligne de division de la société grecque et du corps politique, la polarisation entre des camps «pro-» et «anti-mémorandum» et l'intensification du clivage profond dans la société grecque entre les européistes et les nationalistes. On pourrait en effet faire valoir que lors de la crise économique actuelle, les soi-disant partis politiques «anti-mémorandum» en Grèce ont vu et présenté le processus d'eupéanisation comme un type d'«eupéanisation imposée», qui exige des mesures d'austérité

impitoyables avec de dures réformes structurelles des institutions de la Grèce. Cela a provoqué l'euroscpticisme, non seulement parmi le public grec, mais aussi chez la plupart des partis politiques de Grèce. Ainsi, l'identité européenne de la Grèce a commencé à être questionnée par un public furieux; la défaillance grecque et la sortie immédiate du pays de la zone euro ont commencé à apparaître comme une alternative intéressante. Ainsi, au niveau du discours, l'essence même de la participation de la Grèce et de sa contribution dans le projet européen et, par voie de conséquence, la portée et la profondeur de l'europanisation du pays ont été remises en cause.

Malheureusement, l'euroscpticisme en Grèce a été renforcé par les recommandations politiques que l'UE et le FMI ont décidé de mettre en avant à l'époque. Celles-ci ont été suggérées, et dans une certaine mesure imposées par A. Merkel, la Chancelière allemande, qui, a encore délégitimé et dédaigné tout progrès réalisé à ce jour par la Grèce en termes «d'europanisation des politiques», dont la politique étrangère – par exemple – a été influencée par son intégration à l'UE.

On peut à ce stade ajouter à la liste des conséquences négatives la fuite des cerveaux et une émigration des éléments les plus productifs du pays. Les principales destinations sont l'Allemagne, l'Australie, le Canada, le Royaume-Uni, Chypre, Israël et la Belgique. La Grèce, comme la plupart des autres pays de l'UE demeure toujours une destination attrayante pour les immigrants pauvres: le plus grand nombre en provenance de pays plus pauvres comme l'Albanie, la Bulgarie, la Roumanie, le Pakistan, l'Afghanistan, l'Irak, la Palestine et la Géorgie. Il est probable que la majorité des nouveaux arrivants n'ont pas les compétences pour remplacer les émigrants.

En outre, comme Bouzakis et Diplari le soutiennent, la crise économique grecque a aussi apporté des transformations spectaculaires dans le système éducatif de la Grèce (coupures dans le budget, les salaires et pensions des enseignants, fusions et fermetures d'écoles, réduction du recrutement des enseignants, etc). En outre, la pauvreté, le chômage, la diminution croissante des revenus vont rapidement aggraver les inégalités sociales en matière d'éducation, puisque l'accès aux biens éducatifs deviendra de plus en plus difficile pour les "démunis"; ainsi la déjà inabordable "éducation gratuite" va devenir encore plus coûteuse et inaccessible. Ces auteurs soulignent également que, jusqu'ici, la Grèce occupe la première place pour la fermeture des écoles et les réductions des salaires des enseignants, la seconde pour la diminution du montant des retraites et la quatrième s'agissant de la compression du financement de l'éducation par l'État.

Selon Pagoulatos, le gouvernement actuel, pro-européen, de coalition réformiste (*Nouvelle Démocratie, PASOK et Gauche démocratique*), - rendue possible parce qu'aux élections de juin 2012 la peur de l'euro-sortie a prévalu sur l'opposition aux politiques d'austérité - se rend compte que la politique d'ajustement constitue la dernière chance pour la Grèce de réformer son l'État et son économie. Les efforts de la Grèce sont nécessaires mais non suffisants pour réussir. Finalement, tout dépendra de la volonté de la zone euro à traiter cette crise comme une crise systémique de l'UEM, ce qui nécessite de profondes modifications de son architecture et de l'innovation dans les politiques appliquées. En effet, le grand défi à venir pour la zone euro, affirme Pagoulatos, est à venir avec un plan qui assurera la survie de l'euro, de telle sorte que le mur de séparation en cours de construction entre pays «vertueux» et pays du sud de l'Europe soit démolie avant la destruction même de l'UE.

La contribution de Jean Catsiapis est très révélatrice des diverses perceptions de la crise grecque qui prévalent dans le nord et le sud de l'Europe. Plus précisément, en se référant à des enquêtes réalisées dans différents pays européens, Catsiapis observe que la solidarité envers les Grecs qui souffrent d'une grave crise financière, économique et sociale est relativement élevée chez les peuples du sud de l'Europe et de la France tandis que le public et les médias en Allemagne et dans certains autres pays d'Europe du Nord sont hostiles ou réticents à fournir une aide à Athènes. Toutefois, cette solidarité s'effiloche au fur et à mesure que cette crise se propage progressivement à d'autres pays européens. Catsiapis conclut que la Belgique, l'Espagne et le Royaume-Uni sont traversés par des forces centrifuges. Certaines de leurs provinces, qui bénéficient d'une économie pas trop dégradée inclinent à la sécession pour ne pas être solidaires de ces États en proie à de graves difficultés.

Dans sa contribution, Frangonikolopoulos plaide en faveur d'une diplomatie plus confiante en soi et tournée vers l'extérieur que la Grèce devrait poursuivre au milieu d'une grave crise économique. L'auteur observe que la crise économique grecque et son impact potentiel sur l'avenir de la zone euro ont monopolisé la couverture médiatique dans le monde. La presse internationale a mené une campagne féroce contre la Grèce, qui n'a pas cru encore devoir répondre aux attaques la concernant. Ce pays, toutefois, pourrait s'investir dans un rôle critique que joue la diplomatie publique au niveau de la politique contemporaine mondiale. Cela nécessite donc le passage à une diplomatie publique, qui se concentre sur l'établissement de liens tant culturels qu'éducatifs et met l'accent sur les problèmes mondiaux et régionaux d'importance. Ce qui suppose un encouragement à la communication et au dialogue avec des acteurs

officiels et non-étatiques, en collaboration avec et à travers des groupes internes et externes ainsi qu'avec l'opinion publique. Il convient de rappeler que la Grèce se situe dans une zone géographique complexe et volatile, qui inclut les Balkans, la région de la mer Noire, la Méditerranée et le Moyen-Orient. Une telle stratégie de diplomatie publique fournira à la Grèce non seulement de nouvelles possibilités dans sa coopération avec la Turquie et l'ARYM, Etats avec lesquels elle est en opposition sur certains points, mais lui permettra aussi d'améliorer son influence au sein des organisations internationales. Dès lors de nombreuses opportunités se présenteront pour Athènes dans les affaires du monde bien au-delà de sa situation économique actuelle et de ses capacités limitées de puissance.

Dans la même ligne de raisonnement et se fondant sur l'affirmation partagée par d'autres contributeurs de ce volume que la solution au problème grec devrait être en partie grecque et partiellement européenne, Valaskakis fournit un programme s'inspirant de sept propositions pour «réinventer la Grèce» dans les mois à venir, y compris, entre autres, une «stratégie intelligente pour la Grèce», une Banque centrale européenne avec de nouveaux pouvoirs et une meilleure utilisation de la diaspora grecque.

Michael Damanakis analyse les comportements de l'élite politique relatifs à l'éducation dans la diaspora grecque. Il analyse plus précisément le cas de la dernière législation sur l'enseignement de la langue grecque à l'étranger, qui devint par la suite une loi de l'Etat en novembre 2011. L'objet de sa contribution est double: d'une part, analyser et mettre en évidence la logique politique sous-jacente à cette loi et d'autre part, déterminer dans quelle mesure la crise économique a pu être utilisée comme un argument en faveur de la légitimation des politiques éducatives restrictives.

En conclusion, la crise de la dette publique de la Grèce et d'autres pays de la périphérie européenne risque d'affaiblir l'Union monétaire européenne. La crise grecque devrait être l'occasion pour l'Europe de répondre politiquement à ses propres déficits de croissance structurelle. Au lieu de blâmer continuellement les pays du sud européen, le temps est venu de revoir le fonctionnement des institutions européennes et leurs faiblesses structurelles évidentes. Cela ne signifie pas que les Grecs et les autres pays du sud européen ne doivent pas mettre de l'ordre dans leurs propres maisons.

The Greek Crisis

Panayotis Tsakonias*

Stephanos Constantinides**

The collapse of Lehman Brothers in September 2008 opened a period of economic turbulence for the global economic system so strong that no one can predict when it will be righted. It is the beginning of a financial crisis greatly reminiscent of the *Great Depression* of 1929.

The American crisis crossed the Atlantic and struck Europe. Greece was one of the first European countries affected, along with Ireland and Portugal, then followed by Spain and Italy. Today, France is beginning to be affected and the various rating agencies have an eye on it.

For a while Greece was responsible for all the ills that affected the economy. There is no doubt that the *Metapolitefsi* (the Greek term for the democratic era after the dictatorship) had given birth to a political system specialized in corruption and deceit as the Greek political system established corrupt governance and political clientelism became an extreme practice. In fact, since its independence from Ottoman rule, Greece has not managed to build a modern state capable of establishing an effective administration. Indeed, given the weakness of the Greek state, tax evasion was always and remains a scourge for the Greek economy. In fact, what is specific to the Greek crisis compared to other countries in the Eurozone is the extent of its structural problems, including the difficulty in collecting the taxes. Nevertheless, despite all these evils which have overwhelmed the Greek government and the existence of country-specific factors, it soon became apparent that the Greek crisis was not an isolated phenomenon but part of a deep European crisis. This crisis actually marks the beginning of the debt crisis in the Eurozone. There is also a North/South split as the gap between the Southern European states and the Northern states grew to the widest within the Union.

In fact there are three levels to the Greek crisis. The first is in Greece itself, with problems specific to the country, its state and its society. The economic, political and social turmoil has produced (in Antonio Gramsci's words) an

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“organic crisis” of the whole of society. The second level of the crisis is that taking place across Europe and in particular in the Eurozone, in which Greece is the focal point. The Eurozone in particular does not have the adequate institutional framework to deal with the economic problems that have arisen. The proof is that the medicine administered to Greece did not, until now, yield tangible results. The third level of the crisis is global and it is the crisis of capitalism itself declining in its own cradle, Europe, and in the West in general. Indeed, the center of global economic activity is moving increasingly to Asia. A new dynamic capitalism is being erected in this part of the world and China is the vanguard.

The fact that Greece with a population of a mere 11 million and a GDP of \$300 billion (only 2% of the Eurozone economies) can create systemic risk for the world, speaks volumes about the downside of global interdependence. This shows clearly the interdependence of the global capitalist economy.

In October 2009, despite the bleak picture of the Greek economy, the Panhellenic Socialist Movement (PASOK) won the national elections after more than five years of the center-right New Democracy rule on a “spending” rather than an “austerity” platform. In May 2010 and in the face of enormous deficits, poor credit ratings and sky-high interest rates, the PASOK government decided to resort to the rescue mechanism put together by the so-called ‘troika’, namely the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF).

Over the next three years, namely from June 2010 to the present, representatives of the three organizations visit Greece regularly and try to shape the country’s new fiscal, income, pension and employment policies. Moreover, the troika monitors one of the harshest austerity programs ever applied on a global scale, to which Greece committed through the so-called ‘Memoranda’, in exchange for large international loans supplied in the form of rescue packages (the first package was drafted in May 2010 by the George Papandreou government, the second in February 2012 by the technocratic Loukas Papademos government and the third in October 2012, by the tripartite coalition Antonis Samaras government).

Never before in its post-war history, perhaps with the partial exception of the decade that followed the end of the bloody Civil War (1946 – 49), has the dependence of Greece on exogenous agencies seemed so conspicuous. The consequences on Greece’s economic indicators were indeed dire, leading to the country’s fifth consecutive year of recession. The tremendous wage and pension cuts applied in both the public and the private sector since the first

Memorandum together with sharp tax increases have also led to unemployment, high poverty rates, desperation and social unrest.

In this context, to mention euroscepticism or nationalism as a feature of Greek culture is to exaggerate. One finds the same phenomena in different varying degrees in most European countries. It is more neoliberalism that has contributed to aggravating the present crisis and which has affected the social fabric of Greece and even that of Europe.

The Greek crisis began in October 2009 when the Fitch Ratings downgraded the financial debt of Greece from A to A- with a negative outlook. In December, the same rating agency lowered this grade from A- to BBB +. The other rating agencies followed, including Standard & Poor's and Moody's, which also began to lower the debt rating of the Greek state. Under pressure from the Europeans, in December 2009, the government of George Papandreou announced an austerity program aimed at restoring Greece's public finances. In January 2010, the Greek Government outlined a plan of fiscal consolidation but failed to convince markets of its ability to resolve the debt crisis.

In May 2010, Greece confronted its huge deficit and inability to borrow on the markets and resolved to address the European rescue mechanism and accepted the supervision of the troika formed by the European Commission, the European Central Bank and the International Monetary Fund. In fact, as the Europeans alone were unable to rescue the country, Greece accepted the participation of the IMF in the rescue mechanism.

Despite the various bailouts, despite the austerity measures imposed, despite the Greek debt restructuring in the spring of 2012, the Greek problem was not solved. Greece's public debt, which represented 130% of GDP at the end of 2009, is now more than 170%. Moreover, it should represent 190% of the gross domestic product (GDP) in 2013, which makes it very unlikely to reach the goal of 120% of GDP in 2020. This is why IMF officials have repeatedly expressed recently, both in private and public, the opinion that another restructuring is necessary for Greece in order to have a solvable debt. But Germany, the largest contributor to the bailout European fund set up by the Eurozone, rejects this idea for now, arguing that is contrary to European law. Berlin, for reasons of domestic politics will not make such a decision before the German elections in September 2013.

Greek GDP was meanwhile reduced more than 20%. Unemployment hit a record high of 25.1%. More than 1,000 jobs lost every day over the past year.

In the worst-affected group, ages 15-24, unemployment was 54.2 %. According to a recent Eurostat survey, 27.7% of the population of Greece, more than 3,031 million people, live in poverty and social exclusion. This is the highest social poverty recorded in the Eurozone. Only Eastern Europe has worse numbers. In 2013, Greece should enter its sixth year of recession. The outlook for the future remains grim.

What are the root causes of the economic crisis which erupted in Greece in 2010? Are they primarily economic, political or should one concentrate on particular external causes, like the global economic crisis and/or the design flaws of the Eurozone? More important, is there a way out from the current economic, political, ideological, psychological and cultural stalemate Greece is facing, which is both desirable and feasible? The contributors to this special issue attempt to provide both explanations to Greece's failure and to the ongoing Greek crisis as well as to offer a path for "re-inventing" Greece.

Sotiropoulos argues that the way Greece's political system was structured in the post-Junta (1967-1974) period (called the *metapolitefsi*) contributed to the economic derailment of the country in the late 2000s. More specifically, his contribution suggests, rather convincingly, that a series of domestic causes of a structural nature, namely the polarization of political party competition, the extensive politicization of state administration, the power of strong vested interests, including the interests of state-dependent business entrepreneurs and public sector trade unions, and the dominant populist political culture contributed to the derailment of the Greek economy and to Greece's failure.

Indeed, the two parties dominating Greek politics and alternating in power from 1974 to 2011, namely the center-right New Democracy (ND) and the center-left Panhellenic Socialist Movement (PASOK), have affected state administration and through patronage-based policies aiming at the reproduction of their electoral bases have created an inefficient and corrupt state which was practically incapable of conceiving, managing and following up reforms, related mainly to privatizations and public sector restructuring. By implication, both ND and PASOK remained unable to steer the Greek economy even before the crisis and were primarily responsible for the malfunctions of the state apparatus, but were not alone in the game of favouritism and the allocation of spoils.

In addition, Sotiropoulos argues that since the mid-1970s two opposing cultures have cut across political parties and social strata thus emerged. One was pro-reformist, pro-European and modernizing; the other was suspicious of any reform, resentful towards Europe and open to nationalist and populist

narratives. Interestingly, even before the economic crisis took its toll on popular perceptions of political institutions, citizens did not trust important institutions of Greek democracy. Trust in the government and the political parties fell dramatically between the spring of 2003 and the spring of 2010, just when the crisis erupted in Greece.

According to Sotiropoulos, the party system; state administration; mode of relations between the state and organized interests; and dominant political culture have all contributed to Greece's inability to plan and program economic development. Greece's economic derailment in 2010 should thus hardly be considered a new development, given that Greece's economy was already in its third subsequent year of depression while the country has been running deficits for almost ten years in a row. Unsurprisingly, such a weak link in the world's economic chain was bound to break, as soon as the global financial crisis erupted in 2008. Indeed, as Pagoulatos argues, "the Greek crisis was the meeting point of a domestic public debt crisis and a euro-systemic crisis. Two storms met over Greece, and created the perfect storm". Furthermore, the political and social consequences of the Greek crisis seem to be also of utmost importance, both authors argue, as shown by the spread of unemployment and social unrest, the rise of the Left and the Far Right, the creation of a new dividing line of the Greek society and body politic, polarizing the pro- and anti-Memorandum camps and the intensification of the deep cleavage in Greek society between Europeanists and nationalists.

It could be argued that during the current economic crisis, the so-called anti-Memorandum political parties in Greece viewed and presented the process of Europeanization as a type of 'imposed Europeanization', which asked for ruthless austerity measures along with harsh structural reforms in Greece's institutions. This in turn enhanced Euroscepticism, not only among the Greek public, but also among most of Greece's political parties. Consequently, Greece's European identity started being questioned by a furious Greek public and the country's immediate default and exit from the Eurozone started to look like an attractive alternative. Thus, at the level of discourse, the very essence of Greece's participation in the European project and, by implication, the range and depth of Greece's Europeanization have been questioned.

Unfortunately, Euroscepticism in Greece was further enhanced by the policy prescriptions the EU and IMF decided to put forward at the time. Suggested, and to a certain extent imposed, by the German Chancellor Merkel, that policy prescription was but a coercive formula which, coupled with the on-going crisis

in the Eurozone and the EU's political and legitimacy crisis, further delegitimized and disdained any progress achieved so far by Greece in terms of "policy Europeanization", namely influence of the EU integration on Greece's foreign policy (actors, policy instruments and styles).

At this point, one may add the brain drain and a reverse migration of the most productive immigrants in the country to the list of negative consequences. The top destinations were Germany, Australia, Canada, the UK, Cyprus, Israel and Belgium. Yet Greece, like most other EU countries is still an attractive destination for poor immigrants. However, with the largest number coming from poorer countries such as Albania, Bulgaria, Romania, Pakistan, Afghanistan, Irak, Palestine and Georgia, it is likely that the majority of new arrivals lack the skills to replace the emigrants.

Moreover, as Bouzakis and Diplari argue, the Greek economic crisis has also brought about dramatic transformations in Greece's education system (budget cuts and teachers' salary and pension cuts, school mergers and closures, reduction in staff recruitment). In addition, poverty, unemployment, and increasing income deprivation will rapidly exacerbate the social inequalities in education, because having access to educational goods will become more and more difficult for the 'have-nots' given that the already unaffordable 'free education' will become even more expensive and inaccessible. The authors also highlight that so far Greece ranks first in school closings and cuts in teacher salaries, second in pension cuts and fourth in the list of compressing the state education funding.

According to Pagoulatos, the current, pro-European, reformist coalition government (New Democracy, PASOK and the Democratic Left), which became possible because in the June 2012 elections the fear of Euro-exit prevailed over opposition to austerity policies, realizes that adjustment policy conditionality is indeed Greece's last chance to reform the Greek state and economy within the Euro. Greece's efforts alone are necessary but insufficient for succeeding. At the end of the day, it will all depend on whether the Eurozone will summon the determination to treat the Eurozone crisis as a systemic crisis of the EMU, requiring far-reaching amendments to its architecture and innovativeness in the applied policies. Indeed, the great challenge ahead for the Eurozone, Pagoulatos argues, is to come up with the new grand bargain that will secure the Euro for a lifetime so as the dividing wall that is creepingly being erected in the Eurozone; i.e., between the 'virtuous' North and the 'failed' South, be torn down before it brings down the Union.

Catsiapis' contribution is very telling about the different perceptions that are prevalent in Europe's north and south about the Greek crisis. More specifically, referring to surveys performed in different European countries, Catsiapis observes that solidarity with the Greeks, who suffer from a severe financial, economic and social crisis is relatively high among the peoples of southern Europe and France while the public and the media in Germany and some other northern European countries are hostile or reluctant to provide aid to Athens. However, this solidarity is fraying as the crisis spreads gradually to other European countries. Catsiapis concludes that Belgium, Spain and the United Kingdom are crossed by centrifugal forces from some of their provinces, benefiting from an economy not too much inclined to recession, with solidarity with these countries experiencing serious difficulties.

In his contribution, Frangonikolopoulos argues for a more self-confident and outward looking public diplomacy that Greece should pursue amid a severe economic crisis. The author observes that the Greek economic crisis and its potential impact on the future of the Eurozone have monopolized media coverage globally. The international press has mounted a fierce and negative campaign against Greece, yet Greece has not responded to the critics. So far, the country seems to be passively accepting that politically and economically it is on the periphery of the West and the EU, anticipating solutions to the country's problems to be provided only by Brussels and Washington.

Frangonikolopoulos argues that Greece could invest in the critical role that public diplomacy plays in contemporary global politics. This requires a shift from a public diplomacy that concentrates only on forging cultural and educational links to a public diplomacy that focuses on the most significant regional and global issues by encouraging communication and dialogue, with official and non-state actors, working with and through internal and external societies and public opinion. When considering Greece's location in a complex, volatile and security-consuming geographical zone, including the Balkans, the Black Sea region, the Mediterranean and the Middle East such a public diplomacy strategy will not only provide the country with new opportunities in dealing with its bilateral problems (Turkey, FYROM) but also enhance its relevance and influence in multilateral organizations and forums, supplying it with ample opportunities in world affairs far beyond its current economic condition and limited hard power capabilities.

Based on the assertion shared by the other contributors herein that a solution to the Greek problem should be partially Greek and partially

European, Valaskakis provides an inspiring agenda of seven proposals for “reinventing Greece” in the months to come, including –inter alia– an “Intelligent Strategy for Greece”, a European Central Bank with new powers and responsibilities, plus better use of the Greek diaspora.

Michael Damanakis focuses precisely on analyzing the behavior of the political elite on education in the Greek diaspora. More specifically, he looks at the case of the last law “Teaching of the Greek language abroad”, voted in the Greek Parliament on November 2011. The purpose of the paper is twofold: a) on the basis of existing data, analyze and highlight the logic underlying the policy regarding the law and b) answer the question as to how much the economic crisis could be used as an argument for legitimate restrictive educational policies.

In conclusion, the debt crisis of Greece and of the other peripheral countries could weaken the European Monetary Union. The Greek crisis should be an opportunity for Europe to respond politically to its own structural deficit. Instead of constantly blaming the South Europeans, it may be time to review the functioning of the European institutions and to treat their obvious structural weaknesses. This does not mean that the Greeks and other countries of southern Europe should not put their own houses in order.

The Political Causes and Consequences of the Economic Crisis in Greece, 2010-2012

Dimitri A. Sotiropoulos*

RÉSUMÉ

Les causes de la crise économique grecque, qui a éclaté en 2010, sont d'abord politiques et sont liées à un échec à long terme de la gouvernance, ayant précédé la crise. La polarisation de la compétition entre les partis politiques, la politisation complète de l'administration d'Etat, le pouvoir des puissants intérêts privés, y compris les intérêts des entrepreneurs dépendant de l'État et des syndicats du secteur public, et la culture politique populiste dominante ont contribué au déraillement de l'économie grecque. En 2010-2012 les conséquences de la crise sont à la fois sociales et politiques, comme le prouvent l'accroissement du chômage ainsi que la montée de la gauche et de l'extrême droite. La crise a eu des conséquences au-delà des frontières de la Grèce, comme l'ont révélé l'impréparation ainsi que l'incapacité des gouvernements nationaux et des organisations internationales à contenir les fluctuations des marchés internationaux et à stabiliser l'Union européenne et l'économie mondiale.

ABSTRACT

The causes of the economic crisis in Greece, which erupted in 2010, are primarily political and are related to a long-term failure of governance, preceding the crisis. The polarization of political party competition, the extensive politicization of the state administration, the power of strong vested interests, including the interests of state-dependent business entrepreneurs and public sector trade unions, and the dominant populist political culture contributed to the derailment of the Greek economy. In 2010-2012 the consequences of the crisis were both social and political as shown by the spread of unemployment and the rise of the Left and the Far Right. The crisis had consequences beyond Greece's borders, as it revealed the unpreparedness and incapacity of national governments and international organizations to delimit shifts in international markets and to stabilize the EU and world economy.

Introduction

Many analysts of the crisis in Greece start from the economic causes that have brought the country to the brink of economic collapse.¹ The Greek

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economy was much stronger in the 1960s and the 1970s than at the turn of the 20th century. Today, it is a small open economy, producing very few goods for export, lagging behind other advanced economies in terms of competitiveness and being unable to attract foreign investment. Such a weak link in the world's economic chain was bound to collapse, as soon as the global economic crisis struck. However, in order to understand the crisis in Greece one has to put things in perspective, namely to understand what preceded this crisis, the news about which hit the front page of world media in May 2010. Why was Greece barred from borrowing any funds from the international markets in that month? One has to inquire if there was a failure of governance lurking behind Greece's economic failure.

Today's deep economic depression in Greece is hardly a new development. In 2012 the Greek economy was in depression in a fifth year in a row, while in five years (2008-2012) the Greek economy shrunk by 20 per cent.² Greece's fiscal problems are not new either, as the country has been running deficits for ten years in a row (2003-2012). In 2009, just before Greece's crisis erupted, the budget deficit was close to -16 per cent of the GDP, while the balance of payments was hugely negative, i.e., -18 per cent of the GDP.³ The public debt stood at 22 per cent of the GDP in 1980, but in 2009, the year before the start of the crisis, amounted to 129 per cent. One and one-half a year after the break of the crisis, the situation had worsened: at the end of 2011, the Greek public debt had reached the level of 171 per cent of the GDP. However, owing to harsh austerity measures, the budget deficit was now -9 per cent.⁴ There must be something wrong with the way successive Greek governments have steered the economy.

In what follows, we will discuss the problems of the political system in Greece, including the party system, state administration, interest groups and political culture. The reason why we focus on the political rather than on the purely economic causes of the crisis is that, as the economic data mentioned above show, the Greek problem is primarily a fiscal problem. The primary culprit for Greece's failure is the political system. Our main argument will be that the way the Greek political system was structured after 1974 contributed to the economic derailment of the country in the late 2000s.⁵ We will then move to a presentation of the political and social impact of the crisis in 2010-2012 and will end with a brief discussion of the international significance of Greece's failure.

The Political Causes of the Crisis in Greece

How did it become possible for a country which is included among OECD's Member-States and is one of the oldest European Union (EU) Member-States to come to the brink of economic collapse? The answer lies in the coincidence of the global financial crisis which erupted in 2008 with the culmination of long-term trends of Greek politics that had devastating economic results.

To start with, the economic crisis in Greece, which is an open economy, would not have been as acute, if the world economy was not also undergoing a crisis. The global economic crisis affected not only weak economies like the Greek one, but most of the economies of the 27 Member-States of the EU. It is telling that in EU-27, on the average, economic growth slipped from +3.3 per cent of the GDP in 2006 to -4.3 per cent in 2009.⁶ In the context of such adverse international conditions, Greece could not count on quick recovery, even if it were able to put its house in order. The latter proved a Herculean task, because Greece faced grave fiscal problems, associated with long-terms patterns of state mismanagement, profligate spending and corruption.

State mismanagement resulted from repeated decisions to produce goods and services and allocate resources which were based on a patronage-driven logic. Successive governments distributed resources, such as public sector jobs or allowances, to governing party voters, regardless of need or merit. Governments did so to preserve their electoral clientele. Profligate spending accompanied the irrational distribution of state jobs and resources to the population. In order to finance such spending, governments resorted to public borrowing because they were either reluctant or unable to collect taxes. At the same time, there was a long-term historical dependence of Greek private businesses on the state, in the form of loans issued by state-owned banks to businesses and indiscriminate orders by state institutions to private suppliers.

Under these circumstances, corruption permeated state-citizen and state-business relations. In Greece there was high-level corruption involving entrepreneurs and politicians as in many other contemporary democracies. What distinguished Greece from North and West European democracies was the spread of petty corruption (e.g., small fees paid to public hospital doctors, customs officers, town planning employees etc.). Further on, most of corruption went unpunished.

In 2011 Transparency International ranked Greece 80th among 182 countries and estimated Greece's Corruption Perception Index (CPI) score to be 3.4 in the scale 0.0-10.0. This meant that Greece was on a par with

Colombia, El Salvador, Peru and Thailand. Greece's CPI score was far lower than that all other EU Member-States, except for Bulgaria. Although always a laggard in terms of transparency, in the past Greece had performed better: in 2005 it was ranked 47 among 158 countries with a score of 4.3.⁷

The Party System and State Administration

In other words, the Greek state was inefficient and corrupt. It had become so after years of extreme politicization to which the state administration had been subjected by Greece's major political parties.⁸ As it is well known, these were the center-right New Democracy (ND) and the center-left Panhellenic Socialist Movement (PASOK), alternating in power in 1974-2011.⁹ With the exception of two very short lived coalition governments in 1989-1990, the two parties dominated Greek politics. They used to obtain together the vast majority of all votes cast. For instance, just before the onset of the crisis, in the October 2009 elections, the two parties obtained together 77 per cent of the total vote (PASOK 44 per cent, ND 33 per cent). Either party, whenever in power, completely controlled the parliament and the public administration, exerted heavy influence over the justice system through the government's practice to hand pick higher judges and essentially had a free hand with regard to fiscal policy. In a nutshell, there was a long-standing problem with Greece's quality of democracy.¹⁰

Indeed, the polarization of the party system was reflected in the extreme politicization of the upper echelons of Greece's public administration and the patronage-based recruitment, transfers and promotions of public employees in ministries and state owned enterprises.¹¹ Even though since 1994, with the creation of an independent authority responsible for the selection of civil servants (ASEP), political patronage had somewhat been curbed, the Greek bureaucracy was not and (still is not) at all autonomous from political power. Ministers and their entourage still exert strong influence on civil service personnel matters, while the civil service itself is permeated by factionalism, i.e., by trade unions which represent the interests of political parties.

Moreover, staffed as it was on the basis of party-linkages rather than suitable skills and experience of public employees, the Greek bureaucracy was often practically incapable to conceive, manage and follow-up reforms. For instance, both before and after the crisis there was very little progress in privatizations and public sector restructuring. In fact, even though structural reforms were included in the plans of all recent governments, not a single privatization was

completed in 2010-2012. There was a lack of technical expertise on how to proceed with reforms. This administrative incapacity was coupled by the reluctance of the ministers in charge of the relevant policy sectors to implement reforms and by the strong political leverage which affected interest groups, such as public sector trade unions, exerted on the major political parties.

While PASOK and ND used to form stable governments, paradoxically, government stability did not contribute to a smooth functioning of the state administration. First of all, the political-electoral cycle was too short. For instance, in 2000-2009, in a span of ten years, elections took place four times (2000, 2004, 2007 and 2009). Secondly, the fact that in 1981-2011, within the life span of successive single-party majority governments of either ND or PASOK, ministries changed hands too often was also an aggravating factor. Prime Ministers used to reshuffle their cabinets to accommodate pressures from within the governing party which they led. In other words, political stability was undermined by high ministerial instability.

After the mid-1990s, polarization between ND and PASOK was coupled by another polarization between these two parties on the one hand and the Left on the other. The Left included two political parties, the pro-Soviet KKE and the Synaspismos party (currently known as SYRIZA, the Coalition of the Radical Left), which were (and still are) influential in trade unions and universities. At least until the year 2012, when SYRIZA accomplished a spectacular electoral performance, the left parties' influence did not stem from their electoral strength. These parties were influential because they had been able to shape the dominant anti-European, anti-reform rhetoric that pervaded the Greek public sphere, including the mass media.

Interest Groups

ND and PASOK were unable to steer the Greek economy even before the crisis and were primarily responsible for the malfunctions of the state apparatus, but were not alone in the game of favouritism and the allocation of spoils. The two parties needed to finance their electoral campaigns and forged relations with businessmen, active in the shipping, construction, mass media, communications and tourism sectors. A typical example is the case of the German company Siemens. In June 2008, Theodoros Tsoukatos, former socialist Member of Parliament (MP) and close aide of former Prime Minister Costas Simitis, admitted to having met with the former managing director of

Siemens Hellas, Michalis Christoforakos, in 1999 and accepting a payment of 1 million German marks, or the equivalent of 420,000 euros, on behalf of his party, PASOK. Siemens was also implicated in payments given to Tassos Mantelis, former socialist MP and former Minister of Communications and Transport, in exchange for being granted a contract.¹²

Certain quarters of the state administration, such as the local government and public hospitals, may have been working in collusion with strong private interests (e.g., construction and pharmaceutical companies).¹³ There were entrenched interests inside and outside the state administration which created insurmountable obstacles to reform, by delaying the issue of administrative acts necessary to implement reform legislation and resorting to the courts to strike down almost any reform law as unconstitutional. Businessmen in important sectors of the economy, such as tourism and entertainment, consistently engaged in tax and social contribution evasion, while the state was reluctant to control their activities. Large businessmen as well as small entrepreneurs counted on loans by state-owned banks and also enjoyed tax breaks and impunity for violating tax, health and safety and environmental legislation. Many produced goods and services exclusively for one large consumer, namely the state, rather than for the market. As a result, a state-dependent business elite grew and engulfed certain sectors, such as public works and public health care.

Greece had a corporatist system of industrial relations, where public sector labour unions exerted large influence over income and pension policies. Greek governments felt pressed, especially during pre-electoral periods, to cater to the interests of the most powerful interest groups (e.g., banking employees, public sector workers and the liberal professions). In other words, both ND and PASOK governments used to easily succumb to strong interest groups.¹⁴ The latter did not hesitate to transfer the cost of the preferential treatment they received from the state to the rest of society or to future generations. A typical example is the agreement in 1999 by the then PASOK Minister Evangelos Venizelos to found a new insurance scheme (OAP-DEI) for the employees of the state owned Public Power Corporation (DEI). Funding for the new scheme would be provided on an annual basis by the state budget instead of contributions by the employer company and those insured. Ten years later, in 2009, there was a subsequent agreement by ND Minister Fani Petralia in 2009 to exempt this insurance scheme of DEI employees from full merger with Greece's main insurance fund (IKA).¹⁵ It is also telling that in 2009, the ND government, while the signs of the fiscal impasse of the Greek

state were visible, succumbed to pressure by farmers and distributed to them 500 million Euros worth of subsidies.

Moreover, professionals (lawyers, physicians and engineers), public sector workers and other selected occupations (e.g., bank employees, pharmacists and journalists) engaged in separate, patronage-based relations with successive governments. Professionals had power because they consistently formed the largest group of MPs. In fact, they were always over-represented in the parliamentary groups of ND and PASOK: since the 1974 transition to democracy, the majority of ministers and MPs were lawyers, physicians and engineers most of whom had their own private practice before entering politics.¹⁶ The employees of state owned enterprises and banks had power because they were disproportionately represented in the decision-making organs of Greece's trade unions.¹⁷

All this has resulted in a multitude of regulations regarding requirements to enter a profession, conditions of work, tenure, wage and salary levels, health as well as pension and other social benefits, which were tailored-made to the aforementioned relatively protected organized interests. A similar type of patronage-based state-society relations has characterized social protection. Despite it achieved some convergence with other EU welfare state, the Greek welfare state itself created and reproduced large-scale inequalities, leaving large categories of the population, such as women, the long-term unemployed, the young and migrants, without welfare coverage.¹⁸

Political Culture

The polarized Greek party system thrived on a populist political rhetoric. Party leaders time and again promised anything to everyone, contributing thus to pressures to lower tax revenue and raise government expenditure. Since the mid-1970s a political culture of polarization both among key political parties and among social partners has developed. Since the mid-1980s, unions protecting the interests of insiders have resisted every single reform in the welfare system, the labour market, the public sector and the health and education systems. Until 2010-2011, when the crisis constrained the options of the two major parties, acute political conflict characterized parliamentary politics. At the same time, two opposing cultures that cut across political parties and social strata had emerged¹⁹. One was pro-reformist, pro-European and modernizing; the other was suspicious of any reform, resentful towards Europe and open to nationalist and populist narratives.

For the last three decades, there has been an ideological hegemony of nationalist populism fed by parties of the Right and the Left.²⁰ Before the crisis such populism was cultivated by a vocal group of politicians, opinion-makers, journalists and trade union leaders from the Right and the Left who propagated a discourse that pits Greece against Europe, the people against the establishment and democracy against technocracy. It is no wonder then, that even before the economic crisis took its toll on popular perceptions of political institutions, citizens did not trust important institutions of Greek democracy. Trust in the government and the political parties fell dramatically between the spring of 2003 and the spring of 2010, just when the crisis erupted in Greece. In the spring of 2003, 43 per cent of Greeks trusted the government, but in the spring of 2010 only 25 per cent did so. Also in 2003, 17 per cent of Greeks trusted political parties, but in the spring of 2010 only 9 per cent did so²¹.

To sum up this section, the party system, the state administration, the mode of relations between the state and organized interests and the dominant political culture have contributed to Greece's inability to plan and program its economic development and to prevent the derailment of the economy.

The Political Consequences of the Crisis

As it is well known, in May 2010 Greece resorted to the rescue mechanism put together by the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF). The three organizations formed a three member group of technocrats (the 'troika') who visited Greece regularly in 2010-2012 and basically shaped the country's new fiscal, income, pension and employment policies. They monitored the implementation of an austerity program to which Greece committed itself in exchange for large international loans supplied in the form of rescue packages (the first package was drafted in May 2010 and the second in February 2012).

Still, Greece came to the verge of bankruptcy several times between May 2010 and December 2012. Successive governments (the socialist Papandreu government, the technocratic Papademos government and the tripartite Samaras government) had little room for manoeuvre. These Greek governments strived to close the gap between government expenditures and government revenues which in 2009 had reached 24 billion Euros. In order to accomplish this task, governments had only two options: either to abandon the Eurozone and return to the drachma or to implement an austerity policy,

amounting to 'internal devaluation' while remaining in the Eurozone.

A return to the drachma would bring about high inflation, shortages of energy supplies, medicaments and even food stuffs, runs on the national currency (of the kind South East Asian countries had encountered in the late 1990s) and soaring interest rates for any loans handed out from banks to businesses and individuals. Such economic collapse would be unavoidable, because Greece is a small, weak and open economy, with limited export capabilities and enduring patterns of high public spending. This was clearly an impossible option for Greek governments. In 2010-2012 the leaders of the strongest EU powers made it clear that Greece should fulfil the terms and conditions of the rescue packages. If not, Greece would be sanctioned with delays in receiving further financial aid or even cancellation of the next instalments of the rescue packages. Greece depended on such instalments and could only negotiate the pace or rhythm at which the country would fulfil its obligations.

Successive Greek governments accepted the harsh austerity policies suggested by the 'troika', because the Greek state was unable to service its debts and at times was even close to stop paying salaries and pensions to public employees. In order to implement the austerity programme, in 2010-2012 all three governments cut the salaries and (less so) the pensions of retired civil servants, imposed a freeze on almost all social spending, delayed payments to private suppliers of goods and services to the state and pensioned off civil servants who were close to retirement age. After February 2012 there were also cuts in salaries and wages in the private sector. The 'troika' insisted that, given the lack of structural reforms (e.g., privatization of state owned enterprises and opening access to rigidly regulated occupations, such as pharmacists, lawyers and even taxi-drivers), the only way for Greece to regain ground with regard to competitiveness was to lower labour costs in the private sector. The obvious result of all this was economic depression, accompanied by severe social effects.

Unemployment, which in 1990-2010 used to fluctuate between 8 and 12 per cent, soared after the onset of the crisis. The unemployment rate was 21 per cent in 2011 and by the mid-2012 had reached 25 per cent.²² Youth unemployment was always high in Greece: in 2006 unemployment in the 15-29 age group stood at 18 per cent. However, in 2011 it reached 33 per cent.²³ Moreover, in December 2011, unemployment in the age-group 18-25 reached 51.1 per cent, which along with the corresponding Spanish figure, was the highest in Europe. It was only natural that depression and adverse social effects would be reflected in shifts in electoral behavior.

The Two Consecutive Elections of 2012

Given that the last PASOK government was elected in October 2009, elections would have been normally held in 2013. However, the false move of PASOK's leader, George Papandreou, in November 2011 to call a national referendum in Greece on the second rescue package provoked a large scale negative reaction. The MPs of his party, Greek and European entrepreneurs and mass media, and the Eurozone leaders feared that a negative result of the referendum would destabilize the Euro currency. Papandreou was forced to hand power to a technocratic government, headed by Loukas Papademos and supported by ND and PASOK in parliament. This government lasted for six months. Owing to heavy pressure 'from below', i.e. from trade unions, and also from the leader of ND, Antonis Samaras, who had hoped to win an easy victory, elections were called in May 2012. Samaras won the elections, but he obtained only 19 per cent of the vote and was unable to form a single majority government. In fact, no party was able to form such a government. ND and PASOK witnessed their electoral influence dwindle, as both parties together polled only 33 per cent of the vote. The SYRIZA party came second, leaving PASOK in the third place.

SYRIZA surprised everyone by obtaining 17 per cent of the vote, while PASOK obtained just over 13 percent. In October 2009, SYRIZA had obtained 5 per cent and had come fifth. The results of May 2012 elections amounted to an overhaul of the Greek party system, which until that month was one of the most polarized two-party systems in Europe. After the May 2012 elections, parties did not agree on a coalition government and elections were called again for June 2012. This time ND won by obtaining 30 per cent of the vote. SYRIZA came a close second with 27 per cent and PASOK came third with 12 per cent. Given that PASOK had obtained 44 per cent in 2009, its electoral failure in 2012 was dramatic.

ND's victory was not decisive but came at the right moment and gave the correct signals to the rest of the world. First, contrary to the widespread impression that Greece had become ungovernable, just 72 hours after the June 2012 elections, a three-party, pro-European coalition government was in place. The coalition government consisted of ND, PASOK and the pro-European 'Democratic Left' (DIMAR) party. Second, even if the winner of the elections, the ND party, won by a margin of only 3 per cent, there was no doubt that the pro-European political forces were in the driver's seat. Anti-bailout political parties, the most prominent of which was the radical left SYRIZA party, had advocated canceling Greece's bailout package in its entirety.

The Rise of the Left and the Far Right

However, even though SYRIZA lost the elections, its rise from commanding less than 5 per cent of the vote in the October 2009 elections to obtaining 27 per cent in the June 2012 elections signaled a major shift in Greek politics. Owing to the crisis and the mishandling of the crisis by PASOK, the electorate shifted to the Left.

The success of SYRIZA was owed to the following reason: this party promised the Greek electorate that it was possible to both reverse the austerity policy measures, implemented through the two rescue packages of May 2010 and February 2012, and also remain in the Eurozone. Such a promise was an attractive message, because Greeks wanted to remain in the Eurozone. An opinion poll conducted in between the May and June 2012 elections showed that only 13 per cent of Greeks wanted Greece to opt out for the drachma. By contrast, 80 per cent of the respondents preferred the Euro over the drachma.²⁴ The low-income salaried strata who had been hit hard by salary cuts and the unemployed voted for SYRIZA in large numbers. It is doubtful however whether SYRIZA's electoral package offered a realistic set of policies. This policy package, presented to the Greek electorate just before the elections of June 2012, claimed that it would be possible to restore the purchasing power of the salaried strata and decrease unemployment. SYRIZA's programme centered on nationalizations of banks and renationalization of state owned companies which had been privatized before 2009. These, however, were plans for which the Greek state coffers had no funds.

Another reason for the electoral success of SYRIZA was the party's leader. Alexis Tsipras is a fresh-looking politician, with a relaxed but also somewhat provocative style. In the May and June 2012 elections, his profile made a sharp contrast to the profile of his opponents, Antonis Samaras, leader of ND, and Evangelos Venizelos, leader of PASOK. In terms of political communication and political marketing, the problem with the latter two leaders was that they were too recognizable. They were well known political personalities for more than 20 years.

In 2012 the Greek electorate did not only shift to the Left. It also shifted to the Far Right. The neo-Nazi party 'Golden Dawn' had obtained only 0.3 per cent of the vote in the elections of 2009, which PASOK had won. Yet, in the consecutive elections of May and June 2012, 'Golden Dawn's' vote sprang to 7 per cent (in both elections). The Far Right party ranked fifth, obtaining 18 out of the parliament's 300 seats. In contrast to other far-right European parties, which poll well in electoral districts in which the share of foreign

migrants is above the national average of migrants in total population, 'Golden Dawn' did almost equally well in districts with high and low numbers of migrants. In May the party did particularly well among voters in the 18-24 age group, in which it obtained double its national average. The party's electoral strategy to couple its earlier anti-migrant focus with a populist, anti-party interpretation of the on-going economic crisis paid well.

Conclusions

In this article we have argued that the causes of the economic crisis in Greece, which erupted in 2010, are primarily political and related to a long-term failure of governance, preceding the crisis. The polarization of political party competition, the extensive politicization of the state administration, the power of strong vested interests, including the interests of state-dependent business entrepreneurs and public sector trade unions, and the dominant populist political culture contributed to the derailment of the Greek economy. In 2010-2012 the impact of the crisis was both social and political as shown by the spread of unemployment and the rise of the Left and the Far Right.

While these domestic political developments were still evolving in the late 2012, Greece's economic collapse had not been averted. Collapse was conceivable, but still not very probable. The case of Greece offered wider lessons regarding the interplay between domestic and international levels of politics. If Greece stopped servicing its debts, it would have to switch to the drachma. Leaving the eurozone would cost Greeks dearly in terms of deterioration of purchasing power. It would also gravely affect other EU national economies, particularly the most vulnerable ones (Portugal, Italy, Spain), because the pressure of international markets would shift towards these countries, while the exchange value of the Euro would also be negatively affected. Other national economies of EU Member-States were not fully protected towards the domino effect created by one country leaving the Eurozone.

The risks associated with Greece's default did not mean that the country's creditors, namely the EU governments which held most of the country's official debt, would relax pressure on Greece. Letting Greece stay in the Eurozone and foregoing the conditions imposed on Greece in 2010-2012 was unthinkable, because it would undermine the credibility of EU institutions which masterminded the two rescue packages. However, EU leaders were fully aware of the need for political legitimization of any rescue package, however

plausible the package may look according to the books. Leaders could make the rescue packages much more legitimate, if they offered Greece tangible prospects for development. Without separate additional development funds, targeted towards promoting infrastructural development (highways, ports) and job growth, i.e., without a new Marshall-plan style package, Greece will hover over the abyss for a long time.

Moreover, in late 2012, as Spain was reaching the point to be also excluded from international markets and Italy continued facing the risk of becoming further infected by the crisis, the world looked more unpredictable than ever before. National governments and international organizations tried to reduce the levels of economic uncertainty, with little success. While democratically elected governments had to balance what sounded economically rational with what was politically legitimate, international markets did not encounter such restraints. In 2010-2012 markets were always ahead of governments as far as the speed at which they reacted was concerned.

Finally, the EU and other international organizations focused on crises of small economies, such as the Greek one, because if small scratches on the body of the world economy are left unattended, extensive bleeding may follow. In other words, the world has become so complicated and so inter-connected that concerted action by governments and international organizations is needed, in order to manage problems initially believed to be negligible, such as the crisis in Greece.

Acknowledgements

I acknowledge the comments and criticisms of conference participants in the 2012 annual conference of the Council for European Studies, Boston, March 2012, where I presented a few parts of this paper. I would also like to thank Panayiotis Tsakonas for his patience and encouragement.

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Reinventing Greece: from Crisis to Opportunity

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RÉSUMÉ

La crise grecque, qui a débuté en 2008 a des causes profondes à la fois internes et externes. Les causes externes semblent être prédominantes tandis que les facteurs internes ont agi en tant que mécanismes aggravants. À bien des égards la Grèce peut être considérée comme un patient d'une épidémie de l'économie mondiale qui a été déclenchée par le capitalisme financier mondial non réglementé. Si ce diagnostic est valide les solutions à la crise grecque doivent impliquer à la fois des initiatives européennes et celles purement grecques. L'auteur propose la «réinvention» d'un ordre du jour multifacettes pour transformer la crise en opportunité qui pourrait être valable à la la Grèce et d'autres pays qui souffrent de problèmes similaires.

ABSTRACT

The Greek Crisis which started in 2008 has deep internal and external causes. The external causes seem to be predominant while the internal factors have acted as aggravating mechanisms. In many senses Greece can be considered Patient One in a world economic epidemic which has been triggered by unregulated global financial capitalism. If this diagnosis is valid the solutions to the Greek Crisis must involve both European and purely Greek initiatives. The author proposes a multi-point 'reinvention' agenda to transform the crisis into opportunity which could be valid both for Greece and for other countries suffering from the same problems.

Greece has been in the news for the better part of three years now and has been the butt of strong criticism and even some cruel ridicule. A great deal of attention has been paid to accusations of massive tax evasion by Greeks, government corruption, alleged laziness, excessive statism and a top heavy bureaucracy.

For the first couple of years, it has been, overall, a public relations nightmare for Greeks and philhellenes. Among the popular jokes: On Saturday Night

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Live, the half Greek hostess Tina Fey claimed she asked her grandmother how to say taxes in Greek only to get answer ‘the word does not exist in the Greek language.’ In another skit, someone complained that the lazy contemporary Greeks want to forever live off the royalty “just for having invented civilization.” Greek statistics have been decried as the epitome of falsehood and a Greek minister once said that the Greek public transportation system was so inefficient that it would be cheaper for the state to sell all trains and transport individuals by taxis!

Gradually, in 2011 and 2012, the suffering of the Greek people, who have been subjected to the most severe austerity measures ever experienced by a modern country in peace time, was brought to the attention of the world public. The derision and accusation turned, in some circles to sympathy and commiseration. Even at the level of sophisticated economic analysis Greece has been described by some, like economics Nobel prize winners, Paul Krugman and Joseph Stiglitz as a ‘victim’ rather than a ‘culprit’. This alternative perception has been strengthened by the growing realization that what happened to Greece is also happening in other European countries. Spain, Italy, Ireland and even France have exhibited symptoms of the alleged ‘Greek Disease’ which could not be attributed to the various media indictment of Greece proper, mentioned above.

Today, there are, in effect three schools of thought regarding the nature of the Greek Crisis.

- *The first focuses on internal* causes and attributes all the blame to Greek misgovernance. At the limit are the self-flagellators, some of which see structural flaws in the Greek character going all the way back to Ancient Times.
- *The second concentrates on external* causes arguing that the design flaws of the euro zone, are the real culprits of the Greek Crisis and that therefore the solution to Greece’s problem must be European. At the extreme, some analysts point to serious problems with the global financial system, beyond Europe and the euro-zone as the root causes of the crisis.
- *The third school of thought will argue the middle position with nuances.* One variant is to claim that the root causes are primarily internal and just aggravated by an unfavorable global economic business cycle. The other variant is to claim the opposite namely that the root causes are external and that the internal flaws are merely aggravating conditions.

In the face of this confusion as to Hype vs Facts, we have three objectives in this paper:

1. Try and indeed pinpoint the *root causes* of the Greek predicament in a consolidated diagnosis, by balancing internal and external variables
2. Determine whether present strategies are working
3. Outline a path to 'reinvention' which is both desirable and feasible.

I. Consolidated Diagnosis: Balancing the Internal and External Factors

The Internal Causes

The advocates of a purely internal explanation of what is happening in Greece, usually focus on the top five flaws in the Greek governance model:

Laziness

Greeks have been accused of being lazy and that they prefer to sit at the kafeneio all day, drinking coffee and playing tavli rather than working hard like the Germans do. How true is this stereotype?

In 2009, when the Greek Crisis broke out, here are the OECD Statistics on the average number of work-hours per year per employed person in the OECD member states. (OECD YEARBOOK 2011)

- Korea: 2232 (the hardest working country of them all).
- Greece 2219 (the second hardest working country).
- The US came down at 1788, the UK at 1643, France at 1554 and... Surprise, surprise, Industrious Germany at 1398!!

Can these numbers justify the accusation of laziness?

Greece's output per head is however not high. This is not because of laziness but because of the absence of capital equipment which reduces productivity per person and supports a plea for 'working smarter' rather than working longer... and inefficiently. The French, by the way, who have an even higher demand for leisure than Greeks still maintain, one of the highest productivity per hour scores in the entire world. They work less but they indeed, work smarter. Greeks work more but with weak results.

Beyond Greece proper, the average Greek emigrant in the rest of the world is known to be hard working, whether in the restaurant business or in other

fields and the so called 'laziness' completely absent. The Greek Diaspora, by and large performs much higher than its numbers would suggest and the average Greek emigrant abroad is usually quite successful, economically speaking.

Tax Evasion

Tax evasion is the most obvious fault and indeed it is rampant. But what seems to be particular to Greece is not the extent of tax evasion, but the fact that it is done so openly and without any subtlety at all. In fact some Greek doctors have been found actually bragging about how they have managed to elude taxes for many years.

In other countries tax evasion is much more covert. It may take the form of creative accounting, moving profits offshore and declaring deficits at home or the use of tax havens. Within the OECD World there are at least two well known tax havens, Luxembourg and Switzerland and attempts at dealing with unfair tax competition have not fully succeeded. I remember that, in my time as Canada's ambassador to the OECD, (1995-1999) these attempts did not succeed. Tax havens are an integral part of the world economy and are used by the fabled global '1%' to reduce or entirely eliminate their taxes.

Besides the flight of capital to tax havens, the taxation codes in most Western countries create so many loopholes that, with a good fiscal lawyer and a creative accountant, the members of the top 1% can get away with paying very little tax. In fact Mitt Romney, candidate to the US Presidency at time of writing, has managed to pay a much lower tax rate, over the years, than the US middle class. Warren Buffett, the third wealthiest man of Earth has remarked that he pays less tax than his secretary and has openly declared that he would be pleased to pay much more.

In Western Europe, tax avoidance (by legal means) and tax evasion (by illegal means) is seen as a sort of a sport: if you can get away with it, so much the better. If, on the other hand, you get caught you pay the penalties. Besides, in the ultra conservative credo, *not* paying taxes is seen as a worthy political goal. The U.S Tea Party is the most obvious example of this philosophy, inspired by the original Boston Tea Party, protesting British taxation in the 18th century and one of the key forces behind the American Revolution.

In Greece tax evasion seems to be motivated by lack of trust in government and also by the importance of the Informal Economy which may account to, up to a quarter of Greek GDP. The Informal Economy is very present in many countries and may be as much as 40% of the GDP in countries like Russia. Consisting of barter exchanges and non monetized transactions, it is not as

such always illegal, but it invariably will reduce tax revenue. When a Greek housewife pays an Albanian cleaning lady, under the table, it is a form of tax evasion but of different scale than the tax avoidance of a billionaire stashing away his profits in a tax haven. The same is true of the small restaurant owner who tries to reduce his visible revenue by not issuing receipts. This behavior is reprehensible but not to the point of being a decisive explanation of The Greek Crisis. Large scale tax evasion by the billionaires is indeed costly but the 'informal economy practices' of the ordinary citizens has a smaller impact.

All told, we can offer two conclusions:

- 1) Tax avoidance and tax evasion are not Greek inventions. They exist almost everywhere.
- 2) The tax avoidance/evasion by members of the top income bracket does hurt the Greek Economy as it hurts other economies too. But to believe that a crackdown on informal economic exchanges between ordinary people is the fundamental cause of the present Greek debacle does not seem to be supported by the facts.

Incompetent and / or Corrupt Politicians

One of the reasons why Greeks are reluctant to pay taxes is because they perceive their politicians as either incompetent or corrupt, or both. But here, more or less the same analysis can be made about corruption i.e. the bribing of government officials in order to get advantages or special benefits.

This is a worldwide disease. The term 'bakshish' is an Arabic word, not a Greek word and the practice of 'bakshish' is prevalent throughout the Middle East and Asia and parts of Latin America. In many of these countries, corruption is so prevalent that it has become a *modus operandi*, a way of doing business.

What is interesting to note is that although corruption is obviously morally reprehensible, it is not *per se* a cause for economic slowdown or stagnation. Quite on the contrary. Two of the most successful economies in the world today, China and India are considered among the most corrupt. This corruption has not however reduced their growth rates.

This is not to say, that we should defend corruption in any way or other, but it does mean that because (a) it is, like tax evasion, a worldwide phenomenon and (b) it does, in itself reduce economic growth, it cannot, be held as a key factor in explaining the Greek Crisis, even though it may well be an *aggravating* circumstance.

Bureaucracy

The Greek Bureaucracy is indeed bloated and particularly inefficient. It competes with the worst bureaucracies in the Developing World and is an obvious blot of Greece's image. Red tape is multiplied in order to create gridlock which can then be eliminated with an appropriate 'bakchish'. In this instance the accused stands convicted with no extenuating circumstances. However here again, bureaucracies all over the world tend to be inefficient and yet growth rates in all these countries with such inefficient bureaucracies still vary widely.

Statism

Statism has often been invoked as a cause of Greek economic failures on the grounds that the Market always performs more efficiently than the State. While it is true that Statism has stifled growth in Greece, through the combined effect of bloated bureaucracies, over-regulation and completely misguided policies, the general statement that 'privatization is the answer' is not necessarily any more convincing. There are two reasons for that.

First State-directed economic development pioneered as far back as the 17th century by Jean Baptiste Colbert in Louis XVIth reign and generically known as Colbertisme, has been successful in many countries. The use of PPPs (Private Public Partnerships in infrastructure construction in France has been very profitable. In addition during the fifties and sixties French indicative planning has led that country to very high economic growth rates. More recently, two of the most dynamic of the 'BR ICS' countries, China and Brazil use special forms of state directed enterprise to achieve spectacular results. One must therefore conclude that although Greek Statism has been an obvious failure, the 'Statist' strategy when intelligently applied can in some cases lead to very high growth rates. For those who doubt this proposition should just compare the presently anemic growth in the free market US economy with the extremely high economic expansion in state directed China.

Second, privatization alone could lead *not* to more market competition and therefore better resource allocation but instead to *uncontrolled private oligopolies*. This is what happened when Russia moved from Capitalism to Communism. State enterprises were privatized which made their former managers instant billionaires who could then use their oligopoly power to increase prices and profits to the detriment of the consumer - with even more opportunities for graft, corruption and exploitation.

Privatization of state enterprises that are losing money is a good idea but

those which could be making money, under better management should not necessarily be sold but rather restructured.

The External Causes

If the causes of the so-called Greek Disease were entirely internal, they would be of very little interest to the rest of the world. Greece would be declared a basket case and just be expelled from Europe, not legally, because no expulsion mechanism exists either in the Euro Zone or the European Union itself, but by political pressure. Greece, with only 3% of the Euro Zone GDP and less than 2% of the EU GDP is frankly too small to bother anyone. A Greek default would be of little consequence, unless, as is the case, there would be a clear danger of contagion. Such danger is indeed present which clearly means that other countries share the same vulnerabilities as Greece.

In Europe, Spain, Portugal, Italy, Ireland and even France and Britain have variants of the Greek Disease. In fact, if we travel across the Atlantic we will discover that the State of California has a debt predicament which is technically worse than Greece's. California has a \$1.9 trillion dollar GDP (in 2011) which is about six times the size of Greece's. Yet the projected California state deficit is actually larger as a ratio to its GDP than Greece's. Yet no one talks about the California Disease and there are no plans to expel that state, which would be the seventh largest economy in the world, from the dollar zone or from the United States.

Broadly speaking almost all Western countries and sub-national governments have variants of the Greek Crisis, i.e. high indebtedness, high unemployment, low growth and a stagnant economy. This invites an investigation as to what are the common denominators and whether the Greek Crisis in spite of the internal causes, mentioned above, is really such a special case.

The consolidated diagnosis which we make, based on the facts could then be stated as follows:

- *Greece is Patient One of a global economic disease which reached epidemic proportions after the 2008 financial crisis.* There have been first patients in most global epidemics like AIDS, Bird Flu etc. As Patient One, it received experimental treatments which, as we will argue in the next section are failing miserably.
- *The internal causes, identified above are aggravating circumstances* but are not causal for two reasons. (a) Other much better managed countries have fallen prey to the same disease (b) The misgovernance identified in the five

internal flaws examined above, is not new and have been part of the Greek way of doing things, probably since 1821 and the war of independence from Turkey and certainly, since the Second World War. Yet in spite of that Greece has managed high growth rates before the Crisis and even praise for the IMF.

As an aside it may well surprise the reader to discover that Greek growth rates were highest during the 1950s, often exceeding 10%, close to those of a modern “tiger economy”. Industrial production also grew annually by 10% for several years, mostly in the 1960s. Growth initially widened the economic gap between rich and poor, intensifying political divisions. The term “miracle” is actually little used in Greece.

The rapid recovery of the Greek economy from 1949 was facilitated by a number of measures, including (in addition to the stimulation, as in other European countries, connected with the Marshall Plan) a drastic devaluation of the drachma, attraction of foreign investments, significant development of the chemical industry, development of tourism and the services sector in general and, last but not least, massive construction activity connected with huge infrastructure projects and rebuilding in the Greek cities.

In total, the Greek GDP grew for 54 of the 60 years following WWII and the Greek civil war. From 1950 until the 2008 economic crisis, with the exception of the relative economic stagnation of the 1980s, Greece consistently outperformed most European nations in terms of annual economic growth.

What is the Nature of the Global Economic Disease?

What then is the nature of this so-called Global Economic Epidemic? Its manifestations center around three ‘*symptoms*’: (a) a dangerous inequality in income distribution (1% vs. 99% etc.), (b) a sizeable public sector indebtedness, and (c) long-term unemployment which is not resolved by economic recovery. The last symptom will not be extensively discussed in this essay, but is fully covered in Book One of my Corfu Trilogy, a forthcoming book.

Public Sector indebtedness affects most of the Euro-Atlantic Region and parts of Latin America, Asia and Africa. As for the revolt against inequality, there are no less than 80 countries in the world today with variants of a protest movement against the ‘1%’. In some countries, they are inspired by the Indignation Movement which started in Spain in the Spring of 2011, and in others with the Occupy XXX trend which started as an anti-Wall Street protest and spread to other targets.

If these are the symptoms, what then are the *causes*? My contention is that the principal cause of the first two symptoms, dangerous inequality in income distribution and public sector indebtedness is a *mutation of traditional capitalism* from entrepreneurial *win-win* to parasitic win-lose.

The classical capitalism, as envisioned and lauded by Adam Smith was supposed to be win-win and symbiotic. Let's call this version S-Capitalism for symbiosis.

The newer version is decidedly *win-lose* and parasitic. Let's call it P-Capitalism. Essentially it is a winner-takes-all game where a minority wins big and everybody else loses.

One variant of the new parasitism goes under the name of 'vulture capitalism.' With the growth of financial derivatives and credit default swaps, there is considerably more money to be made from *predatory* loans than from building value added through entrepreneurship. For instance, financial derivatives allow for quick effortless money, since all that is involved is a few computer transactions and nothing more. There is no production, no inventory, no payment to workers, no marketing.

As an example, a hedge fund manager recently made 5 billion dollars in one year, without producing anything in particular. In contrast, a hard working middle manager earning \$100,000 a year, a good salary to be sure, would have to work fifty thousand years to match the earnings of the hedge fund manager. If he starts in 2012 he will reach his goal in the Year 52,012!

Under these conditions, why would anyone bother with traditional business, production schedules, personnel administration etc. Or, for that matter, in this age of very low interest rates, why would a rational amoral speculator waste his time with the piddling returns of bonds and normal shares when a killing can be made by the default of the borrower and the takeover of his assets. Such default can either be hoped for or, in some cases, actually engineered.

This is the very nature of a *predatory* loan. All that it requires is three elements: (1) A lender willing to lend in full expectation of a probable default by the borrower (2). A willing borrower (either too naive to realize what is going on, or corrupt, as in the case of public borrowing where the minister in charge in the receiving country, gets his cut and (3) Lax regulation or, even its complete absence, at the global level, allowing for all sorts of excesses.

At the private level, predatory loans were at the heart of the subprime mortgage crisis which provoked the 2008 Financial Crash. At the public level,

many believe that, in the case of Greece, the complicity of Goldman Sachs and others in promoting and hiding Greek indebtedness was the root cause of the current Greek debacle.

But whatever the cause of this global epidemic, P-Capitalism and predatory lending, has now led to *massive toxic indebtedness*, where the borrowers can no longer repay the loans.

In the case of Greece, the blame game can be left to later. But, in my own view, without exonerating or excusing the serious lapses in Greek internal governance, I would tend to lay the blame more on the external causes. The internal mistakes, as important as they were and still are, should be seen as *aggravating factors*, increasing the vulnerability of the country, and not as *causal*.

II. Are Current Strategies Working?

In March 2012, the second Greek bailout was concluded and the private bond holders agreed to a restructuring of the Greek Debt. This was considered a good outcome. However, the bailout came with a heavy string attached: more painful austerity - not for the next six weeks or the next six months, but for the next eight years until 2020. For the hapless Greeks there was no light at the end of the tunnel, but, yet another and even darker tunnel following the first one. Greek politicians were telling their constituents, *don't complain about present austerity measures now. Wait until later this year for the real ones*.

In such circumstances who's to say that the Greek voters will not reject these measures in the next general election, in the next year or two as the full impact of this punishing medicine is felt?

Is Greece an isolated case? If so, the damage could be easily contained and Greece could just be asked to leave the Euro Zone, even though no legal expulsion mechanism currently exists. But, let us note that Spain, Italy, Portugal, the UK and France are all adopting versions of this austerity approach and, depending on the results of its elections in November, the US could as well. Even if Obama wins (and he has proved himself quite a Keynesian in favor of stimulus packages rather than austerity), a hostile or dysfunctional Congress, dominated by the conservative Republicans would also impose austerity.

A chorus of politicians of many stripes has been singing the praise of austerity from the same song book. The popular verses:

- Fiscal consolidation is a priority

- We must rein in profligate governments
- We have been living above our means and this has to stop
- No pain, no gain

In contrast, two Nobel Economics Laureates, Paul Krugman and Joseph Stiglitz, have taken strong positions against austerity, arguing that it is the wrong strategy applied at the wrong time. Stiglitz even went so far as to suggest that the austerity strategy was a sort of suicide pact between governments.

Which is it then? Is Austerity a bold and necessary strategy or a huge blunder, a prelude to 'Apocalypse' if not now, then quite soon?

To analyze this issue we adopt the Socratic Approach: take nothing for granted and challenge all assertions. Above all, we must begin by asking the right questions. In our view there are three fundamental questions to be posed.

- 1) Is Austerity fair?** Are the perpetrators who have created the indebtedness being punished, or is the burden unfairly borne by people who have not really benefited from the loans?
- 2) Is it working?** Whether fair or unfair, is it working? If we take the cynical point of view that Life is unfair anyway and some people have to be sacrificed, are the sacrifices worthwhile or are they – like the Mayan executions of virgins at Chichen Itsa, (supposedly to bring rain) – both cruel and useless?
- 3) Is it Needed?** Are there less painful, more palatable, and perhaps more effective alternatives to get rid of Public Debt?

1. Is Austerity Fair?

The criterion of fairness in this case should be simple: *those who have been profligate should pay the bill, in proportion to their profligacy.*

Let us apply this criterion to Greece.

A first component of the Greek Public Debt Problem is to identify *who benefited* from the borrowing. The answer seems clear: a relatively small circle of wealthy entrepreneurs took the lion's share of the booty, including illegal kickbacks and outright corruption. Much less was obtained by the population at large, which did however benefit to some extent, from increased economic activity up to and around the 2004 Olympics.

True, Greece has a sort of a welfare state, distributing some income to

everyone through government programs. But the welfare programs were never outrageous. The celebrated '14 months salary' for 12 months work, often used to malign Greek workers, only meant that the annual salary was divided by 14 payments rather than 12. It could have been divided by 52 or 365 without changing the total value of the remuneration. As far as the latter is concerned, Greek salaries have been much lower than other European wages even though prices in Greece have risen to Western European levels following the introduction of the euro.

So the Greek standard of living has remained quite low and the dual society of very wealthy millionaires and lower-class poor is now very much part of the Greek socio-economic landscape.

A second component of the Greek Public Debt has been tax evasion. The major culprits were the elite, living at luxurious and protecting their income through either false reporting or placing their assets in tax havens outside Greece.

The general public also evaded taxes, but to a much smaller degree, through informal transactions, barter deals, not declaring payments to Albanian cleaning ladies, under-reporting receipts by taverna owners, etc. These amounts were not of a nature to make or break the system. The Informal Economy, self employment and family ties have always been major features of Greek society and were never a major problem, at least never big enough to provoke the collapse of the economy.

If the Austerity strategy had been applied to everyone in proportion to their profligacy, there would be a degree of fairness. Instead, the most vulnerable have been targeted through:

- 1) reduction of the minimum wage by 22%
- 2) reduction of pensions, already quite low by European standards
- 3) important increases in value added and consumption taxes
- 4) laying off of thousands of civil servants
- 5) reduction of general benefits, etc.

The result of all this pain has been an extreme case of **demoralization** for the entire population, an important increase in emigration (reminiscent of the Irish emigration after the famine), high suicide rates, despair among the young and the drying up of both national and international investment.

There is a feeling that the population at large has been abandoned by the

ruling class and that the European Union has indeed treated Greece as a defeated enemy.

In summary: a lot of pain for the middle and even more for the lower classes (with the reduction in minimum wage), a complete loss of national *élan vital* on a scale not seen even during the German Occupation in the Second World War and, above all, nothing to look forward to - other than more pain.

2. Is Austerity Working?

What has all this pain brought? An improvement in public finances? Expected 'gain' after the 'pain'? Better global competitiveness?

Unfortunately, none of the above. Here are the results.

Very Poor Economic Performance

Greece's fourth consecutive year in recession ended with a GDP decline of 7.5 percent in its last quarter. Total consumer spending fell 7.9 percent in the October-December period compared with the same quarter in 2010, while gross capital investment dropped by 22.2 percent. Even exports posted a 6.1 percent decline year-on-year.

With unemployment at 21 percent in December, the industrial output index fell by 11.3 percent in the same month from December 2010. The retail turnover index shrank 10.2 percent in 2011 from the year before, the wholesale trade turnover dropped in the last quarter of 2011 by 20.3 percent from the same quarter in 2010, and the volume of construction activity declined in November by 26.6 percent from November 2010. (figures from *Kathimerini*, Greek daily, March 2012).

A Worsening of the Debt to GDP Ratio

The principal metric chosen by the Troika to measure the seriousness of the public debt is the Debt-to-GDP ratio. Government debt is the numerator and the gross domestic product the denominator. Note that only public debt is measured. Private debt which is much lower in Greece than the OECD average is ignored. Individual Greeks are savers, unlike their US and Canadian counterparts. The public debt is the problem in Greece - not the private debt.

Did this indicator improve after the imposition of Austerity? No, it went the other way. In 2009 the Debt/GDP ratio was 109%. After the application of the harsh austerity measures and the demoralization of the population, where did it stand at the end of 2011: At 160%. In other words it worsened considerably.

What now is the best case scenario envisioned by the Troika's econometricians for 2020 after eight more years of sweat, toil and penury? - a Debt-to-GDP ratio of 120% or, in other words, a less favorable number than before austerity was introduced.

Why has Austerity not Reduced the Debt-to-GDP ratio?

The failure of austerity to reduce public sector indebtedness may surprise the casual observer. After all, if you cut expenses and raise revenue you should reduce debt and deficits. Unfortunately it does not work that way in public finance for two reasons.

First, government spending appears twice in the ratio. It is the main part of the numerator but it is also a significant part of the denominator, the GDP. The GDP is nothing more than the sum of C+I+G where C is private consumption expenditures, I is investment by private sector firms, and G is government spending. To complete the equation we could add X – M, where X stands for exports and M for imports. So the full GNP (Gross National Product) is C+I+G+X-M.

If G is reduced and C+I does not take over the slack, then the denominator will fall even more than the numerator and the dreaded ratio will increase. Since public sector expenditures account for between 20 and 40% of the GDP in most countries, a drastic reduction of these expenditures needs to be compensated by a higher increase in private consumption and investment.

Otherwise the net effect is counterproductive and will lead to a worsening of the ratio. An expansion of exports and a reduction of imports could also increase GDP but that assumes an international competitiveness which Greece does not have now. The overvalued euro handicaps its main export, tourism, in comparison with its non-euro zone rivals, Turkey, Croatia etc.

Second, governments are not like private corporations and attempts at confusing the two are counterproductive. If a private sector corporation wants to balance its books, in addition to expenditure reduction, it can try and increase its revenue by selling more. Governments cannot do that, because they *are not supposed to sell anything*. State corporations are the exception, but they are not part of the core function of government. Besides, in the Greek case, most state corporations are operating at a loss and are a further drain on the public purse.

Increasing revenue can only be achieved through taxes. Here there are two obstacles. First if economic activity goes down, taxes go down. You cannot get blood out of a stone. Second, if the tax payer no longer trusts the government,

as is presently the case in Greece, tax avoidance, tax evasion and general civil disobedience become the rule. The movement '*then plirono*' ('*I will not pay*') is gaining momentum and apparently, in one case, even tax collectors have gone on strike! The Public is withdrawing its consent to be governed,

When governments reduce their spending and the economy is depressed the total GDP has to go down not up.

It follows from the above, that when the population is demoralized, and increasingly penniless, to try and promote growth through austerity is an impossible proposition.

Could we be moving to the celebrated situation: *Gentlemen, the operation was a brilliant success.. but unfortunately the patient died...?*

3. Is Austerity needed?

Challenging a Basic Premise of Conventional Wisdom

That we are living through a period of serious economic crisis, worldwide is undeniable. It is indeed 'The Economy Stupid' that is the main issue, at least in the West.

But what most people fail to understand is that there are two very different types of economic crises. (1) A true *Scarcity* Crisis and a (2) *Mismanaged Abundance* Crisis.

In the first instance, there is penury, poverty, not enough to go around, as in the case of a famine or a natural disaster which has destroyed factories, infrastructure, etc., or after a war. Scarcity has been the plight of Humanity for most of history, and economics itself is nothing more than the science of the management of scarcity.

But is this what we are facing today, or are we challenged by an opposite situation of abundance, which is very badly managed? Is there really not enough to go around? The historical evidence is as follows:

There is huge misery in the world today but it is essentially due to a *distribution* problem not a production problem. There is more than enough to go around, but because of certain factors this affluence is very badly distributed.

The three fundamental questions of economics are usually formulated as follows:

- 1) *What* to produce, (shoes, ships, sealing wax, etc. - the pure production problem)

2) *How* to produce (the technology problem)

3) *For Whom* to produce (the distribution problem).

The production problem (i.e. sufficient output for all), has been gradually resolved since the Industrial Revolution. The World Economy's capacity to produce in 2012 is unparalleled and absolutely huge. *We are talking about a \$75 trillion GWP (Gross World Product)- the highest ever in all of History.* Even divided by 7 billion human beings, the per capita output is still unequaled in any previous historical period.

The \$75 trillion world economy, of which close to half is produced in the Euro-Atlantic Zone, the geographical area supposed to adopt austerity holus bolus, is itself a fraction of the real total output. The GWP is underestimated in three ways.

First, it does not take into account the Informal Sector, which is not mediated by market mechanisms and which includes people producing for themselves (the producer-consumer or 'prosumer' as Alvin Toffler once called her), barter trades, invisible transactions, etc. In the case of Greece, Italy and Russia, the Informal Economy may account from between a quarter and a third of the GDP equivalent.

Second, the computation of GWP is done via exchange rates of different currencies, not purchasing power parity, which would tend to underestimate the economic production of low-wage areas.

Third, and perhaps most telling, is the fact that neither the national GDP nor, *a fortiori*, the GWP, adequately measures improvements in the quality of products. The common denominator is the *dollar* value of what is produced. If we produce a computer in 1980 which is valued at \$5000 while the 2012 equivalent is valued at \$1000, the GDP appears to fall. In actual fact the 2012 computer is many thousands of times more powerful than its ancestor, but since the common denominator of all products is money, we have the illusion of decline.

Bringing these three factors together means that the real world production is even considerably higher than the \$75 trillion.

What is also interesting to note is that these \$75 trillion are produced with a *fraction* of the world labor force since around 30% of the workers of the world are either unemployed or underemployed. With full employment, the production possibility curve for the world would be greatly increased.

Above and beyond economic statistics, the anecdotal evidence points to a

huge *abundance* of goods and services, not scarcity. The dollar stores are bursting at the seams with inexpensive products. The traditional department stores are also full of inventory, more expensive than that in the dollar store but still very affordable.

In the service industry there are offers of services galore and Apple Corporation and its developers are offering an 'app' for almost everything. There have been \$70 billion worth of apps downloaded, and more cell phones produced than there are people in this world.

In the financial world there is also immense liquidity. Apple Corporation sits on a cash reserve of \$100 billion and growing. The Asian sovereign funds hold huge liquidity and, if needed, the central banks of the world can create all the money needed to match the economy of abundance which characterizes the world today.

Where then is the Scarcity? There is of course ecological scarcity and a limit to our consumption of non-renewable energy and resources. A reduced consumption of these non-renewable resources and the climate change that this consumption engenders is obviously a good idea.

But, we should note that 80% of what we consume today is composed of non-material goods (services, entertainment, information goods, etc.). These non-material goods have a low impact on the environment and can be expanded almost with impunity without incurring ecological risk.

The threat of ecological scarcity is real, but is definitely not the reason why Austerity is imposed in Greece and soon elsewhere. It is imposed on the mistaken assumption that there is not enough to go around when, in fact, there is more than enough, a plethora, a smorgasbord an all-you-can-eat buffet of economic goods and services.

What we really have is a global economy separated by a social fracture. On the one hand we have the Buffet Economy, all-you-can-eat, enjoyed by a global elite. Sitting in apposition is a Soup Kitchen Economy characterized by deprivation, poverty and want. During the Great Depression, the starving unemployed were lining up to receive free soup in community soup kitchens, which had become the symbol of poverty. This image is again reality in many countries today.

What Paul Krugman calls *Depression Economics* is actually the mismanagement of abundance. Unemployment is one symptom of this mismanaged abundance where consumers have no purchasing power to buy the goods that are being produced and offered to them. This is quite different

from scarcity or famine situations where there is really not enough to go around.

Confusing the two is like confusing obesity with anemia. To reduce the eating habits of an obese person makes sense. To starve an anemic patient does not.

Returning to the question “Is Austerity Needed?” the answer must be that it is not, unless the abundance that we have been describing is totally illusory.

Is the No Gain without Pain mantra valid?

This oft-used homily has been invoked to justify wage cuts and other deprivations imposed upon the lower and middle classes. Is it credible?

First, although there may indeed be some circumstances where short term pain is necessary to obtain longer term gain, the statement has no universal validity. It belongs to what I would be tempted to call the *masochistic school of success*: the more you suffer the more you will succeed. Its corollary is that the less you suffer the less you will succeed. If you enjoy your work, you will be doomed to fail.

This may be the philosophy of Opus Dei monks who supposedly self-flagellate daily for purification purposes, but it is not a good indicator of critical success factors in either economics or life in general.

The men and women who have improved the lot of mankind, artists, philosophers, innovators, entrepreneurs ... have all loved what they were doing with a passion. It is difficult to imagine, Michel Angelo, Mozart, or even Steve Jobs, experiencing pain to produce the immense value added they have given society.

In addition, suffering is by no means a guarantee of success as you can envision situations where pain is followed by more pain with no gain whatsoever, which many feel is where Greece is headed.

Second, we have to ask ‘whose gain and whose pain’. In many cases under the catch word ‘restructuring’, the lower classes are impoverished so that corporations can post more profits. Why would a worker vote for such a system? Everything is confused when one says ‘*the austerity worked because the country is exporting more*’.

Who benefits from these exports? If it’s the shareholders of the exporting corporations at the expense of the workers within them, is that not just a Pyrrhic victory? Slave economies produced low cost goods which could be exported. They were ‘competitive’. Is this what we are looking forward to, quasi-slaves at subsistence levels to raise the profits of exporting corporations,

who could, by the way, still shield their gains in tax havens?

Applied to public debt reduction, ‘no pain no gain’, is contradicted by historical evidence.

The time-tested debt *killers* have been economic growth (usually good for everyone if well distributed) and/or rising prices.

The time-tested debt *exacerbators* have been depression and deflation (falling prices).

These were indeed the lessons, from the Great Depression of the 1930’s where the austerity measures caused it to worsen and placed the Western economies in a death spiral, which led to the rise of Hitler and ultimately World War II.

III. Reinventing Greece

A Seven Point Agenda

As a conclusion to this paper we can outline the main items of a reinvention agenda in point form, with the understanding that such a reinvention strategy could be developed and refined at a later date.

Our starting point, based on the diagnosis above is that the solution to the Greek problem should be partially Greek and partially European. A Greek solution alone would be insufficient because of the proposition which we have made to the effect that Greece’s problem is part of a global disease and not an isolated case.

Let us start with the European level agenda.

1. An Intelligent Development Strategy for Europe

The entire Euro-Atlantic Region including both the European Union and the United States is suffering from a lingering depression. Growth rates are weak or negative, unemployment is high and there is a prevailing general pessimism. What is needed is not just a stimulus package, where money is just made available to banks at low rates, but extensive infrastructure and other growth-promoting activities. Some have even called for a Europe-wide Marshall Plan similar to the original one, which was major factor in rebuilding the continent after World War II. Whether it is a full Marshall Plan or a more modest equivalent, an overall strategic plan is needed for successful European growth and development.

2. Allow the Euro to fall back to par with the US dollar

The Euro is way above its purchasing power parity. If it were to fall to the level of the US dollar, the Euro Zone nations would receive a major boost. Their exports would become more competitive and there would be a decrease in imports from non-euro zone areas. There is no reason in the world to try and hold the Euro at 1.20 to 1.50 US cents as it has been in the last few years.

Those who fear a more affordable euro, should be reminded of 2002 and the introduction of the common currency. After starting out at par with the US dollar it went down to 83 US cents. The sky did not fall, the European economy continued to thrive and people had jobs. At today's inflated exchange rates, the entire zone places itself at a huge competitive disadvantage and follows the opposite of the Chinese strategy which was and is to bank on a cheap Yuan.

A cheaper euro would also be to the advantage of Germany and its exports to the rest of the world beyond the euro zone.

3. A European Central Bank with New Powers and Responsibilities

The European Central Bank has a very limited mandate defined by treaty: just control inflation.

A normal central bank such as the Federal Reserve in the US, the Bank of England or the Bank of Canada, has a much larger mandate. This may include, growth promotion, job creation, lender of last resort, etc.

Because of the limitations of the Treaty creating it and because of the exaggerated fears of inflation by the Germans who have the greatest say in its policies, the ECB cannot do much more than what it is doing.

With an expanded mandate it could, instead, help monetize the European economy, put purchasing power in the hands of consumers (instead of just banks as it is now) and alleviate the debt burden by buying up toxic public debt.

It could replace the current high interest bonds by low interest long term bonds. Britain, for instance, is experimenting with a 100- year bond. At one point, some countries had 100-year mortgages with only interest to be paid annually. Long term bonds at low interest tend to be absorbed by economic growth and have proved to be win-win for all.

This kind of monetary trigger would almost surely lead to major European growth while being a very palatable and painless alternative to the present austerity programs.

4. An Intelligent Development Strategy for Greece

Greece is a country much better endowed with resources than is generally believed. Although it does not possess large natural resources it possesses location advantages at the confluence of Europe and Asia which are considerable. Its pleasant climate and welcoming geography should have been a magnet for footloose high technology companies. Silicon Valley in California, Sophia Antipolis in the South of France have succeeded in attracting advanced technological firms with major positive impacts. In addition, solar and wind power should be harnessed to much better use.

Instead of basing a development strategy just on tourism and real estate, much more innovative approaches could be imagined.

5. Proactive Stance as Opposed to Last Minute

One of the structural weaknesses of the Greek 'DNA' so to speak, has been an obsession with the present rather than thinking proactively about the future. In fact, as one observer has pointed out, the word 'proactive' is difficult to translate in Greek.

Long term thinking which, is at the center of Chinese and Japanese cultures seems to be relatively absent in the Greek culture. The obsession with televtaia stigmata (last minute) has led to unfortunate missed opportunities. A much longer time frame is indeed needed.

6. Promoting Teamwork vs Excessive Individualism

Another cultural trait of Greek Civilization, dating all the way back to ancient times is the focus on individualism, hero worship and the relative absence of teamwork. From the Trojan War to modern times, the propensity of Greek entrepreneurs, innovators, soldiers and political leaders has been to act singly or in very small groups.

The large community based initiatives and collective action which belong to the Northern European ethos (Germany, Scandinavia etc.) and the Asian cultures (China and Japan) are largely absent in Greece. Only when the country is faced with a major external threat (a foreign invasion etc.) does it really come together. In normal times, excessive individualism prevails which turns out to be a major brake for sustained development. It is to be hoped that the gravity of the present crisis will promote much greater teamwork and the end of political bickering.

7. Better Use of the Greek Diaspora

A number of countries have extensive migrant populations abroad known as diasporas or omogeneia in the Greek case. These diasporas also include Armenians, Lebanese, Chinese, Jewish populations living abroad, who end up helping the mother country's development. The most successful of these diasporas is the Jewish one which functions as a permanent support for Israel both economically and politically.

Israel, with a natural endowment similar to that of Greece, and perhaps even less generous, has managed to hoist itself in the circle of highly developed nations at the vanguard in many technological fields, vital to development. This has been done, in part, with the full cooperation of the Jewish Diaspora abroad.

The Greek Diaspora has not been as well harnessed for various reasons. The emigrant transfers to Greece have mainly gone to tourism, real estate and to fund some foundations. Industrial development has not been very extensive. The Omogeneia should be used more extensively and proactively. It could become a major contributor to Greek economic development.

General Conclusion

Let us briefly review the main conclusions of this paper

At the diagnostic level we have offered the opinion that the present Greek socio-economic crisis is a particular instance of a global disease marked by unregulated finance, predatory lending and a very unequal distribution of income, worldwide and in Europe. The internal factors of bad governance, tax evasions, corruption and heavy bureaucracies have been aggravating not causal factors. The proof of this proposition is that (1) Greece's weak internal governance has existed for many years before the present crisis and has not, per se impeded Greek economic growth and (2) that other countries with much better internal governance systems (Spain, Italy, Ireland) have still fallen sick, so to speak with the Greek Disease and its variants.

The remedies then must take into account the interplay of external and internal forces. The above seven points, in a reinvention agenda are avenues to explore for the sustained renewal of Greece. A reset mechanism is needed and a proactive strategic plan is needed.

The present crisis is indeed severe but Greece has successfully dealt with other crises in her past even more threatening than this one. We are confident

that, if there is a will, the current travails can be dealt with and the country can return to prosperity and growth.

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L'opinion publique européenne face à la crise grecque

Jean Catsiapis*

ABSTRACT

Jean Catsiapis referring to surveys performed in different European countries observes that solidarity to the Greeks who suffer from a severe financial, economic and social crisis is relatively high among the peoples of southern Europe and France while the public and the media in Germany and some other northern European countries are hostile or reluctant to provision of aid to Athens. However, this solidarity is fraying as this crisis spreads gradually to other European countries. The author of this article concludes that Belgium, Spain and the United Kingdom are crossed by centrifugal forces from some of their provinces, which benefiting from an economy not too much degraded, are inclined to secession, in order not to show solidarity with these countries experiencing serious difficulties.

RÉSUMÉ

Jean Catsiapis en se référant à des sondages pratiqués dans différents pays européens, observe que la solidarité envers les Grecs qui souffrent d'une grave crise financière, économique et sociale est relativement forte chez les peuples de l'Europe du Sud et en France, alors que l'opinion publique et les médias de l'Allemagne et les pays du Nord sont hostiles ou réticents à l'apport d'une aide à Athènes. Toutefois, cette solidarité s'effiloche au fur et à mesure que cette crise s'étend progressivement à d'autres pays européens. L'auteur de cet article conclut que la Belgique, l'Espagne et le Royaume-Uni sont traversés par des forces centrifuges provenant de certaines de leurs provinces, qui, bénéficiant d'une économie pas trop dégradée, inclinent à la sécession, pour ne pas être solidaires de ces Etats en proie à de graves difficultés.

«L'Italie, le Portugal, la Grèce et plusieurs Etats membres [de l'Union européenne] ont eux aussi mené des réformes courageuses, pour contrôler leurs dépenses publiques, moderniser leur administration et mieux recruter leurs agents publics. Cet éloge de la Grèce et de deux autres pays européens, formulé en 2008 par la Commission pour la libération de la croissance

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française présidée par Jacques Attali¹ a de quoi surprendre. Les pays cités sont, en effet, en 2012, au cœur de la crise économique et financière, qui peu à peu gagne la plupart des Etats membres de l'UE. De fait, l'annonce du déficit public de la Grèce au lendemain des élections législatives de 2009 remportées par le parti socialiste Pasok dirigé par Georges Papandréou, de 12,7% du PIB et non pas de 6,7% - comme l'avait annoncé le gouvernement sortant (*Nouvelle Démocratie*) de Costas Caramanlis - a eu l'effet d'une bombe puisque ce pays avait connu dans les premières années du XXIème siècle une expansion annuelle de 4%. Il est certain que les investissements de l'ordre de 7 milliards d'euros réalisés pour les Jeux Olympiques d'Athènes de 2004 avaient dopé l'économie grecque. La Grèce est ainsi devenue le premier des Etats « maillons faibles » de l'économie européenne, qui peut s'effondrer en raison de la contagion, que ceux-ci peuvent transmettre à l'ensemble de la zone euro.

La sympathie des Européens envers le peuple grec

Le cinéaste suisse Jean Luc Godard manifeste, en mai 2010, une grande sympathie envers le peuple grec dans un entretien au périodique français *Les Incorruptibles*²: «On devrait remercier la Grèce. C'est l'Occident, qui a une dette par rapport à la Grèce. La philosophie, la démocratie, la tragédie... Le monde technologique dans lequel nous vivons doit tout à la Grèce. Donc tout le monde doit de l'argent à la Grèce d'aujourd'hui». L'enthousiasme de Godard envers la Grèce le pousse même à affirmer que ce pays «pourrait demander mille milliards d'euros de droits d'auteurs au monde contemporain». Et il serait logique de les lui donner. Tout de suite.

Le fait est que, fin 2009 et dans les premiers mois de 2010, la Grèce est encore le seul pays européen à subir de plein fouet les effets de la crise financière. C'est pourquoi prévaut dans certains milieux politiques européens l'idée qu'il convient d'éviter une propagation de la crise à l'ensemble de la zone euro. Ainsi le président Nicolas Sarkozy considère en avril 2010 comme «criminelle» l'attitude des agences de notation, qui, en dégradant non seulement la note de la Grèce mais aussi celle du Portugal et de l'Espagne, risquent d'entraîner un krach obligataire et une défiance généralisée des investisseurs vis-à-vis de toutes les obligations émises par les Etats de la zone euro.³ Différents économistes jugent absurdes les mesures d'austérité imposées par l'Eurogroupe, le 2 mai 2010, en contrepartie de l'emprunt de 110 milliards d'euros, qu'il accorde avec le FMI à Athènes. Par exemple Jean Paul Fitoussi explique dans un article prophétique intitulé *La Grèce: une tragédie européenne*⁴ que ces mesures vont «affaiblir encore davantage la demande

intérieure. Il s'ensuivrait une augmentation du chômage. La zone euro met toute son énergie au service de l'apurement du passé plutôt qu'à celui de la construction du futur».

La sympathie de l'opinion publique européenne envers le peuple hellénique va surtout s'exprimer à l'occasion des violentes manifestations en Grèce contre les mesures d'extrême rigueur et qui ont entraîné la mort de 3 personnes à Athènes, le 5 mai 2010. Ces événements, qui montrent que la crise financière se transforme en crise économique et sociale, contraignent l'ancien président de la Commission européenne Jacques Delors à «déplorer le temps perdu par l'Europe à aider la Grèce» et le président de l'UE, Van Rompuy, à remplacer par un message de condoléances ce qui avait été annoncé à Bruxelles comme un solide argumentaire en faveur de l'euro, en déclarant «L'effort décidé en Grèce est à la hauteur des défis mais nos pensées vont d'abord aux victimes».⁵

Les suicides en forte croissance ont aussi provoqué la grande sympathie des Européens. C'est la mort de Dimitri Christoulas, un retraité de 77 ans, qui se tire une balle dans la tête à Athènes, place de la Constitution, le 4 avril 2012, qui bouleverse particulièrement l'opinion publique européenne. Ce phénomène des suicides, qui se répand en Grèce mais aussi en Irlande, en Espagne et au Portugal, quatre pays affectés par la crise, est notamment analysé par le sociologue David Stuckler de l'université de Cambridge dans la Revue médicale britannique *The Lancet*.⁶

Les Européens face à l'aggravation de la crise grecque

Dès le début de la crise grecque les Européens se sont divisés. Les Européens du Nord, dans leur ensemble, se sont montrés hostiles ou réticents à aider la Grèce à sortir de ses graves difficultés alors que les Européens du Sud se sont sentis solidaires du peuple hellène. La conception de l'Europe des premiers est celle d'une Europe capable de faire jouer des mécanismes de solidarité mais à la condition que des efforts nationaux aient déjà été actés et consentis auparavant. Alors que les seconds imaginent une Europe dotée d'un système providentiel et redistributif. Ce clivage opposant Européens du Nord à ceux du Sud s'est accentué au fur et à mesure de l'aggravation de la crise grecque.

L'étude «Retour sur la crise grecque: perception et réaction de l'opinion en Grèce et en Europe»⁷ de Jérôme Fourquet et Laure Bonneval, commandée par la *Fondapol* (Fondation pour l'innovation politique) et publiée au 3^{ème} trimestre 2010, éclaire bien les attitudes des différents peuples, dont les Etats font partie de l'UE. De cette étude menée par voie de sondages auprès des

Allemands, des Britanniques, des Espagnols, des Français et des Grecs se dégagent cinq enseignements.

Premièrement: Les Grecs, interrogés sur la cause principale de la crise, qui frappe leur pays, désignent très majoritairement la mauvaise gestion de leurs gouvernants (69%), bien loin devant la spéculation financière internationale (14%) ou la crise économique mondiale (4%). Partagés entre colère (50%) et mécontentement (40%) ils n'ont pas pour autant basculé dans la révolte: 15% seulement partagent ce sentiment. Cette faible légitimité des actions violentes répond à un fort attachement au système démocratique, une trentaine d'années après la fin de la dictature des colonels. Ainsi, bien que le gouvernement [alors celui de G. Papandréou] et les partis politiques soient très fortement décriés, 55% des Grecs ont déclaré qu'il vaut mieux avoir un système démocratique qu'une «gestion du pays par des experts qui remplaceraient le gouvernement» (25%), ou «qu'un leader avec une certaine autorité, qui pourrait prendre des mesures rapidement sans être freiné par le Parlement et les élections» (13%). L'étude de la *Fondapol* montre aussi que l'attrait limité pour la radicalité s'explique aussi en partie par une culpabilité générale. Car si la responsabilité des gouvernants apparaît évidente aux Grecs, 73% de ceux-ci sont d'accord avec l'affirmation selon laquelle «ils n'ont pas été assez disciplinés en ne payant pas leurs impôts au cours des années précédentes». Si l'acceptation résignée du plan d'austérité est légèrement majoritaire dans l'ensemble du corps social grec, il y a cependant certains clivages. Ainsi les salariés du secteur public particulièrement concernés par ce plan (diminution des salaires, réduction des effectifs) se démarquent de leurs homologues du privé avec près de 20 points d'écart. Les Grecs savent que des Etats de l'UE ont prêté des fonds à leur pays; ainsi s'explique le fait que 54% d'entre eux considèrent que l'abandon de l'euro et le retour à la drachme seraient une mauvaise chose. La sortie de l'UE est encore davantage rejetée (72%).

Deuxièmement: Les personnes interrogées en France, Allemagne, Espagne, Italie et Royaume-Uni estiment en majorité (60%), comme les Grecs, que c'est le gouvernement d'Athènes avec sa mauvaise gestion des finances publiques, qui est responsable de la crise que traverse son pays. Ce sont surtout les Allemands (78%) qui partagent cette opinion que n'approuvent que 44% des Italiens. D'autre part, une majorité des Européens redoutent que leur propre pays ne connaissent une situation à la grecque. Les Espagnols (69%), les Français (61%), les Italiens (56%) développent ainsi un pessimisme prégnant alors que seulement 34% des Allemands craignent de connaître le même sort que les Grecs.

Troisièmement: On observe une hostilité britannique (78%) et allemande (76%) au principe de solidarité financière à l'égard de la Grèce. Cette attitude hostile s'inscrit dans un cheminement logique pour ces deux pays. En effet, Le gouvernement allemand a œuvré en faveur du principe de responsabilité individuelle des Etats, tandis que le Royaume-Uni, outre qu'il ne fait pas partie de la zone euro, n'est pas, par principe, partisan de la solidarité communautaire, synonyme pour nombre de Britanniques de perte de souveraineté.

Quatrièmement: Les Espagnols et les Italiens se déclarent clairement favorables - respectivement 55% et 56% - à la création d'un impôt européen pour venir en aide aux Etats de l'UE en difficulté. Pour expliquer cette adhésion de l'Espagne au principe de l'instauration de cet impôt il faut rappeler, d'une part, que ce pays a largement bénéficié de son entrée dans l'Europe et, d'autre part, que Madrid tout comme Rome, se trouvaient déjà au moment de l'enquête de la Fondapol dans une situation économique et financière délicate.

Cinquièmement: Les Français adoptent une position médiane puisqu'ils acceptent à une courte majorité (53%) d'aider financièrement les Grecs. Mais seulement une minorité d'entre eux (27%) déclarent accepter un impôt européen pour secourir un Etat, qui traverserait une crise grave. Il faut rappeler, pour comprendre cette position des Français, que ceux-ci, le 29 mai 2005, ont repoussé par referendum le projet de constitution européenne. Le fait est que l'opinion publique française est très divisée sur l'Europe: partagés entre fédéralistes et «souverainistes», les Français hésitent à admettre que les autres Européens auront un droit de regard sur la façon dont Paris dépense son budget.

Force est de constater que la solidarité financière et morale des Européens envers la Grèce va au fil des mois être affectée tant par des doutes sur la capacité de se pays à se réformer, que par des reproches envers les dirigeants grecs, qui auraient maquillé leurs statistiques pour faire accepter, le 1^{er} janvier 2001, l'adhésion d'Athènes à la zone euro ainsi que par la dénonciation de la fraude fiscale que pratiqueraient beaucoup de Grecs. C'est l'aggravation de la crise grecque, qui explique cette évolution de l'opinion publique européenne.

A la fin du 1^{er} semestre 2012, quatre journaux européens, le *Bild am Sonntag* (Allemagne), *ABC* (Espagne), *Corriere della Sera* (Italie), et *Le Journal du Dimanche* (France) s'associent pour effectuer un sondage avec des questions identiques posées dans les pays de leur diffusion.⁸ Deux ans après l'enquête de la Fondapol, ce sondage a eu lieu alors que l'Italie, l'Espagne et la France

– dans une certaine mesure – ont rejoint la Grèce dans la crise. Trois leçons sont à retenir des réponses à des questions posées à un échantillon significatif de la population de ces quatre pays européens.

Premièrement: Une majorité de personnes dans chacun des quatre pays sondés estime que «l'argent prêté à la Grèce est de l'argent perdu, parce que la Grèce ne remboursera jamais»: Français (85%), Allemands (84%), Espagnols (72%), Italiens (65%). Il est donc clair que les Européens considèrent qu'un défaut de paiement de la Grèce doit être sérieusement envisagé.

Deuxièmement: A la proposition «Si la dette grecque n'est pas sauvée, les difficultés de la zone euro vont s'accroître dangereusement», une majorité encore plus forte d'Européens exprime son accord: Espagnols (90%), Italiens (88%), Français (84%), Allemands (76%). Ces réponses prouvent que la dette souveraine de la Grèce est telle que la zone euro souffrira de la faillite possible de ce pays.

Troisièmement: L'exclusion de la Grèce de la zone euro, si ce pays ne parvient pas à réduire son déficit et sa dette, est souhaitée globalement par une majorité d'Européens. Toutefois on retrouve un clivage entre Européens du Nord et Européens du Sud puisque si 74% d'Allemands et 65% de Français se déclarent favorables à cette exclusion, seulement 51% d'Espagnols et 49% d'Italiens sont d'accord pour la sortie de la Grèce de la zone euro. L'important pourcentage des personnes interrogées en Allemagne et en France en faveur de cette sortie s'explique par la forte exposition des banques de ces pays à la dette grecque.

Il ressort aussi de cette enquête que les Européens refusent très majoritairement d'abandonner l'euro pour un retour à la monnaie nationale: Espagnols (75%), Français (74%), Italiens (72%), Allemands (61%).

La position provocatrice des médias allemands

Les médias allemands, dès les premiers mois de la crise que subit la Grèce, ont adopté une attitude de provocation à l'égard de ce pays, en suggérant notamment que ce pays devait vendre ses îles ou ses antiquités pour alléger sa dette souveraine. Les attaques les plus brutales contre les Grecs ont été formulées par la presse populaire, en particulier le journal *Bild*, qui est le quotidien le plus lu d'Allemagne. Cet organe de presse publie dans son numéro du 5 octobre 2010, juste avant la venue à Berlin du Premier ministre G. Papandréou, une liste d'irrégularités, qui selon lui existent en Grèce. Voici des morceaux choisis de cette liste: «Vous êtes en Allemagne, un pays très

différent du vôtre. Ici personne ne doit payer des milliers d'euros de pots-de-vin pour s'assurer un lit d'hôpital. L'Allemagne a aussi de grosses dettes mais nous, nous les remboursons, parce que nous nous levons tôt le matin et travaillons toute la journée». Il est facile de démontrer le caractère ridicule des affirmations de *Bild*. Il a ainsi été prouvé par l'OCDE qu'avec 2.109 heures travaillées par an les Grecs ne ménagent pas leur peine alors que selon la même source les Allemands figurent parmi les peuples les moins travailleurs avec seulement 1.419 heures annuelles de travail. L'affirmation selon laquelle l'Allemagne rembourse ses dettes - à la différence de la Grèce - est particulièrement stupide lorsqu'on sait que Berlin s'est toujours refusé à payer les réparations de guerre auxquelles Athènes a droit. Le fait est que l'occupation nazie de la Grèce, qui a entraîné la mort de 575 000 des habitants de ce pays - le 10^{ème} de la population - aurait dû être sanctionnée par des indemnités évaluées à 80 milliards d'euros selon le député allemand au Parlement européen, Daniel Cohn-Bendit, et même à 575 milliards d'euros selon l'économiste français Jacques Delpla.⁹

La presse allemande de qualité a aussi, après les élections législatives du 6 mai et du 17 juin 2012, cru devoir prédire un avenir funeste pour la Grèce; ce qui a contribué à accroître les sentiments anti-allemands du peuple hellène. Juste après les élections du 6 mai le très respectable *Der Spiegel*¹⁰ a titré «Akropolis Adieu!». L'éditorialiste de ce magazine explique que «Les Grecs n'ont jamais été mûrs pour l'union monétaire. Les tentatives de soutenir ce pays par des réformes ont échoué. Il est clair que la sortie de l'euro est dans l'intérêt des Grecs». Même la constitution du gouvernement Samaras après les élections du 17 juin, qui pouvait faire croire à un retour à la stabilité politique n'a pas convaincu *Süddeutsche Zeitung*.¹¹ Ce quotidien conservateur considère «que ce gouvernement ne tiendra pas longtemps étant donné la mauvaise situation dans laquelle se trouve le pays et qui ne s'est pas améliorée avec ce scrutin». La visite surprise à Athènes de Mme Merkel, le 9 octobre 2012, dans une ville en état de siège et où des dizaines de milliers de manifestants ont défilé en conspuant la Chancelière allemande n'a pas dû apaiser les medias allemands comme celle-ci le souhaitait.

L' attitude bienveillante des médias français

Les médias français dans leur ensemble ont adopté une attitude bienveillante envers la Grèce. Il est vrai que ces médias ont suivi l'exemple des partis politiques de France, de droite et de gauche, dont les parlementaires ont massivement adopté en mai 2010, les 16,8 milliards d'euros, qui représentaient

la part française du prêt de 110 milliards d'euros accordé à Athènes par les Etats de la zone euro et le FMI. La cause de la Grèce a été promue en France par le très médiatique Jean-Luc Mélenchon, président du *Front de gauche*, dont il a été le candidat aux élections présidentielles de 2012, et ami d'Alexis Tsipras, qui préside le *Syriza*, formation de la gauche radicale grecque. C'est surtout la misère du peuple grec, que dénoncent les journaux de gauche, comme *Libération*, qui titre «On n'avait pas vu ça en Grèce depuis l'Occupation» et s'apitoie sur les Grecs menacés de famine.¹² De son côté le journal en ligne d'information générale *Mediapart*, qui est très lié à des blogs d'internautes grecs multiplie les articles sur la «Grèce qui s'enfoncé dans la récession et la pauvreté».¹³ Les journaux français de qualité, comme *le Monde*, comprennent aussi «la souffrance sans récompense» des Grecs provoquée par les recettes de la troïka (FMI, BCE, Commission européenne), jugées au mieux inefficaces et au pire corrosives.¹⁴ Un article de ce quotidien avec pour titre *Mme Merkel et M. Schäuble ont la mémoire courte* rédigé par Paul de Baker, ancien maître de conférences à l'ENA et PDG d'une société basée à Londres, constitue à la fois un remarquable plaidoyer pour la Grèce et une critique impitoyable de la position envers ce pays de la Chancelière allemande et de son ministre des finances. Cet article souligne que l'Allemagne, qui refuse au peuple grec les moyens de s'en sortir avait obtenu en 1951 une remise de dette et un échéancier de paiement du solde sur trente ans.¹⁵ Les articles désobligeants envers la Grèce sont très minoritaires. C'est ainsi que Frantz-Olivier Giesbert, directeur du *Point*, dans un éditorial publié, au lendemain des élections législatives du 6 mai 2012 croit pertinent d'avancer sous le titre *Et si on rendait la Grèce à la Turquie...* que la Turquie avec une croissance de 8% et une hausse des exportations de 18% dispose « de la légitimité nécessaire pour assurer le redressement de la Grèce». De nombreux internautes amis de la Grèce ont protesté sur le site de cet hebdomadaire contre cet éditorial à l'humour grinçant.

La large couverture par les médias français de la sortie, fin 2012, du film de la réalisatrice franco-roumaine Ana Dumitrecu *Khaos*, illustrant la désespérance du peuple grec, prouve leur volonté d'alerter leurs lecteurs sur les possibles malheurs, que ceux-ci risquent aussi de connaître en raison de la crise économique et financière, qui se répand en Europe depuis plus de trois ans.

Si la solidarité de l'opinion publique des Etats-membres envers la Grèce est de moins en moins marquée, il faut aussi constater l'émergence d'un manque de solidarité à l'intérieur de certains de ces Etats: en Flandre, en Catalogne et

en Ecosse, dont l'économie n'est pas trop dégradée, on observe l'émergence de forces centrifuges, qui pourraient conduire à l'indépendance de ces provinces respectivement à l'égard de la Belgique, de l'Espagne et du Royaume-Uni. Il est vrai que dans ces pays le sentiment des personnes interrogées est que le pire est à venir en matière d'emploi.¹⁶

«La France est-elle la nouvelle Grèce?» a titré *Bild* dans son édition du 31 octobre 2012. L'image de la Grèce est ainsi devenue si mauvaise que la référence à ce dixième membre des Communautés européennes est aujourd'hui parfois utilisée pour désigner la dérive d'un pays. Il faudra beaucoup d'efforts aux dirigeants grecs pour restaurer la réputation de leur pays.

NOTES

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7. *Revue politique et parlementaire*, n° 1056, juillet-août-septembre 2010, p.118-127.
8. *Le Journal du Dimanche* du 24 juin 2012.
9. *Les Echos* du 22 juin 2011.
10. *Der Spiegel* du 14 mai 2012.
11. *Süddeutsche Zeitung* du 18 juin 2012.
12. *Libération* du 30 janvier 2012.
13. *Mediapart* du 7 septembre 2012.
14. *Le Monde* du 13 juin 2012.
15. *Le Monde* du 4 septembre 2012.
16. Selon une enquête d'*Eurobaromètre* du printemps 2012, 77% des Espagnols, 73% des Britanniques et 65% des Belges estiment que le pire est à venir s'agissant de l'impact de la crise sur le marché de l'emploi.

A Euro-Crisis View from Greece*

George Pagoulatos**

RÉSUMÉ

L'un des programmes les plus sévères d'austérité jamais appliqués à l'échelle mondiale a évolué au cours des deux dernières années et demie en Grèce. Les "Mémoires" (premier et deuxième), signés entre le gouvernement grec et les créanciers institutionnels de la Grèce, le soi-disant «troïka» (Commission européenne, Fonds monétaire international et Banque centrale européenne) ont non seulement renforcé le clivage profond existant dans la société grecque entre pro-européens partisans de l'Europe européistes et nationalistes, mais il a également servi en tant que nouvelle ligne de démarcation de la société grecque et du corps à la politique, créant la polarisation entre les camps «pro-» et «anti-mémoire». Le gouvernement actuel pro-européen de coalition réformiste, (Nouvelle Démocratie, le PASOK et la Gauche démocratique) - qui a été rendue possible parce que dans les élections de juin 2012 la peur de la sortie de l'euro a prévalu sur l'opposition aux politiques d'austérité - réalise que la conditionnalité politique d'ajustement est en effet la dernière chance de la Grèce de réformer l'État grec et l'économie au sein de l'euro. Cependant, les seuls efforts de la Grèce, quoi que nécessaires ne sont pas suffisants pour réussir. A la fin de la journée, tout dépendra si la zone euro va démontrer convoquer la volonté de traiter la crise en zone euro comme une crise systémique de l'UEM, ce qui nécessite de profondes modifications de son architecture et de l'innovation dans les politiques appliquées. En effet, le grand défi à venir pour la zone euro est à venir avec la nouvelle opportunité affaire grandiose qui assurera l'euro pour une durée de vie de sorte que le mur de séparation qui est en cours de construction creepingly dans la zone euro, c'est à dire entre les «vertueux» du Nord et les "ratés" du Sud, soit démolir avant de détruire démolir l'Union.

ABSTRACT

One of the harshest austerity programs ever applied on a global scale has been evolving over the last two and a half years in Greece. The "Memorandum" (first and second), signed between the Greek government and Greece's institutional creditors, the so-called "troika" (European Commission, International Monetary Fund and European Central Bank) have served as the new dividing line of the Greek society and body politic, polarizing between "pro" and "anti-Memorandum" camps. The current coalition government (New Democracy, PASOK and the Democratic Left) –which was made possible because in the June 2012

* Extended version of a paper published by the European Council on Foreign Relations, "Reinvention of Europe" series, October 2012. http://ecfr.eu/page/-/ECFR_Greece_paper_20122.pdf

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elections the fear of euro-exit prevailed over opposition to austerity policies— realizes that adjustment policy conditionality is indeed Greece's last chance to reform the Greek state and economy within the euro. Greece's efforts alone are, however, necessary but not sufficient for succeeding. At the end of the day, it will all depend on whether the eurozone will summon the determination to treat the eurozone crisis as a systemic crisis of the EMU, requiring far-reaching amendments to its architecture and innovativeness in the applied policies. Indeed, the great challenge ahead for the eurozone is to come up with the new grand bargain that will secure the euro for a lifetime so as the dividing wall that is creepingly being erected in the eurozone, i.e. between the "virtuous" North and the "failed" South, be torn down before it brings down the Union.

Crisis, adjustment, recession and despair

Greece's current debate on Europe has been subsumed by the ongoing eurozone crisis, which the country is experiencing in the most traumatic way. Greece's GDP shrank by little below 7% in 2011, and it is expected to decline by another 7% in 2012. In what is already the fifth consecutive year of recession, the country has lost cumulatively over one fifth of its 2008 GDP. 2013 is also forecast to be a year of recession. Unemployment is at 24%; 55% of young people up to 25 are unemployed and 630.000 Greeks are long-term unemployed. Social services have been affected by massive spending cuts, which have slashed the waste of the pre-crisis period, but have also led to serious shortages in the provision of vital social services, such as health care and childcare. Poverty rates, homelessness, crime, and suicide rates are galloping. Desperation is everywhere.

One of the harshest austerity programs ever applied on a global scale has been evolving over the last two and a half years. The total primary budget deficit was reduced by 8,2 percentage points of GDP over two years (2010-11); in cyclically adjusted terms the reduction was 11 percentage points. This is the fastest fiscal consolidation in any OECD country for decades, and it carried a toll in aggravating recession. At the writing of this report, new additional 14bn budget cuts were being finalized by the three-party coalition government. Successive nominal wage and pension cuts have been applied since early 2010, together with sharp tax increases. An average public sector employee has probably lost about 30% of their take home income. Similar wage cuts have been widely implemented across the private sector, where labor legislation has been liberalized, opening way to extensive flexible and part-time employment. In February 2012, a 22% minimum wage reduction (32% for new workers under 25) was instituted, in an effort to frontload the

reduction of unit labor costs.

Unsurprisingly, public sentiment has been heavily affected. Public trust in government, the parties and institutions has sharply declined. The two parties (ND and PASOK) that dominated Greek political life alternating in power since 1974, fell from a total vote of 77% in 2009, to just 32% and 42% in the twin elections of 2012 (May and June). On top of being implicated in serious corruption and mismanagement scandals of the past, both parties are heavily blamed for the crisis. But the blame this time is also pointed towards Europe.

Greece traditionally posted a public opinion which, since the 1990s, was among the most pro-EU. Over the 1990s and 2000s, the Eurobarometer surveys of Greek public opinion indicated some of the highest rates of support for European integration. Europe love has turned bitter, and national confidence has been shattered under the worst economic crisis of the entire postwar period. The typical EU acceptance question on the May 2011 Eurobarometer registered 38% of respondents replying that Greece's EU membership is a "good thing", with an unprecedented 33% considering it a "bad thing". A 5% positive margin (from the highs of 60% and 70% in the 1990s and 2000s) was the lowest recorded since the 1981 launch of the Eurobarometer. And pro-EU sentiment is declining rapidly. In the spring 2012 Eurobarometer, the negative image of the EU among Greek respondents exceeds the positive by 14 percentage points. Indignation is vented against the entire status quo, domestic and European.

A bitter sentiment is spreading in Greek society, that eurozone partners have subjected Greece to excessive and unjustified austerity. Toxic assertions of a "punitive" treatment of Greece by Germany are spreading like wildfire in the public debate. Extremists and populists have rushed to exploit anti-German sentiment, stirring up wartime memories and nationalistic impulses.

Division Lines I: Europeanists vs Nationalists

The crisis is intensifying a deep-running cleavage in Greek society between, to put it simplistically, Europeanists and nationalists. There is growing nationalism and anti-globalism on the right- and left-wing extremes of the ideological spectrum. In the recent 2012 elections, the ages between 18 and the 30s overwhelmingly voted for parties either of the radical left (Syriza) or of the extreme and nationalistic right. The moderate, pro-European ideological centre, traditionally expressed by ND and PASOK, is hollowing down, limiting its electoral influence to older age cohorts.

That said, the radical left Syriza, the major opposition party, has avoided anti-European and nationalistic rhetoric. Though comprising different factions, some of which are far too extreme even to be taken seriously, Syriza officially remains a party of the European radical left. Its virulent opposition to the “Memorandum” and “Merkel’s policies” rallies against austerity, advocating a maximalistic and rather inchoate anti-capitalist vision of Europe, which, despite elements of economic nationalism, shuns cultural nationalism and vociferously opposes xenophobia.

Despite societal anguish and disillusionment, Greece so far remains anchored to the EU project. Over the 1990s and 2000s, a pro-European ideology became hegemonic in Greek society, seeing the European Union and its most advanced members as the model towards which Greece should aspire. This was not an unconditional hegemony, for the Europeanist ideology always had to cohabit with (and often appease through various concessions) a traditionalist, ethnocentric, anti-Western, instinctively Euro-skeptic ideology. Western-leaning, reform-minded elites have vitally relied on the EU as the single most important strategic and ideological ally, “enlisting Europe” in the purpose of promoting the country’s socio-political and institutional modernization.¹ Such elite and middle class groups have consistently operated as an influential advocacy coalition in support of EU-led reforms in Greek society. By and large, they supported the George Papandreou government’s effort to prevent a chaotic default of the Greek economy in 2010, championed the November 2011 coalition government under Lucas Papademos, and are backing the effort of the present coalition government of Antonis Samaras to implement the program agreed with Greece’s partners and creditors.

Moreover, despite extensive pockets of Southern or Balkan parochialism, Greece remains an overall highly educated, middle class, European society, with globally one of the largest rates of student emigration abroad. A country which has experienced its 30 years of EU participation in a beneficial manner, and which, in large numbers, cannot conceive a national trajectory outside the European Union. And about 70% of the public opinion wants Greece to remain in the euro. No major political force is against Greece’s EU or EMU membership, with the isolated exceptions of the orthodox Communist Party (KKE) and the fascist Chryssi Avgi (Golden Dawn); the latter entered Parliament in 2012 with a shocking 7% of the national vote. Some voices from Syriza have also expressed a preference for return to a national currency, but the party remains officially pro-EU and pro-euro.

It is easy to understand that the closer one moves towards the “drachma

camp” or the nationalist fringes, the greater the euroscepticism. In these fringes alternative geopolitical “visions” of Greece’s vocation are being proposed. Under their rather amorphous line of thinking, the benefits from Greece’s allegiance to EU institutions are dwindling, the eurozone is becoming the locus of unconditional German hegemony and endless austerity, and the only way for Greece to reassert its sovereignty and defend its national interests is to embark on a “realist” policy of exploiting its new geopolitical standing in the regional security and energy map or seek strategic alliances and partnerships with other geopolitical actors active in the region, such as Russia. Though marginal, such type of thinking is gaining momentum.

Division Lines II: Euro vs Drachma

Not only is there little nostalgia for the days of the drachma (times of high inflation and low growth) but the catastrophic implications of a Greek exit from the euro are broadly understood by a majority of Greeks. The Greek economy would lose decades of development, and the country would slide into socioeconomic and political chaos. The large currency devaluation (or consecutive devaluations) would result in uncontrollable inflation, which would undercut any competitive boost gained in the first place. But even that would be questionable. Greece has a tiny export sector of little above 20% GDP; Greek exports have a high import content, relying heavily on imported energy, raw materials and other components. Thus currency devaluation would not deliver the anticipated advantages. Instead, a euro-exit would involve devastating consequences. Bank deposits would be wiped out, mass private sector bankruptcies would further increase unemployment, real wages would fall, prolonged legal and financial chaos would ensue, a steep, probably double digit loss of output would follow as a direct aftermath of a euro exit. The country would still have to reduce deficits and implement reforms, but it would lose its main reform impetus for doing so. A euro exit would constitute national defeat, depriving Greece of its crowning post-1974 strategic achievement, participation in the core of EU institutions.

Division Lines III: Pro-vs anti-Memorandum

The “Memorandum” (first and second), signed between the Greek government and the so-called “troika”,² has been the focal point of the public debate since the 2010 bailout and attached conditionality. It has served as the new dividing line of the Greek society and body politic, polarizing between

“pro-” and “anti-Memorandum” forces. This branding of course is not symmetrical; the term is employed by the “anti-Memorandum” camp to define themselves and their opponents, defenders of the necessity or sheer inevitability of adjustment.

It is an only apparent paradox that the societal majority is both pro-euro and anti-Memorandum. In a January 2012 opinion poll (Public Issue), 72% of respondents declared themselves against the Memorandum, with only 16% in support. The current coalition government of ND, PASOK and the Democratic Left was made possible because in the June 2012 elections the fear of euro-exit prevailed over opposition to austerity policies, and the 50-seat bonus to the first party helped ensure a parliamentary majority. A growing part of the Greek party system and society, while pro-euro, also strongly believes that the austerity policy mix, without compensating measures, is by now too strong and “killing the patient”. This section of the electorate is probably the new middle-ground in crisis-time Greek politics, providing the new pivotal median voter. The coexistence of a pro-euro and anti-Memorandum stance is also conveniently combined with a belief that the threat of a forced “Grexit” is exaggerated, given the profound destabilization it would cause for the remaining eurozone members. Syriza’s 2012 dynamic appeal to a large part of erstwhile PASOK voters is explained by the systematic dissemination of the aforementioned triptych of assertions (euro is good, Memorandum is bad, Grexit is impossible), leading to an adventurist electoral pledge of unilateral abrogation of the Memorandum.

A Moment of Self-Awareness: the Reformist Narrative

To a significant extent, the Greek adjustment flies in the face of conventional economic wisdom. The right time to cut budget deficits is when the economy is growing, not shrinking. The moment to implement reforms is in good times, not bad. However, by joining the euro, Greece consciously surrendered a significant degree of autonomy for the club goods of EMU. And by ending up with a huge net foreign debt and an unserviceable public debt, Greece lost any remaining autonomy to its creditors. Greece had ample opportunity to sustain primary budget surpluses and implement reforms under a far more favorable environment until 2008, but it didn’t.

Contrary to Spain or Ireland, whose crises resulted from private sector imbalances on which EMU was neglectful, the Greek debt crisis was the orthodox public sector crisis the EMU handbook kept warning about, yet

EMU proved incapable of preventing. Greece's crisis did not originate from its banks; it was a public debt crisis that subsequently spread to the banking system and the real economy. By the beginning of 2010, Greece was already the weakest link in the eurozone as a result of chronic loss of fiscal control, a bloated and corrupt public sector, a narrow tax revenue base, an unsustainable current account deficit, a huge public debt, and a large net foreign debt of 90% GDP, from single digit levels in the mid-1990s.

The Greek crisis was the meeting point of a domestic public debt crisis and a euro-systemic crisis. Two storms met over Greece, and created the perfect storm. A prolonged high growth period until 2008 had been wasted without sustaining primary budget surpluses and reducing the public debt/GDP ratio. The good times had not been employed to reform public administration and local government, the health and pension system, the labor and product markets, the education system, the professions and services sector, the justice system, fiscal governance and tax administration. These reforms are now being applied under severely adverse circumstances, some heavily contributing to the recession. Yet such reforms are necessary, and they require a greater degree of domestic ownership.

The pro-European, reformist coalition realizes that Greece is not viable within the euro unless the country confronts the structural problems that led to the crisis in the first place. They see the crisis and adjustment policy conditionality as a last chance to reform the Greek state and economy within the euro. But they also realize the tremendous risks of a prolonged shock therapy that ends up severely debilitating the patient. And they are aware that, though Greece must do whatever it takes to remain in the euro, Greece's efforts alone are necessary but not sufficient for succeeding. At the end of the day, it will all depend on whether the eurozone will summon the determination to treat the eurozone crisis for what it really is, a systemic crisis of the EMU, requiring far-reaching amendments to its architecture and innovativeness in the applied policies.

Adjustment Delivering - but the Vicious Spiral Must End

Arduously and painfully, under the tight monitoring of the troika of partners and creditors, Greece is changing. Despite serious implementation problems, an unprecedented scale of long-due reforms has already taken place, earning Greece the 1st place on responsiveness to OECD growth recommendations in the OECD *Going for Growth* report of March 2012. Three years after the gasping

fiscal deficit of 15,6% GDP was revealed for 2009, Greece is a breath away from primary budget balance. The much maligned internal devaluation strategy seems to be delivering. In terms of real effective exchange rate based on unit labor costs, Greece has recovered 2/3 to 3/4 of the ground lost since euro accession, and in 2013 the recovery will probably be completed.³ The external account is improving as the recession reduces imports. Much of the competitiveness and productivity gains result from production declining at a slower rate compared to the decline of employment. Recession is the main mechanism through which the accumulated economic imbalances of the pre-2008 period are correcting. But further recession cannot go on for long.

Greek commitment to the adjustment program is prerequisite to any solution. But simultaneous austerity programs in Europe and the decline of global and European demand are undermining the eurozone periphery's effort to exit recession through export-led recovery. Fiscal contraction, at a time of recession, is self-defeating, as it leads to deeper recession and target slippage, necessitating even heavier portions of austerity, into a vicious spiral. Structural reforms are growth-conducive only on the medium- to longer-term. Urgently needed are serious offsetting measures to provide the necessary oxygen for the economy to breathe, and these can only come from the eurozone.

For some time now, Greece's main problem is not the budget deficit (which is declining), nor even competitiveness (which is recovering); it is the lack of finance for the real economy. Credit has all but frozen even for healthy companies, foreign suppliers are demanding cash for imports, and investors are reluctant to commit capital under an endlessly poisonous speculation about a Greek euro-exit. Even efficient, export-oriented Greek companies are unable to compete if they cannot access finance or if their cost of capital is many times that of their Northern competitors. "Country risk" is leading the Greek economy to suffocation.⁴ "Convertibility risk" is reproduced and sustained as long as the eurozone fails to put an end to the Grexit speculation once and for all and convincingly defend the irreversibility of the euro project. An unequivocal and determined backstop to the euro-exit speculation is the first eurozone-level prerequisite for halting the vicious downward spiral of the Greek economy.

Negative Scenarios - Mapping the Risks

Greece's strategic effort through the crisis has been to adjust and persevere, to remain around the table until a collective solution for the eurozone crisis is

reached, and be part of that collective solution. One may thus conceive several negative scenarios. Their probability is low but not negligible:

1. Greece clinches on but the eurozone fails to provide a viable collective solution by moving to deeper integration. Intra-eurozone imbalances grow out of control, political divisions intensify, the eurozone eventually breaks up. Clearly, this is not just a return to the EMU status quo ante. European integration regresses, the single market *acquis* is at stake, and Greek confidence in Europe is shattered.
2. The eurozone reaches a collective solution but Greece is unable to follow. The euro moves ahead without Greece. Greece is cut off or falls behind as a result of economic collapse, party political implosion, social explosion, an anti-euro government, or a government unable to hold on, or a combination of the above. Should Greece exit, the breakup dynamic would be uncontrollable for the rest of the eurozone.
3. Greece stays in the euro but is unable to bounce back to recovery. It sinks deeper into recession, depression evolving into a humanitarian crisis. Greece becomes a critical fragile state, further destabilizing an already unstable neighborhood.

Scenario 1 is negative, scenarios 2 and 3 are catastrophic. If Greece is cut-off from the euro or if austerity continues to hurt for a generation, then Greece's EU commitment could come into question. The new generation of Greeks would permanently identify the EU with joblessness, misery and impoverishment. Long-term unemployment would cut them off permanently from a proper career track, turning them into a lost generation. The influence of anti-EU and anti-systemic forces would multiply. Social tensions would spread from Greece to the rest of the Eurozone South. For several years Greece would fall under the deleterious influence of extremist politics. A country which, since 1974, was positively transformed under the benign forces of Europeanization, would now feature as a flagrant failure of Europe.

Though frequently recycled by international analysts, such scenarios remain of low probability, multiplied however by their catastrophic implications. The eurozone has recently demonstrated the determination to defend the single currency area in its integrity. Nevertheless, taking such low-probability scenarios into account helps illuminate the risks that lie ahead. Moreover, given the domestic and regional fluidity, one realizes that the geopolitical and security implications of the Greek economic crisis are potentially consequential. It is dawning upon Western and European partners that a

catastrophic upshot of the Greek drama could face them not just with incalculable economic and sociopolitical costs but also, few years down the road, with the historically charged question “who lost Greece?”

A Positive -and Plausible- Way Forward

It is more interesting and challenging to sketch a plausible way out of the crisis.

Implementation of the economic program is the minimum precondition, especially with regard to the structural reforms. It could lead the Greek economy to sustainable recovery in 2014 if supported by important adjustments:

- a frontloading of program financing or extension of the fiscal adjustment by two years, to moderate its harsh recessionary impact;
- a direct growth stimulus at EU level, through a combination of: direct targeting of budget resources, structural funds and urgent unemployment relief, to offset the procyclicality of adjustment policies in the South; greater engagement of the EIB and the EIF; a demand stimulus in the core eurozone countries, to facilitate intra-euro rebalancing as the South reduces unit labor costs; a depreciation of the euro towards the same effect;⁵
- some public debt relief, as debt sustainability has been undermined not by non-compliance but by excessive recession. This could involve a realistic adjustment of the current official debt service profile through extended debt maturities, low coupons, and bank recapitalization directly through EFSF/ESM, combined perhaps with a buy-back program for the public debt that remains in the markets. In addition, a mild OSI not affecting eurozone governments could be considered, to bring down the public debt/GDP ratio to as close to 100% by 2020.

The positive scenario presupposes that the eurozone survives the crisis intact, by making brave strides to the direction of banking, fiscal, economic, and political union, as outlined by several converging reports.⁶

The great challenge ahead for the eurozone is to come up with the new grand bargain that will secure the euro for a lifetime. Through further integration, EMU continues to remain a positive sum game; it falls upon European leaders to persuasively convey this to discontented electorates. And it also falls upon them to counter the nationalistic animosity, resentment and stereotyping that prepare the ground for the mental and psychological

disintegration of Europe. The new dividing wall that is creepingly being erected in the eurozone, between the “virtuous” North and the “failed” South, must be torn down before it brings down the Union.

So far, the Greeks have been clinching on to the euro, taking unprecedented pain as the inevitable price to be paid. They have endured far-reaching and necessary adjustment, buying time together with the Eurozone as the latter strives to find its own pace. But the Eurozone muddling through cannot go on indefinitely, and the pain threshold has already been exceeded.

NOTES

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2. Memorandum of Understanding (MOU) on Economic Policy Conditionality, Signed between Greece and the Institutional Creditors (EC, IMF, ECB).
3. Bank of Greece, Monetary Policy 2011-2012, March 2012, p.27.
<http://www.bankofgreece.gr/BogEkdoseis/NomPol20112012.pdf>
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5. S. Darvas, “Intra-euro Rebalancing is Inevitable but Insufficient”, Bruegel Policy Contribution, 2012/15, August 2012.
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Communicating Greece in Times of Economic Crisis: The Role and Significance of Public Diplomacy*

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RÉSUMÉ

La crise économique grecque et son impact potentiel sur l'avenir de la zone euro ont monopolisé la couverture médiatique dans le monde. La presse internationale a mené une campagne féroce et négative contre la Grèce. La Grèce, toutefois, n'a pas répondu aux critiques. Jusqu'à présent, le pays semble accepter passivement que d'un point de vue politique et économique il se trouve à la périphérie de l'Occident et de l'UE, anticipant des solutions devant être fournies par Bruxelles et Washington. La Grèce, toutefois, pourrait s'investir dans le rôle critique que joue la diplomatie publique au niveau de la politique contemporaine mondiale. Cela nécessite le passage d'une diplomatie publique, qui ne se concentre que sur l'établissement de liens culturels et éducatifs, à une diplomatie publique qui met l'accent sur d'importantes questions régionales et mondiales. Cela suppose un encouragement à la communication et au dialogue avec des acteurs officiels et non-étatiques, en collaboration avec et à travers des groupes internes et externes et aussi avec l'opinion publique. Il faut se rappeler la position de la Grèce dans une zone géographique complexe et volatile qui inclut les Balkans, la région de la mer Noire, la Méditerranée et le Moyen-Orient. Une telle stratégie de diplomatie publique fournira au pays non seulement de nouvelles possibilités dans sa coopération bilatérale avec des Etats (Turquie, ARYM) avec lesquels il est en opposition sur certains points mais lui permettra aussi d'améliorer sa pertinence et son influence dans les organisations multilatérales et les forums. Dès lors de nombreuses opportunités se présenteront au pays dans les affaires du monde et ce bien au-delà de sa situation économique actuelle et de ses capacités limitées de puissance.

ABSTRACT

The Greek economic crisis and its potential impact on the future of the Euro zone have monopolized media coverage globally. The international press has mounted a fierce and negative campaign against Greece. Greece, however, has not responded to the critiques. So

* This is a revised and expanded version of the paper that was published by the Discussion Papers in Diplomacy, Netherlands Institute of International Relations 'Clingendael', No. 124, 2012, with the title "Strengthening Greek Public diplomacy: Present Conduct and Future Potential".

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far the country seems to be passively accepting that politically and economically it is on the periphery of the West and the EU, anticipating solutions to the country's problems to be provided only by Brussels and Washington. Greece, however, could invest on the critical role public diplomacy plays in contemporary global politics. This requires a shift from a public diplomacy that concentrates only on forging cultural and educational links, to a public diplomacy that focuses on the most significant regional and global issues by encouraging communication and dialogue, with official and non-state actors, working with and through internal and external societies and public opinion. When considering Greece's location in a complex, volatile and security-consuming geographical zone, including the Balkans, the Black Sea region, the Mediterranean and the Middle East, such a public diplomacy strategy will not only provide the country with new opportunities in dealing with its bilateral problems (Turkey, FYROM). It will also enhance its relevance and influence in multilateral organisations and forums, supplying it with ample opportunities in world affairs far beyond its current economic condition and limited hard power capabilities.

Introduction

Since the mid-1990s, Greece has been grappling with the task of defining the country's role in the world. This was necessary as Greece entered the 1990's with an ambivalent and contradictory position. At the end of the Cold War, although Greece was well prepared, internally and externally, enjoying an established democracy, as well as secure memberships in major international and regional organizations (EU and NATO), it failed to take advantage of the opportunities that lay ahead. Unfortunately, the country engaged in external adventures, such as the name dispute with the Former Yugoslavian Republic of Macedonia (FYROM) and consonance with nationalist and authoritarian Balkan leaders. This has not only led to the deferment of major foreign policy decisions, but also to external antagonisms with neighbouring countries and member states of the EU. Greece became part of the 'Balkan problem', losing the opportunity to operate as a catalyst for the management or even better the resolution of the region's problems. As a result, the country was credited with a 'credibility deficit', the so-called 'Greek Paradox', understood as the gap between Greece's promises and capabilities and actual performance.²

Bearing the above in mind, the Greek government began to develop an alternative approach and discourse in the formation of Greece's foreign policy. The aim was to adjust the role and position of Greece to the concerns, needs and obligations of regional and global governance. In particular, Greece initiated and facilitated the diplomacy of development and humanitarian

assistance, becoming a member of the Development Assistance Committee (Organisation for Economic Cooperation and Development, OECD) and establishing *Hellenic Aid*. Bilateral and multilateral aid granted by Greece in 2009 reached 607.27 million USA dollars.³ The country became an active member of the *Human Security Network*, an informal world consultation forum for governments, international organisations, the academic community and civil society representatives. Greece also began to pursue a more active role in military, peace and civil operations of the EU and NATO. Greece has financed programmes on rural development, water resource management, education and healthcare with a total of €800,000 in Afghanistan.⁴ In addition, the country participated in the Anti-piracy naval operation off the coast of Somalia, the EU Training mission based in Uganda, the EU Mission on the Rule of Law in Kosovo and the EU Monitoring Mission in Georgia. Greece furthermore began to promote an active and constructive role in the Balkans. Indicative is the Hellenic Plan for the Reconstruction of the Balkans (HPRB), an effort on the part of Greece, with a total budget of 550 million euro, to contribute to the modernisation of infrastructure, promote production investments, support democratic institutions and the rule of law, modernise public administration and local government and strengthen the welfare state in the recipient countries of South-eastern Europe.⁵ Last, but not least, and with the aim to improve the ‘image’ of the country, Greece invested in ‘media events diplomacy’ by organizing the 2004 Athens Olympic Games (see below).

These initiatives, however, have not contributed to the repositioning of Greece, as the effect of the above initiatives and the Games of 2004 in building a new image for the country has been a limited one. With Greece’s public diplomacy still focussing on cultural and education links, as well as attracting tourists, little has been done to portray the country’s modern achievements. As a result, over the last two years, the headlines and the huge amount of media coverage on the Greek financial crisis have been characterized by an intense use of value-laden expressions and labels that convey a negative sentiment. Europe talks of ‘bad’ and ‘good’ Europeans and ‘lazy’ southerners, ‘Boom, kick them out of the euro zone. Our citizens no longer want to pay for these wasteful Greeks’, wrote the Dutch newspaper *De Telegraaf* on May 19, 2010 following the results of an opinion poll among 11,000 Dutch citizens. Indicative is also the title of an article in *Le Monde* on February 6, 2010: ‘Bad Greece puts the Euro under pressure’ and the use of the acronym PIIGS (Portugal, Italy, Ireland, Greece and Spain) termed by the liberal magazine *The Economist*. In addition, media coverage of the Greek debt crisis has been

dominated by dramatic pictures of demonstrations and issues such as corruption, extensive tax evasion, inefficient illegal system and bureaucracy in Greece, rather than by an analysis of the complicated Greek economic situation. Such coverage, when combined also with the narrow orientation of Greece's public diplomacy cannot but only contribute to the deterioration of the country's position in the world.⁶

Bearing the above in mind, the purpose of this paper is: (a) to present Greece's current public diplomacy mission, structures and activities, (b) to analyse the institutional and ideological problems of Greece's public diplomacy, and (c) to suggest possible directions in utilizing public diplomacy as a foreign policy instrument that demonstrates the country's relevance in the world. Greece's public diplomacy employs cultural exchanges, education programs, and foreign broadcasts to convey Greek interests and ideals to foreign audiences. Little attention is paid to listening, and the approach does not promote dialogue and interaction with foreign audiences. Greece needs to establish a public diplomacy strategy that involves state and non-state actors, domestic and foreign societies with the aim of encouraging communication and dialogue.

Present Conduct: Mission and Structures of Greece's Public Diplomacy

Public diplomacy, according to article 17 of the Foreign Affairs Ministry's organizational statute, is a constituent component of the country's foreign policy, the purpose of which is to influence the governments and publics of other countries. The ultimate aim is the projection of a positive image, regionally and internationally, as well as the provision of credible information on Greece's so-called 'national issues' (Greek-Turkish Relations, Greek-FYROM relations and Cyprus). This task is assigned to the Minister and the *Department of Information and Public diplomacy* (DIPD), which issues press releases and prepares periodical essays that are distributed internally and externally (Greek embassies). This requires that the DIPD follows the national and external media, collecting facts and information on issues regarding the Ministry and Greece. The head of the department, usually a high-ranking diplomat, is the spokesperson of the Foreign Ministry, informing on a daily basis the representatives of the national media and the foreign correspondents. The DIPD, however, is not provided with a unit of strategic planning and specialised staff in political and international communication, and is not

engaged in any sort of research and planning of public diplomacy⁷. Its activities are limited mainly to supporting the work of the Ministry's press spokesperson. Indicative is the fact that the working staff of the DIPD is only comprised of two interpreters/translators (English and French).⁸

As a result, the DIPD has to work with the *Secretariat General of Information & Communication* (SGIC). The SGIC, which is under the authority of the Minister of Internal Affairs (!), has a mandate to⁹ (a) inform state services and public sector agencies on important international events as well as views and reactions of Greek and foreign public opinion, including those of mass media, on issues affecting the country, (b) inform international public opinion, in cooperation with the Ministry of Foreign Affairs, on the Greek positions and views on various issues, with the aim to promote the country's image abroad and contribute to the strengthening of relations with foreign countries and international organizations, (d) contribute to the strengthening of national and cultural links with Greeks of the Diaspora, and (e) collect and make good use of data, especially in the field of national, political, social, economic, cultural and environmental issues concerning Greece, as well as international issues that are relevant to the country and/or the international bodies of which Greece is a member. In line with its mandate, the SGIG publishes the *Greek News Agenda* (GNA)¹⁰, a daily online bulletin in English, which informs its external readers of developments in domestic politics and current affairs, international relations, business, energy, culture, and travel. It is a reference for issues of general as well as of particular interest, providing useful online sources for additional information and documentation. On a regular basis the SGIG also publishes separate online bulletins for Greek readers regarding the country's political, economic, cultural and environmental affairs, as well as Greece's foreign policy and international developments. Regular online bulletins with information regarding the content of Greek language programmes in foreign radio stations, such as Deutche Welle, Bayrak, The Voice of Russia and Radio Macedonia-Skopje, are also published.¹¹ In addition, the SGIG, and not the DIDP, also oversees the thirty-six Greek Press and Communication Offices Abroad (PCOs), which operate within the framework of Greek Diplomatic Missions as principal information links between Greece and the foreign media or other opinion leaders as well as the general public.

In particular, it is the Directorate of Services Abroad (DSA) of the SGIG, which coordinates and directs the work of Press and Communication Offices Abroad. The DSA¹² (a) examines issues related to the PCOs, determines their targets and the way they act and operate, provides them with instructions and

guidelines on how to inform and influence the international public opinion in favor of Greek views and opinions, and (b) sees to the refutation of false or misleading news deriving from articles or broadcasts by foreign press and media, in cooperation with the Press and Communication Offices. In addition, and in cooperation with the PCOs, they also gather and process data and information regarding international or specific issues which are related to the international relations of Greek interest, and make use of them through the publication of news bulletins. Indicative are the following English, French, German and Chinese weekly editions, which present a summary of the main Greek political, economic and cultural events: *Greece Hebdo*, *Griechenland Aktuell* and the *Chinese & English News Review "Greece - Sila"*. Some PCOs also publish news bulletins, such as the *online bulletin* published in Helsinki, the weekly bulletin *Boletín Griego de Noticias* in Madrid, the *Monthly News Review* in Beijing, the bi-monthly *Foroellenico* bulletin in Rome and the monthly bulletin *Greece* in London. The PCOs furthermore plan, coordinate and supervise festivals, exhibitions and events that promote Greece abroad. In this area, the work of PCOs, as well as of DPID, is also complemented with the activities of a number of state institutions, such as the *Hellenic Foundation for Culture* (HFC), the *Greek National Tourism Organisation* (GNTO), the radio network *The Voice of Greece* and the *World Council of Hellenes Abroad* (WCHA).

The aim of the HFC¹³ is to promote the Hellenic culture and to disseminate the Greek language all over the world. Since its founding in 1992, the HFC has created branches in Odessa, Alexandria and Berlin. It operates offices with representatives in London, Vienna, Brussels and Washington. During the period 2007-2009, the HFC founded Centers of Hellenic Culture in Trieste, Belgrade, Bucharest, Tirana, Sofia and Melbourne. These centers organise seminars on teaching Greek as a foreign language, and in co-operation with public and private cultural institutions and the local government, they also organise major cultural and artistic events with the aim of promoting Greek civilisation.

The GNTO is a public entity supervised by the Ministry of Culture and Tourism. It has thirty two national offices and twenty one offices abroad in countries such as the USA, the United Kingdom, Germany, Australia, China, France, Israel and Russia.¹⁴ As the ruling state agency for tourism, GNTO is responsible for Greece's advertising campaigns, for publications (posters, leaflets, books, promotional material), for the organisation of international exhibitions and tourism fairs, as well as the publication of the bulletin *Greek Travel Business News*.

The radio network The Voice of Greece¹⁵, owned by the Hellenic Broadcasting Corporation (ERT), transmits in all five continents, where Greeks live, from the Balkans and Europe to Africa and Japan and from the USA to Australia. The programme includes productions of political, cultural and folklore interest. ERT 5, however, is not only intended for the Greeks living abroad, but also to foreigners living in Greece and abroad. It accomplishes this through a daily programme in 12 languages at short and medium wavelength. Thus, ERT5 is a source of timely and direct briefing of the various developments in Greece and the world. The Voice of Greece has also joined the world community of the Internet with live transmission of its programme 24 hours a day.

Finally, the WCHA was established in 1995, to consult and advise the Greek State on issues concerning the Greeks abroad. The WCHA, with permanent headquarters in Thessaloniki, is comprised of seven geographic Regions (USA, Canada, Central-South America, Europe, Africa, Near-Middle East, Oceania-Far East, Former Soviet Union countries) managed by an eleven-member Presiding Board. Its main goal is to establish cooperation, offer support and bring together the Greeks of the Diaspora creating a global Network.¹⁶ The Presiding Board of the WCHA, in cooperation with the Coordinating Councils of the seven regions, undertakes to systematically record problems, recommendations and proposals made by its members and the Greeks abroad in general. It also focuses on issues concerning Education, Culture, Youth and Entrepreneurship. In this context, the WCHA and the Hellenic Regional Development Centre (HRDC) cooperate in the materialization of the 'Speak Greek-Live Greek' programme. This endeavor is under the auspices of the Greek Foreign Ministry and the Greek UNESCO Committee while enjoying the unreserved support of the Alexander S. Onassis Public Benefit Foundation and the cooperation of Academic Institutions. It is worth noting that the teaching material is offered in English, Russian and Spanish. Those interested in learning Greek can register to have access to the online multimedia language-learning programme (www.greek-learning.gr).

Limitations and Drawbacks

Despite the above mentioned examples, Greece's public diplomacy lacks a well coordinated and central direction. There is no joint platform of cooperation between different ministries to form a common strategy for public diplomacy, each one contributing its own ideas, means and resources. The reality instead is overlapping responsibilities and individual action, without

central planning¹⁷. As noted, the *Department of Information and Public diplomacy* (PUBLIC DIPLOMACY) does not oversee the activities of the PCOs and lacks resources and organizational capabilities. In addition, the messages and activities directed to international audiences are mainly thought of and formulated by the Ministry of Internal Affairs, and in particular the *Secretariat General of Information & Communication* (SGIC).

Characteristic is also the treatment of the PCOs. Firstly, the press officers are not staff of the Ministry of Foreign Affairs. Secondly, and according to a recent public press release of their Association¹⁸, their professional development and elevation, as well as their posting abroad, are not guided by clear and specific rules, but are decided without prior warning and preparation. PCOs do not participate, however, in any kind of communication policy planning administered either by the Secretariat, or by the Ministry of Foreign Affairs¹⁹. What is of importance is not their expertise or ranking, but the priorities of the political leadership, and in particular the SGIC, as illustrated in the appointment of various personalities (journalists, artists) as Heads of the PCOs abroad. Such personalities do not always possess the relevant qualifications and education that the Press and Communication Officers have acquired at the National School of Public Management (Press Attachés Department)²⁰ after graduation from University.

Public diplomacy, as Skouroliakou rightly argues²¹, is not acknowledged as a foreign policy instrument, and little attention is given on how to develop its possibilities. Foreign policy goals are pursued mostly, if not exclusively, through traditional diplomacy paths, i.e. government to government relations. Such an approach has inevitably limits for the available audience, and does not facilitate a debate and dialogue between different publics to develop a different view of foreign policy, even concerning publics of immediate interest, such as the Turkish one or the one of FYROM.

Greece's Narrow Public Diplomacy Conception

Moreover, Greece's public diplomacy is also narrowly defined. Greece's governments still resort to the old and outdated logic of styling and reproducing the country's international image as an attractive holiday destination.²² This priority, as well as the emphasis on projecting its glorious past, indicates that Greece's public diplomacy, as practiced today, is mainly about selling a culture and a way of life, and not about trying to develop mutual and long lasting relationships in a changing world.

This may be attributed to Greece's memory of traumatic experiences resulting from a long, and in some cases painful, process of nation building, as well as from the constant –as far as the perception of external 'threat' is concerned– display of Turkey's revisionist stance (from the Turkish invasion of Cyprus in 1974 onwards). Thus, public opinion as well as the country's political elite do not sufficiently appreciate Greece's current position in the global arena, and perceive the country through the prism of 'Greek Exceptionalism'.²³ This discourse molds Greek citizens to believe that although they are 'superior', history has been playing 'tricks' with them, as they are permanently betrayed by 'foreign allies' and the powerful 'West'. At the core of this ideological position is the 'culture of the underdog', basic traits of which are introversion, xenophobia, siege mentality, and a prevalence for conspiracy-related approaches and interpretations of international developments.²⁴ Greeks suspected and continue to suspect complicity of the USA and the EU on the Cyprus issue, the Aegean and the country's debt crisis.

As a result, Greek foreign policy is not only dominated by ethnocentric stereotypes, but is also heavily influenced by a political discourse dominated by ethno-populist content. Of all NATO and EU members, Greece, in particular during the 1980s and 1990s, showed the greatest ambivalence in its choice of foreign policy options. The country's initiatives were not in conformity with Western standards of external behavior, as for example in Greece's refusal to condemn the establishment of the military regime in Poland in 1981, or the destruction by the USSR of the Korean Airliner in 1983. Furthermore, as foreign policy making in Greece is largely motivated by the need of maximizing electoral impact and popularity, domestic public opinion becomes a fundamental source of decisions and priorities. This not only amplifies the perception of 'a country under siege' from external pressure (as indicated in the demonstrations and mass rallies of the early 1990s to demonstrate the national/popular unity against the international recognition of the Former Yugoslav Republic of Macedonia (FYROM)), but also facilitates the adoption of inflexible and usually irrational political positions. Examples of the latter are the Greek embargo on the small and newly neighboring state of FYROM in 1995, and the recent decision of Prime Minister George Papandreou to propose a referendum on whether or not to accept the European debt deal for Greece to which he had personally agreed.

This reality in many instances restricts the government and policy-making mechanisms from prioritizing appropriately. The country's politicians and in particular prime ministers and foreign ministers had and continue to have a

predominant and catalytic role on the decision making process, determining the content, objectives, characteristics and quality of Greece's foreign policy initiatives. Diplomats and Press and Communication Officers, as noted above, mainly operate as executive and procedural organs that support the decisions of their superiors, rather than that of developing and debating alternative policies and strategies. The direction of Greece's foreign policy and international communication is left to the Prime Minister and the Foreign Minister, without prior debate and consultation in the context of collective bodies or institutions.²⁵

This institutional gap does not allow for an open, public and political debate on Greece's public diplomacy. In fact, decisions on the direction of Greece's public diplomacy, one could argue²⁶, are largely left to the politicians and leaders who (may) have a vision and strategy for the country's international position and image. One such example is Constantine Karamanlis, who as prime minister of the country in the 1950s and the 1970's invested on Greece's possibilities as an attractive cultural and holiday destination. He personally supported and achieved the upgrading of Greece's archaeological sites, established the Athens and Epidaurus Festivals, cultivated the idea of creating the Acropolis Museum, constructed luxurious hotels and invested on the country's roads, airports and ports. Another example is that of Costas Simitis, prime minister of Greece from 1996 to 2004 who pressed for the country's political and economic modernization, the consolidation of Greece's position within the EU, as well as the upgrading of its infrastructure.

Greek Olympics Public Diplomacy

The absence of a public debate also creates major obstacles in the understanding, communication and coordination of Greece's public diplomacy. Indicative is the management of Greece's image and position before and after the Athens Olympic Games of 2004.²⁷ Preparing for and hosting the Athens Games proved to be a unique exercise and experience for the country as a whole. For more than five years, the city of Athens looked like a major construction site. In addition to the entire games infrastructure in Athens and other cities of the country, 2,800 km of roads were built or upgraded in the greater Attica region. The new metro together with refurbishment works in the existing light rail system as well as the suburban rail gave the city of Athens a contemporary European outlook.²⁸ The hosting of the Games was also successful. For the first time ever a record of 201 National Olympic Committees participated in the Olympic Games. More than

21,000 media representatives from around the world attended the Games and 3.9 billion people had access to the television coverage.²⁹

However, by investing on an idealized projection of Greece's glorious past and the return of the Olympic Games to their birth place, Athens³⁰, the Organizing Committee of the Athens Olympic Games (ATHOC) failed to provide the country with sustaining messages, visions and priorities for the 21st century. As a result no public discussion was held on the environmental or economic consequences of the Games.³¹ In fact, and according to the results of public polls for the period 2001-2003, most Greek citizens conceived the Games as the country's passport to the developed, Western world. The problems and consequences associated with the Olympic Games, both in economic and environmental terms, seemed to be of secondary importance. Nearly 83% of the respondents considered the Games to be a 'very important event', with 28.5% expecting that they would create job opportunities, 21.4% improve the international position of Greece and 27.7% upgrade the country's infrastructure.³²

As Greece discovered, however, their preparation was not an easy task as they were characterized by delays in the assignment and execution of projects, conflicts between the government and the ATHOC regarding their jurisdictions, increased concern on the rising cost of the Games and tight deadlines. This did not contribute to positive international reporting, nor to a reduction of the negative international stereotypes regarding contemporary Greece.³³ In a qualitative survey carried out among opinion leaders of six countries (USA, Japan, France, United Kingdom, Spain and Germany) by the ATHOC in December 2003, the Greeks were perceived to lack the qualities of careful planning, reliability and organisational skills. Furthermore, it was also emphasized that the Greeks are not associated with attributes that are considered to play an important role in modern democracies, such as social responsibility or capable administration. Respondents described the Greeks as somewhat 'indolent'. The Greeks, it was felt, are pleasant and passionate, 'essentially harmless' but also 'relatively unimportant', 'a nation that must not necessarily be taken all that seriously'. It comes as no surprise, therefore, that few respondents were able to comment on Greece's economical or political situation.³⁴

This is not to argue that the final success of the Games did not generate a series of positive messages for the image of Greece. According to a global research undertaken by the ATHOC, respondents felt more positive towards Greece after the Athens Olympic Games took place, with figures reaching 45% in the US, compared to 36% prior to the Games, and 44.9% in Europe,

compared to 44% with positive perceptions prior to the Games. Awareness of Greece as the host country of the 2004 Olympic Games also significantly improved. In all countries involved in the survey, awareness levels reach results higher than 88% after the hosting of the Games.³⁵

Following the Games, however, the opportunity to redefine the position of the country was lost. The Greek government has not only failed in utilizing and maintaining the sporting infrastructure, but has also failed to develop a consistent strategy of objectives for communicating Greek modernity and social-economical development. Rather, Greece's public diplomacy continues to rely on its natural beauty, history and culture as a means to attract the world's attention, failing to dispel all myths and clichés regarding the passionate but unreliable Greek character. Bearing that in mind, and with the confidence and reliability deficit that the country's debt crisis has created, a consistent public diplomacy strategy in developing, promoting and implementing key messages for the positioning of Greece is required.

Rethinking Greece's Position in the World

To begin with, Greece needs to fully appreciate the country's contemporary regional and international position. Indicative are the results of the 2011 *Human Development Index* (HDI). The HDI has been introduced as an alternative to conventional measures of national development, such as the level of income and the rate of economic growth. It is published every year since 1990 by the *United National Development Program* (UNDP). The HDI represents a push for a broader definition of well being and provides a composite measure of three basic dimensions of human development: health, education and income. The HDI index gives Greece a rank of 29 out of 187 countries with comparable data³⁶ which is positive when compared to other countries in the region and in Europe.³⁷

Despite this reality, the Greek government has failed to respond to the critiques of the international press about a profoundly 'corrupt' and 'clientelistic' state with an 'overburdened' public sector and 'lazy' civil servants. This is not to deny that Greece's debt crisis should not be attributed to the economic and social failures of its political system, but by passively accepting Greece's 'peculiarity' one fails to understand its international dimension and affinity with related events in other developed countries of the world. The debt crisis, for example, should also be associated with the global economic crisis, interdependence, vulnerability and cohesion of the EU as similar debt

problems are troubling 'bigger' and 'more developed' EU member states as well. Public and political discourse needs to be more substantial and should focus on Greece's contemporary position; the country's values and how those are related with the values of other countries; and its comparative advantages and how they should be perceived, discussed and projected internationally.

To do so Greece needs to understand and not undermine its historical progress and direction. From a poor and developing country in the 1950s, Greece now enjoys the highest level of development in the wider Balkan and Mediterranean region, combined with an established democracy and membership in the euro-zone, the EU and NATO. This progress should not only provide Greece with confidence, but should also unleash its capabilities and promises in order to deal with the actual problems of its political and economic system, such as corruption, low competitiveness and production.³⁸ In particular, Greece needs to develop a balancing strategy, one that not only allows it to be indispensable regionally and internationally, but also permits it to continue its internal political and economic reforms and development. This cannot be practised without rethinking and utilizing the concept and possibilities of public diplomacy in today's interdependent and turbulent world.³⁹

Rethinking the Concept and Possibilities of Public Diplomacy

Mainstream public diplomacy practice focuses on (a) cultural diplomacy (arts, educational and sporting exchanges), (b) advertising and sponsorship of media programming and events, (c) media relations (meeting and communicating with journalists, editors, producers), (d) hosting and participating in public events, and (e) radio and television broadcasting.⁴⁰ Such actions are not only aimed at informing and influencing audiences overseas for the purpose of promoting the national interest and foreign policy goals, but are also focussed on improving the image or reputation of a country. Although important, such actions, as we have seen with the example of the USA, are not sufficient for creating a favorable global environment. Neither do they contribute, as Greece's example with the Athens Olympic Games of 2004 illustrates, to the reduction of stereotypes. This is not surprising as the emphasis of such public diplomacy actions is on constructing a friendlier environment within which states can pursue their policies. Public diplomacy as practiced is monological, aiming at making individuals in other countries supporters of ideas, views and values that are friendly to the country/ies

exercising public diplomacy, disregarding, however, that in today's world it is what one hears and understands, not what one says that is important.

The rise of global communications, the spread of democracy in central and eastern Europe and the recent upsurge in North Africa and the Middle East, the growth of global NGOs and the development of powerful multilateral organizations have changed the nature of power, government and diplomacy. They are affecting the way in which governments conduct their diplomacy and increase the importance of the public dimension in foreign policy. They provide new opportunities for citizen participation as members of the public are developing new competencies for global engagement through the use of information and communication technology. In addition, domestic issues such as health, crime and the environment have become essential elements of global security. Moreover, as the concept of security has been broadened, the gap of what used to be domestic and foreign policy has rapidly closed, making citizen's everyday concerns the concerns of foreign policy makers.

'International' politics, as Heywood⁴¹ clearly illustrates, has been transformed into 'global' politics through a variety of new developments. Although it would be absurd to dismiss states and national governments as irrelevant, equally absurd would also be to deny that over a significant number of issues states operate in a context of global interdependence and interconnectedness. This has not only facilitated a shift from geopolitics to a foreign policy that emphasizes the primacy of values and ethics⁴², but has also opened up the field of global politics to other actors and other types of activity, which mainly rely on the social power of individuals and NGOs. Social power, defined as the ability to set standards, create norms and values that are deemed legitimate and desirable, without resorting to state-centric power, is a central part of contemporary global politics.⁴³ States compete with global communication networks and NGOs to communicate information to the public. Foreign policy and diplomacy is taking place in a system of mutually beneficial relations that is no longer state-centric, but composed of multiple actors and networks that not only operate in a fluid global environment of new issues and contexts, but also cooperate and learn from each other.⁴⁴ As a result, and as the recent literature on the subject underlines⁴⁵, public diplomacy today can only be successful if designed to operate within a 'polylateral' world of multiple actors. The challenge for public diplomacy is to be inclusive and collaborative, facilitating substantive dialogues with broader foreign societies and actors, such as domestic and global NGOs and civil society movements, not only when trying to convey messages and develop friendly

relations, but also when dealing with global issues.⁴⁶

In the realm of contemporary global politics, therefore, public diplomacy cannot only depend upon the attractiveness of a country's culture or way of life. This approach is too limited, as it aims only, at affecting the policies, dispositions and actions of other states in an indirect way.⁴⁷ In today's world, establishing and maintaining public diplomacy requires building mutually beneficial relationships with internal and foreign publics. Engaging other actors, internal and external, and incorporating their views should be at the centre and not the periphery of public diplomacy. This requires a shift from a hierarchical public diplomacy communication model to a network oriented one. The first, as noted above, transmits top-down information flows to a target audience, seeking to influence foreign public opinion, which in turn influences the foreign policy of other countries. The network model, on the other hand, and in light of common transnational problems, seeks to build relationships around common interests in order to promote action in fields where governments seem unable to deliver. It requires more diverse membership and less hierarchical organization to incorporate new actors and their specialized knowledge more efficiently, which means abandoning the logic of transmitting carefully crafted messages to a large but static audience in order to achieve policy objectives. Instead, there needs to be a focus on building sustainable relationships with foreign publics as an end in itself, through message exchange, dialogue, and interaction. The changing global environment, characterized by cultural diversity, turbulence, the emergence of new actors and the rise of interactive media, makes this all the more necessary.

When considering Greece's location in a complex, volatile and security-consuming geographical zone, including the Balkans, the Black Sea region, the Mediterranean and the Middle East, such a public diplomacy strategy will not only provide the country with new opportunities in dealing with its bilateral problems (Turkey, FYROM), but will also enhance its relevance and influence in multilateral organisations and forums, supplying it with ample opportunities in world affairs, far beyond its current economic condition and limited hard power capabilities.

Paths to Improving Greek Public Diplomacy

Over the years Greek foreign policy has developed mainly on the logic of dealing with 'threats' that derive primarily from neighboring countries.

Without doubt, some of these ‘threats’ existed and continue to do so. However, a distinguishing characteristic of Greece’s foreign policy was and is the excessive appreciation of these threats. Greek foreign policy is mainly occupied with the country’s uneasy and in many cases hostile and conflictual relationship with Turkey and FYROM. This has not only created a political context and public discourse⁴⁸ within which negotiated and conciliatory solutions to long-standing problems with Greece’s neighbours are out of question, but has also deprived Greece from participating energetically in the European and global system. Greece, as Skouroliakou rightly stresses⁴⁹, “while sticking to its own problems, it stays aside of the contemporary debates resulting in European policies, ultimately working against its own interests: diplomacy is a multilevel give and take game where empathy is vital; what might not be interesting to you could be crucial for someone else, so listening and comprehending others is important if you want your case to be heard”. The challenge for Greece, therefore, is how to develop a collaborative and multistakeholder public diplomacy⁵⁰ strategy that contributes to the country’s security and credibility through active participation in the discussion, management and resolution of pressing problems of the regional/global agenda. With that in mind, the next section suggests possible changes at three levels. At regional level, through Greece’s public diplomacy towards Turkey and the Balkans; at global level through the thematic re-focusing of the country’s public diplomacy and at institutional level through the creation of structures and mechanisms that work on and decide the content of Greece’s public diplomacy. Finally, the paper also examines how Greece can utilize public diplomacy in dealing with the complex and multifaceted issue of the debt crisis in a multi-actor system such as the EU.

Regional Level

At a regional level, Greece’s foreign policy must try to rationalise and re-conceptualise its neighbouring ‘threats’, especially in relation to Turkey which has dominated the country’s foreign policy and behaviour since 1974. This position was justified in 1974 with the invasion of Cyprus and Turkey’s subsequent assertions and claims in the Aegean. Today, however, Greece’s successful policy to secure the membership of Cyprus within the EU and to support Turkey’s European orientation, have significantly limited the probability of a military escalation between the two countries either with regard to Cyprus or the Aegean. This reality should allow Greece to invest on the political, economic and social rapprochement of the two countries, and facilitate and encourage the frank exchange of views that will create the

conditions for overcoming the frictions of many decades.⁵¹

Greece's relations with Turkey therefore should be the basis of a public diplomacy strategy which rests on ideas and values such as respect for the others and cooperation, rather than conflict. The aim should be to listen and change, to engage the public in Greece and Turkey at the communication level and at the policy level, building bridges and achieving mutual comprehension.⁵² What is required is a public diplomacy that will assess and value the differences and similarities of the Greek and Turkish societies, their aspirations, achievements and cultural life of their individuals, common economic, social and environmental problems.

The Greek government should work towards promoting interaction between journalists, youth and civil society actors, facilitating in-depth communication and developing a greater knowledge and empathy with the position and the problems of the 'Other'. This requires public debate, contact and communication. Journalists and NGOs from Greece and Turkey should be encouraged to establish a common internet site or NGO, through which they could portray the anxieties and positions of their countries, while at the same time facilitating a two-way communication with academics, artists, professionals and civil society organizations. They could also be encouraged to cooperate, collect and interpret facts on common economic, social and environmental problems and thus create understanding and a better comprehension of the subtleties of Greek and Turkish issues.

Despite its significant economic presence⁵³ in the Balkans, Greece has not succeeded in creating trust and credibility in the region. The emphasis on the name dispute with FYROM has not allowed Greece to diversify its agenda and encourage collective regional efforts to deal with pressing political, social, ecological and economic problems. Greece's Balkan policy, unfortunately, was also pursued with the offensive logic of 'economic penetration'. This logic, combined with Greece's manifestation of xenophobia to Albanian and other Balkan immigrants, not only activated the defensive responses of the Balkan countries, but has also produced a syndrome of distrust and constraint. Indicative are the results of a survey undertaken in the mid-noughties. Although 96% of the respondents in the Balkan countries admired Greece's political and economic development, only 26% regarded its policies and society tolerant. In fact, 74% stated that Greece was 'aggressive'.⁵⁴

It is, therefore, of absolute necessity that Greece develops a public diplomacy strategy with the aim of inaugurating stable and long-lasting policies of co-existence and understanding. Greece, for example, could take the initiative

to monitor, push and encourage the countries of the Western Balkans in an effort of accelerating their progress towards meeting and implementing the EU accession criteria, values and principles. This should also be accompanied by increased and substantial cooperation, with governmental and non-governmental actors of the region on the open and crucial regional issues of the environment, tourism, education, technology and organized crime. In due time, by pursuing such an energetic role Greece will be able to crouch with neighboring countries and their societies, playing a central role in the development of solutions to common problems and concerns.

Global Level

At global level, Greece needs to refocus the thematic orientation of its public diplomacy. In particular, instead of concentrating only on issues of culture, history, education and tourism, public diplomacy could also focus on the mounting global threats and problems. This is not to downgrade the benefits stemming from cultural or educational activities, nor to advocate their termination, but Greece as a country among the first thirty in terms of human development needs to position itself as a contributor and force for development, democratization and peace in the world.

One could argue that this is not possible given the country's current economic difficulties and debt crisis which has put Greece on the fringe of decision making on many issues. Greece, however, as the recent developments in the euro zone indicate, is not alone in having to deal with such economic difficulties. In addition, Greece's geographical location, as well as the fact that it is not burdened with a colonial and imperialist past, allows the country to communicate much more easily and effectively than the 'powerful' countries of the EU and the West on global issues such as development, peace, conflict prevention and governance.

The changes that are currently taking place in North Africa and the Middle East, for example, are opportunities that Western governments cannot neglect. People in the region are demanding changes that Western governments have been propagating for, but have failed to support. In fact, the popular uprisings of 2011 took many western analysts and elites by surprise -a surprise that was justified, given their failure to understand the growing political disenchantment and despair of the Arab peoples. By focusing too much on the factors that explain the stability of authoritarian regimes (i.e. limited electoral campaigns, market reforms, diplomatic relations with major Western countries)⁵⁵, many Western countries failed to appreciate how the

dissent of diverse constituencies that possess few institutional channels to express their discontent, may find ways to express their demands through novel means of political mobilization and communication.⁵⁶

European disarray over Libya and Syria has shown how difficult it is for the EU governments to find common cause, even on urgent and high-profile foreign-policy challenges. The mixed and even contradictory reactions of different EU governments to the Arab popular revolts have highlighted the lack of a common external policy. The exclusive focus of the West with governments of the area did not allow them to develop an understanding of internal (economic, social) dynamics. Open venues with the publics would have allowed for a greater understanding of those dynamics, and lead to a formulation of a policy that is more effective. Events in Egypt, to take an example, not only caught the Western governments by surprise, but in doing so forces them to re-examine their foreign policy *vis-à-vis* them and the wider geopolitical landscape in the Middle East⁵⁷.

Given the satisfactory relations that Greece maintains with many countries of the region, such as Syria, Jordan, Egypt, and Iran, it could consider the possibility of: (a) assuming a role as a 'bridge' between the West and the underdeveloped world, facilitating the promotion of collaborative projects and endeavors that reduce the 'clash of emotions' that arise between the 'rich' and the 'rest', and (b) take a leading role in developing the conditions for engagement of Western governments with the people of the region instead of their governments. Greece could facilitate genuine dialogue, and build mutual understanding and sustainable relationships with individuals and groups that could operate as forces of social and political change in the Arab world.⁵⁸ In addition, it could also develop a supplementary and supportive mediating role, facilitating and enabling meetings and negotiations between official and unofficial actors engaged in the conflicts of the region.

Such initiatives will facilitate Greece's relevance in multilateral organisations and other significant global forums and actors, supplying it with ample opportunities to gain influence in world affairs far beyond its limited economic capabilities. In that direction, it is also important that Greece invests on the increasing 'globalization' of its foreign policy. For many years, and especially after 1974, the geographical orientation of Greece's foreign policy was limited to Turkey, Cyprus, the Balkans, the EU and the USA. Today this is no longer the case. There is a geographical expansion of Greece's foreign policy with Russia, the Caucasus and the Middle East. Significant is also the gradual development of contacts, communication, trade and investments with the

emerging powers of South and East Asia (India, China). This important development is not only the result of globalization and the emergence of new economic powers, but also of the 'denationalization' of Greece's foreign policy. Non-state actors, businessmen and a diversity of institutions and organizations of the private sector are pressing Greece to diversify its interests and concerns.⁵⁹

In an era of financial crisis, this diversification of Greece's interests and concerns could serve as a significant source of economic investments, trade/new flows of tourism. In addition, and when considering the need to re-focus the country's public diplomacy, this diversification should also encourage the Ministry of Foreign Affairs to take steps to equip Greece's domestic audience with tools through which to understand the world. Greece could launch a citizens' diplomacy program, enhancing the awareness and understanding of the domestic audience with global issues and problems. This will allow citizens to engage and initiate networks at regional and international level. Another option would be to establish a foreign policy program, promoting informed dialogue among the domestic audience via the internet.⁶⁰

Institutional Level

A new public diplomacy strategy for Greece also requires the creation of a new and self-contained unit of Public diplomacy Officers within the Ministry of Foreign Affairs, with enhanced jurisdiction and autonomy in Greek Embassies and Consulates. Diplomats are mainly concerned with the conduct of foreign policy and in communicating the priorities, positions and intentions of their government to the official representatives of the countries to which they are posted. This should not be the case for Public diplomacy Officers, as they need to place a greater emphasis on all aspects of Greece's society, economics, politics and culture. To do so they need to be in a direct, open and continuous communication with representatives of the media, business, commerce, trade, research, academic and artistic communities in countries to which they are posted, developing a culture of dialogue and listening, and building concrete relationships.

According to Skouroliakou⁶¹, it is necessary, firstly, that Press Officers and Press Offices should move under the auspices of the Ministry of Foreign Affairs in the Department of Information and Public diplomacy. The Department of Information and Public diplomacy will be responsible for promoting Greek foreign policy to both international and domestic audience. This will not only solve problems of coordination and centrality, but will also provide Press

Officers the opportunity to engage in more initiatives, craft policy plans and become more exposed to the public. Secondly, to create a mechanism charged with communication policy planning. That would also allow better coordination with other relevant institutions (Ministry of Culture and Tourism, Ministry of Development, Ministry of Education etc.). In fact, ENAT (the Greek Union of Press Officers) recommends the creation of a Greek Strategic Committee for Public diplomacy with executive and operating competences to be administered by the Ministry of Foreign Affairs with central role of the Department of Information and Public diplomacy. It would have a decisive rather than a mere consultative role and would be the government's advisor on public diplomacy. Last but not least, there is the question of funding public diplomacy activities. This should be done by cutting on the defense budget. Greece, as outlined above, should be a 'soft power' rather than a 'hard power' state. Greece has one of the highest military expenditures among NATO countries. Greece should reallocate these resources to public diplomacy training, cultural and business activities abroad and promotion of a positive image of the country.

Working in these directions, however, also implies that Greece's Ministry of Foreign Affairs develops a department or unit that examines issues that arise from or are related to globalization, global threats and global governance. So far, and with the exception of Hellenic Aid, no such unit exists. This will not only allow a national ongoing dialogue on foreign policy, but also will provide the basis on which to reshape Greece's public diplomacy, driving it not only to concentrate on significant global issues, but also to facilitate the importance of dialogue, listening and understanding of the various inconsistencies, shortcomings and perspectives of existing policies.

This is very important in a globalizing world, as traditional diplomacy is both increasingly contested for its inherent lack of transparency, as well as incompetence to solve a number of problems. States have lost power over the economy, being reduced to little more than instruments for the restructuring of national economies in the interests of global capitalism. Globalization is uneven and a hierarchical process, characterized not only by growing polarization between the 'rich' and the 'poor', but also by a weakening of democratic accountability as institutions of global political and economic governance fail to reflect the interests of all groups and states. Regional and international bodies, such as the EU, the World Bank and the IMF, have adopted a neoliberal agenda, acting in the interests of transnational corporations and banking conglomerates. In addition, despite the instabilities

and imbalance that have led to an intensifying global economic crisis, the great powers and international organizations seem unwilling to regulate and reform the global financial system⁶². They adopt short-term policies, dealing with the symptoms rather than the roots of the problems. They do not make an effort to explain their policies and implement them by neglecting valid objections that are put forward by politicians, academics and civil society actors.

This not only increases their lack of transparency, but also their effectiveness, as it is illustrated in the joint efforts of the EU and the IMF to deal with the debt crisis of Europe. Despite the ample critiques and protests against the market fundamentalism of their 'structural adjustment' programmes (as for example, the reduction of government spending on everything and the privatization of assets), and evidence that the IMF's policies in Asia and Russia and elsewhere, often deepened rather than reduced economic crises, the EU and IMF are unwilling to engage in a public debate on the logic of their strategies, providing argumentation and perhaps benefitting from feedback and counter-arguments. In this way, the solution to the euro-zone crisis will be impossible to achieve without bringing social and political tensions to the surface, creating problems for years to come.

The Example of the European Union

With the above in mind, Greece should also invest in a public diplomacy strategy that aims at enhancing transparency and legitimacy, and, therefore, also the efficiency of the country's efforts to deal with and overcome its severe economic problems. The country is not only witnessing a massive economic crisis, but the national government has also done very little to encourage public debate on stringent fiscal and economic measures, the viability and prospects of European economic governance. Public diplomacy, therefore, should aim at creating hubs for discussion, argumentation and counter-argumentation and feedback. Greece could do this at two levels:

Firstly, encourage and facilitate a public debate on European economic governance. Ever since the design of the single currency, there have been serious doubts on its sustainability. The sovereign debt crisis that has hit the euro-zone vividly demonstrated the insufficiency of existing European economic governance. Faced with the shortcomings of European economic governance, the EU, however, has not responded by choosing to pursue fundamental changes, but has opted to reform its economic governance framework by strengthening fiscal discipline through the introduction of more

automatic sanctions and stricter surveillance⁶³. This response, however, has little to say about the absence of growth and about how to address the social impact of austerity measures. So far, one could argue, the response of the EU is about primarily satisfying the financial markets, and not about analyzing the effectiveness and feasibility of other alternative economic governance approaches and arguments to promote and protect investment in social services. Furthermore, little is done to persuade and assure the support of the European citizens with more stringent fiscal and economic measures. In our network society, however, states should be inclusive and collaborative with a number of NGOs and academic institutions in both understanding the depth and parameters of the problem, framing and communicating it to the public and pushing for the most proper recipes.

In this direction, Greece's Ministry of Foreign Affairs could launch an electronic-internet citizens' diplomacy program, enhancing the awareness and understanding of the domestic audience with European issues and problems. This will allow citizens to initiate networks at regional and international level, promoting informed dialogue among the domestic and foreign audience via the internet. This could prove helpful in two directions:

- It could increase the linkage of the process towards the consent of the peoples of Europe. It is important for citizens to understand why the institutions of the EU are pushing for greater austerity measures. To ask if it works, and in so doing to better inform campaigns for alternative economic governance approaches and strengthen the case for protection and investment in the social sector⁶⁴.
- To break the polarization of opinion on how to deal with the crisis. Should the EU continue to invest on a cautious, step-by-step approach with an emphasis on stricter rules, conditionality and austerity, or move forward with the introduction of Eurobonds and a change in the statute books of the ECB so that it becomes a proper lender of last resort? The EU needs to find a more common ground on where sensible economics and political reality can join forces. Citizens and thinkers need to present and widely discuss their views and ideas on how economic governance can be improved and how the euro-zone can grow out of this crisis⁶⁵.

Secondly, initiate a campaign to communicate the country's standpoint and position to the rest of the world. The European and international press have mounted a fierce and negative campaign against Greece, dominated by dramatic pictures of demonstrations and value-laden stories of the 'lazy' and

‘corrupt’ Greeks. This coverage, one may argue, may be due to the fact that the Greek crisis has been covered by journalists who are unfamiliar and not knowledgeable with the country’s challenges. In addition, one may also argue, that the political establishment, not only in Greece, but also in the member states of the EU, are a major driving force behind the current negative coverage⁶⁶. In Greece successive governments have failed to deal with long-standing problems (low competitiveness, trade and investment imbalances, fiscal mismanagement). As result, and by placing the economy in a vulnerable international position, Greek politicians, instead of taking the responsibility for formulating and implementing an internal reform program, seem, unfortunately, to prefer agreeing to policies imposed from the troika. This pushes the national governments to hold closed negotiations with the troika, shifting as a result the blame abroad, to the EU and the IMF. European politicians, on the other hand, have thrown all the responsibility on Greece, ignoring a more balanced interpretation of the crisis, such as the short-sighted interests of the markets and the EU’s inefficient supervision of the fiscal state of Greece and other member states⁶⁷.

Journalists and citizens, Greek and European, as a result, are naturally encountered with arguments of the ‘credibility deficit’ in Greece and the insistence of the EU and the IMF to ‘punish’ Greece. This, and given the hostile public opinion with regard to Greece, has led to a situation of unrealistic policies and targets to support the country and the euro-zone, which may well put the European integration at risk. This becomes all the more possible when considering the position of the greatest economy of the EU, Germany, which perhaps more than any other member state has responded by viewing the interests of the EU as identical with its national interests. Germany’s role in supporting Greece and other member-states with similar problems raises serious questions about its responsibilities within the euro-zone and even about its commitment to a single currency. Germany’s insistence on bilateral consultations and official summits, most of which take place behind closed doors, breeds suspicion and fears to both the governments and the people of other EU member-states alike. By disrespecting and disregarding its partners, and by ignoring also the possibility to discuss with European citizens the future of the EU’s economic architecture, it will be difficult to overcome the euro-zone crisis.

Greece, therefore, and without denying the malfunctions of its state structure, should invest on a consistent public diplomacy campaign with the following two objectives:

1. To communicate Greece's efforts and policies to put its house in order during the last three years. This could be done by establishing a central website, containing as much as possible in depth news, analysis and special reports, that may be useful also to anyone that wishes to travel, study, invest or work in Greece. In this direction, the website should also provide linkages that will allow possible users to locate all state and non-state actors initiatives and campaigns which project the image of the country and its efforts to overcome the crisis. Important also is that it provides linkages with blogs and other social network sites, providing the potential for dialogue, proposals and counter proposals on the crisis.
2. To open venues for dialogue, through the creation of transnational websites and fora, whereby citizens, NGOs and social movements can express their opinions and comments and ask critical questions. The state is no longer the best source of information, or even the most likely catalyst of policy change and stability. Governments no longer monopolize the collection of data and the production of information and research on global issues. Global movements serve as authoritative sources of information that originate outside statist discourse. They generate important information about global issues and their sources have been empowered by the increased sophistication and power of computers and the internet⁶⁸. Bearing this in mind, Greece's initiatives, therefore, will not only provide greater transparency, but also a venue for an exchange of ideas, discussion and criticism of the shortcomings and contradictions of current policies. Creating such open-access networks of dialogue may provide Greece with the possibility of not only facilitating a greater understanding of the parameters of the euro-zone crisis internally and externally, but also of the opportunity of contributing to the implementation of policies that facilitate the survival of the euro and not its destruction.

Conclusion

Greece's grave economic crisis poses an existential threat upon the country, as its exit out of the euro zone and into the periphery of the EU is a possible scenario. Despite the dreadful consequences this will have for the welfare level of the majority of Greek citizens, it will contribute to the further weakening of the country's global confidence and as a result also to its eventual isolation not only within the EU, but also within other regional and global forums. Under such circumstances, it is all the more possible that not only greek

exceptionalism and nationalism will be augmented, but also that the country's relations with Turkey and FYROM will deteriorate.

It is for these reasons that Greece must try and work hard so as not to remain in the 'corner' of the EU, surviving only on the generous loans of the member states of the euro zone and the International Monetary Fund (IMF). Given the current financial and economic crisis, Greece must not passively accept that politically and economically it is on the periphery of the West and the EU, anticipating solutions to the country's internal and external problems to be provided by Brussels and Washington. As noted, Greece needs to develop a balancing public diplomacy strategy, one that not only allows it to be indispensable regionally and internationally, but also permits it to continue its internal political and economic reforms and development. This is not to argue that public diplomacy is a magical tool that will resolve Greece's institutional and societal problems. This requires hard and consistent work internally. Public diplomacy, however, can be instrumental in opening venues of dialogue and listening with foreign publics that will not only lead to more lasting and sustainable relationships at regional level, but also contribute to raising the confidence of the Greek people with regard to their position in Europe and the global system.

Public diplomacy in this context is necessary in order to reverse possible isolationist tendencies and place Greece more solidly within the regional and global system. This cannot be done without rethinking and re-focusing the public diplomacy of the country. At regional level this requires a public diplomacy strategy that works on attitude change, on an effort of increasing the familiarity with the 'other side', by providing and exchanging reliable information and views not only with increased contacts between journalists, academics and students, but also with other actors of civil society neglected by the emphasis on cultural and educational links. At global level Greece's public diplomacy should focus on the profound and critical issues of our era, facilitating open-access networks of dialogue between states, NGOs and the public. The emphasis of Greece's public diplomacy on cultural and historical links has not delivered the desired results. Greater benefits can be reaped through the development of a well planned and coordinated soft-power orientation, highlighting and investing on its significant role as a pole of stability as well as a pillar of the EU and NATO in the Mediterranean, the Middle East and North Africa. To do so Greece must extricate herself from the logic of 'Greek Exceptionalism', becoming a positive actor by providing ideas, initiatives and solutions to global problems, rather than just appearing

as a county that has only problems, internal and external.

In a globalizing world, Greece should also strive to practice a public diplomacy that encourages and embraces dialogue and feedback. The example of the EU and the euro-zone crisis is indicative. Government to government negotiations, at bilateral or multilateral level, has failed to provide stability and solutions to the problem. Moreover and when considering the increasing reaction not only of Greek, but also of an increasing amount of citizens, social movements and NGO's in other member-states of the EU to question the logic of imposed and unrealistic austerity measures, Greece should seriously consider complementing its government to government relations with a public diplomacy that facilitates communication and discussion processes between governments and foreign publics, with the aim not only of communicating official standpoints, but also listen and reply to potential counter-arguments and in some cases even incorporate some of them into the final policies. What ultimately matters most is the support and confidence of the EU citizens. The public opinions within the euro-zone, including the stronger and weaker countries, need to be convinced of the benefits of the single currency and the common destiny it entails. If supportive, this could potentially lead to more favorable terms for dealing with the Greek economic crisis, but also to a prosperous and stable monetary union.

The issue of the EU's economic governance as discussed above is of course only indicative, since a number of others, like terrorism, environmental degradation, immigration etc. could be added to the priorities of Greece's public diplomacy. The state-centric dialogue on these issues could be extended to include others whose concern is no less demanding of recognition. The threats and problems of today's world are a matter of common security, rather than anyone's national security alone. Thus there is not only a need to open up the possibility of putting pressure on states, but also on broadening the range of actors involved in the management and resolution of these problems. The challenge might seem insuperable, but it should not be ignored if Greece wants to enhance its relevance, role and influence in the international system. Prosperity in a globalized and turbulent world requires that Greece develops the outlook and skills that can only be gained from exposure to and understanding of other values, experiences and arguments at regional and global level. In these terms, public diplomacy, therefore, is not a luxury for a country plagued by severe institutional and economic problems. To the contrary it can contribute to a better future.

NOTES

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The Economic Crisis and its Impact on International and Greek Education

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RÉSUMÉ

Le but de cet article est d'étudier la crise financière actuelle et son impact sur l'éducation grecque. La Metapolitefsi (chute de la dictature) de 1974, l'apaisement du paysage politique, ainsi que l'intégration dans la Communauté économique européenne en 1979 et l'Union économique et monétaire en 2002, ont contribué à la modernisation, même dans le secteur de l'éducation. Ces réformes sont irréversibles même si leur application continue de rencontrer de la résistance. La situation s'est inversée depuis l'avènement de la crise financière qui, tout en étant préexistante, va éclater à l'exercice biennal 2009-2011 avec l'appel du pays au Fonds monétaire international et aux mécanismes de soutien de l'Union européenne. Après une brève référence à l'impact de la crise sur l'éducation internationale, l'article se concentre sur le cas grec, où, comme le montrent les recherches, la crise a entraîné des transformations spectaculaires dans tous les domaines de l'éducation (compressions budgétaires, coupures du salaire et des retraites des enseignants, fusions et fermetures d'écoles, réduction du recrutement des enseignants).

ABSTRACT

The purpose of this article is to study the current financial crisis and its impact on Greek education. After the Metapolitefsi (fall of the dictatorship) of 1974, with the contribution of a calm political landscape, the country, pushed also by its integration into the European Economic Community in 1979 and the Economic and Monetary Union in 2002, will follow a more stable path to westernization / modernization, even in education sector, through successive reforms. These reforms are no longer overturned even if their application continues to meet resistance. The situation has been reversed since the advent of the financial crisis which, while preexisting, will break out the biennium 2009-2011 with the country's appeal to the International Monetary Fund and to the support mechanisms of the European Union. After a brief reference to the impact of the crisis on international education, the article will focus on the Greek area where, as shown by researches, the crisis has brought about dramatic transformations in all areas of education (education budget cuts, teachers' salary and pension cuts, school mergers and closures, reduction in teacher recruitment).

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Introduction

The Greek educational system in its integrated form (primary, secondary and tertiary education level) was institutionalized by the Bavarians over the period 1834-1837 (Dimaras, 1974; Bouzakis, 2006; Tzikas, 2011; Tsoukalas, 1977; Fragoudaki, 1977). The evolution of Greek education in the following decades, especially after the bourgeois revolution of 1909 and the subsequent effort to institutionalize urban school in Greece, will pursue a Sisyphean path (Kazamias, 2011): reforms designed, sometimes enacted but ultimately not carried out (Dimaras: *op.cit.*). The school will be an area of intense political conflict throughout this period resulting in lack of continuity and stability. The education will be influenced by the continuous socio-economic and political - mostly - changes in a country that has experienced from the foundation of the greek state until today four bankruptcies -1827, 1843, 1893, 1932 (Veremis & Koliopoulos, 2006; Dertilis, 2009; Psalidopoulos, 1989).

According to Dertilis (2011), sharp increase in the public debt was observed during the period 1948-1998 and that rise was associated with the tax collection procedures as well as the military spending; but also before 1948 and over one hundred years the correlations had approximately the same characteristics. Thus, the fixed and long-term conditions compose a nexus of causal mechanisms. And while the story is generally not repeated, the constants remain and the mechanisms survive, bringing about the same consequences.

After the Metapolitefsi¹ of 1974, with the contribution of a calm political landscape (recognition of the Communist Party of Greece, new Constitution), the country, pushed also by its integration into the European Economic Community (EEC) in 1979 and the Economic and Monetary Union (EMU) in 2002, will follow a more stable path to westernization / modernization, even in education sector, through successive reforms. These reforms are no longer overturned even if their application continues to meet resistance (Charalambous, 1990; 2007). The situation has been reversed since the advent of the financial crisis which, while preexisting, will break out the biennium 2009-2011 with the country's appeal to the International Monetary Fund (IMF) and to the support mechanisms of the European Union (EU). Before, of course, Greece, other countries (Argentina², Turkey, etc.) had already resorted to the IMF. For Dertilis (2011), Greece is still in the first phase of the evil scenario: in the deep recession as a result of memoranda, following the government's efforts to increase tax revenues as well as to cut the spending of a state that has been essentially bankrupted and excluded from markets.

The economic Crisis and its Impact on International Education

The global financial crisis, erupted first in the United States in 2008 with the collapse of the Lehman Brothers bank, has as first victim the education. As Fotopoulos (2011) notes, “the educational mechanisms do not remain unscathed from the structural crisis affecting the whole of Europe. On the contrary, they are unable to constrain the creation of new categories excluded, violently forced to the margins of society. Already a phenomenon in Europe from 2008 called NEETs (Young People - Not in Education, Employment or Training) constitutes a modern form of social vulnerability which is expected to increase significantly in the coming years”³. This is a phenomenon that affects young people worldwide and takes political, social, economic, educational and cultural dimensions (Papadakis, 2009).

Regarding the extent and intensity of the NEET problem in European countries, the most recent comparatively weighted data highlight both the geographical and age imbalance of NEETs (see Figure I)⁴. Perhaps the most worrying aspect of the phenomenon, however, is related to employment prospects (and hence reintegration of NEETs). In fact, it seems that the combination of low education level and delayed labor market integration is being crystallized in fixed hysteresis and expands the difficulties in entering the employment. It appears that the percentage of NEETs is high for most countries and is increasing (Papadakis, 2011: 1).

In England, it is estimated that during the last years more than 200.000 young people are in the “social nowhere” since, having generally left school prematurely, they do not participate in any official form of education, training or employment. This number accounts for around 10% of the population of young people between 16 and 24 years old. Simultaneously, Northern Ireland faces the same problem as NEETs are estimated at about 35.000 (15%) of the population between 16 and 24 years old. One of the most distressing aspects of this situation is that a 2009 study shows correlation between NEETs and premature mortality as 15% of NEETs die within 10 years (Fotopoulos, 2011).

In regard to Greece, complete mapping of the phenomenon has not yet been made neither are there official crossed data for NEETs. From the available data of the EU, it is estimated that Greece shows a slight improvement in the age group 15 to 24 years old from 2004 to 2008. Nevertheless, reducing the percentage of NEETs from 16.8% in 2004 to 11.7% in 2008 (i.e. 5.1 percentage points), Greece is still well above the average of the other EU Member States (10,8%) (Papadakis, 2011).

FIGURE I

NEETS (age 15-24)					
	2004	2005	2006	2007	2008
EU-27	12.8	12.6	11.6	10.9	10.8
BE	15.4	13	11.2	11.2	10.1
BG	26.4	25.1	22.2	19.1	17.4
CZ	13.7	13.3	9.2	6.9	6.7
DK	5.1	4.3	3.6	4.3	4.2
DE	10.1	10.7	9.5	8.8	8.3
EE	12.1	10.2	8.8	8.9	9.1
IE	11.9	10.9	10.1	10.7	13.6
EL	16.8	16.1	12.2	11.5	11.7
ES	12.5	13	12	12.2	14.4
FR	10.5	10.8	10.9	10.3	10.3
IT	16.6	17	16.8	16.2	16.6
CY	9.4	19.5	10.7	9	9.7
LV	10.9	10	11.1	11.8	11.4
LT	10.9	8.6	8.2	7	8.9
LU	6.3	5.5	6.7	5.7	6.2
HU	12.7	12.9	12.4	11.3	11.5
MT	13.1	11.9	10.3	11.7	10.4
NL	5.3	5.3	4	3.5	3.4
AT	8.6	8.3	7.5	7	7.1
PL	15	13.9	12.6	10.6	9.0
PT	11.1	11.2	10.6	11.2	10.3
RO	19.8	16.8	14.8	13.3	11.6
SI	7.5	8.9	8.5	6.7	6.5
SK	17.9	15.8	14.4	12.5	11.1
FI	9.1	7.8	7.7	7	8.0
SE	7.6	10.5	9.3	7.5	7.8
UK	11.9	11.9	11.9	11.9	12.1

Source: EU Labour Force Survey, Annual Averages,
Provisional Data & SGIB 2010

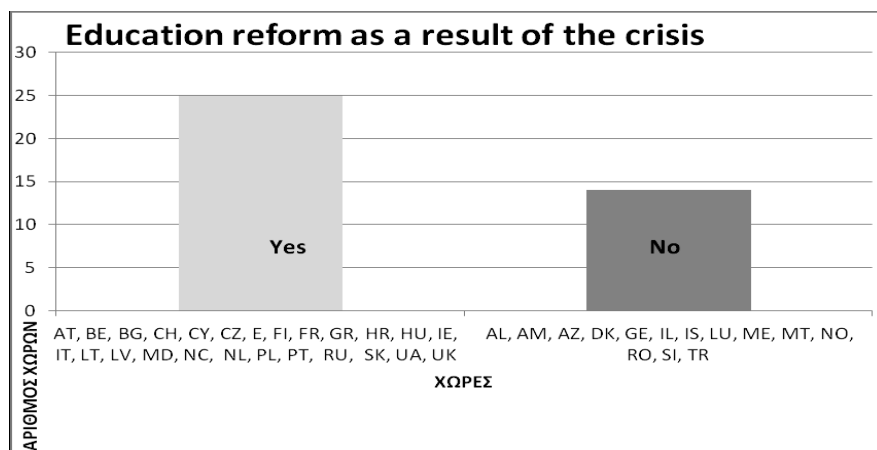
According to Duru-Bellat & Suchaut (2005), the results (e.g. repeating a grade or degree of attendance) of the countries participating in the Programme for International Student Assessment (PISA) are correlated with the economic and cultural characteristics of each country. Whenever the education indicators attempt to capture the early school leaving phenomenon, the unfulfilled promise of the modernist tradition providing education to all citizens returns to the fore (Fotopoulos, 2010). Indeed, Fotopoulos (2011) highlights the rise of ideology according to which the public sphere must be disconnected from the responsibility of providing basic social goods. And in

the light of this reasoning, policies which assign more and more weight to the role of citizens are being strengthened, promoting the payment and increase of school fees, the regional and weak role of the State, the practice of education vouchers, the “free” school choice, the teaching at home (Beck, 2012; Bouzakis, 2012; Roussakis, 2012). Of course, all these are viewed as an alternative and antidote to the crisis for the reason that they are based on the supposedly self-evident principles of “flexibility”, “freedom of choice”, “competitiveness” and “efficiency”.

Therefore, at a time when public funding of education is deteriorating, educational and trade unions (Trade Union Congress-TUC) as well as organisations (European Trade Union Institute-ETUI) indicate phenomena of worsening inequalities in education, expressing their deep concern about new forms of social vulnerability resulting from the intensity of poverty and unemployment.

As can be seen from an international survey conducted by the European Trade Union Committee for Education (ETUCE) for the impact of financial crisis on education⁵, the crisis has led to dramatic transformations in all areas of education, which in turn adversely affects the education employees. According to the data of the above research, education reforms were driven in 25 countries from 2008 to today as a result of the economic crisis, and there were only 14 countries that did not proceed with reforms (see Figure II).

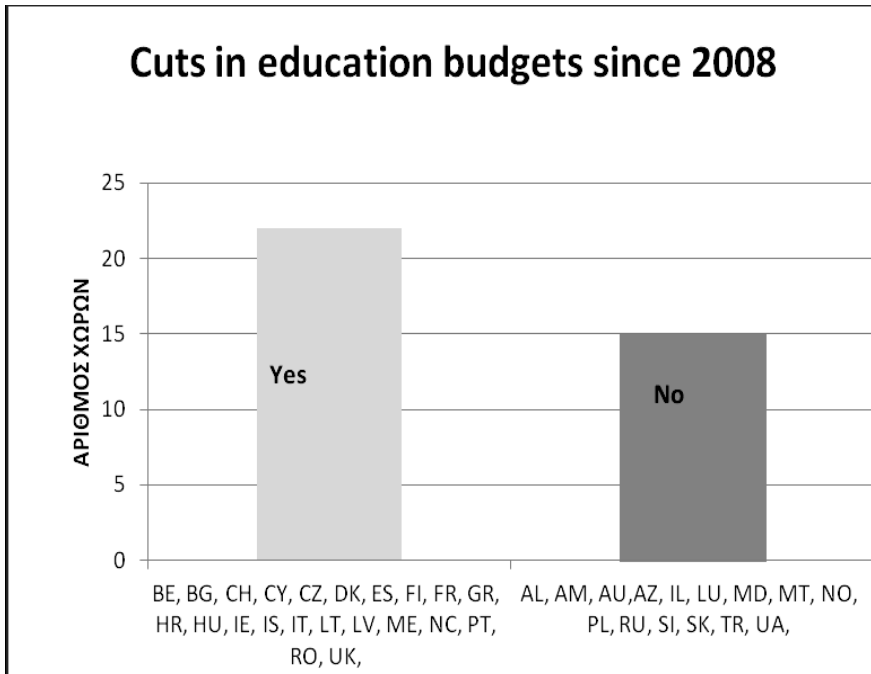
FIGURE II



ETUCE, 2012

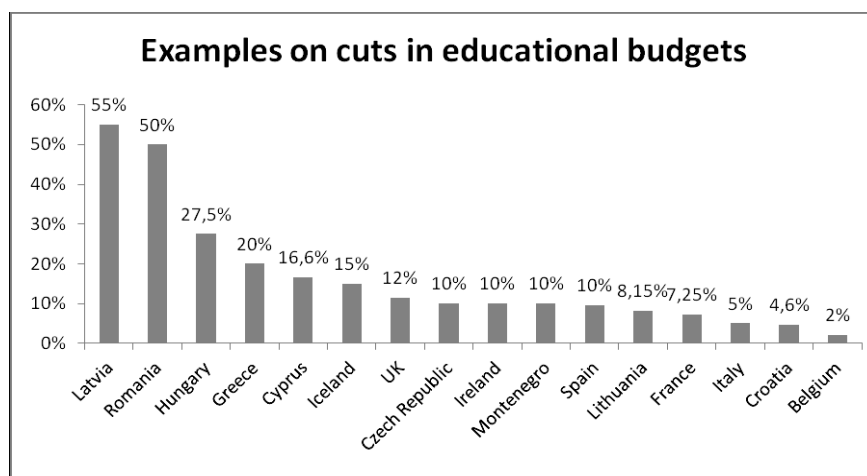
Furthermore, education budgets cuts were made in several countries; nonetheless, the largest percentage cut is in countries where the IMF has intervened, like Latvia (55%), Romania (50%), Hungary (27.5%) and Greece (20%), occupying the fourth position in the relevant list (see Figure III και IV).

FIGURE III



ETUCE, 2012

FIGURE IV



ETUCE, 2012

At the same time, an increase of privatization is observed in 14 countries, with the decline in public funding leading to the gigantism of the private sector⁶. However, the crisis seems to affect also the teaching profession. In 15 countries teachers are leaving their profession, in 5 countries teachers are leaving their country to work abroad and in 9 countries they are leaving the country to work in other professions (ETUCE, 2012)⁷.

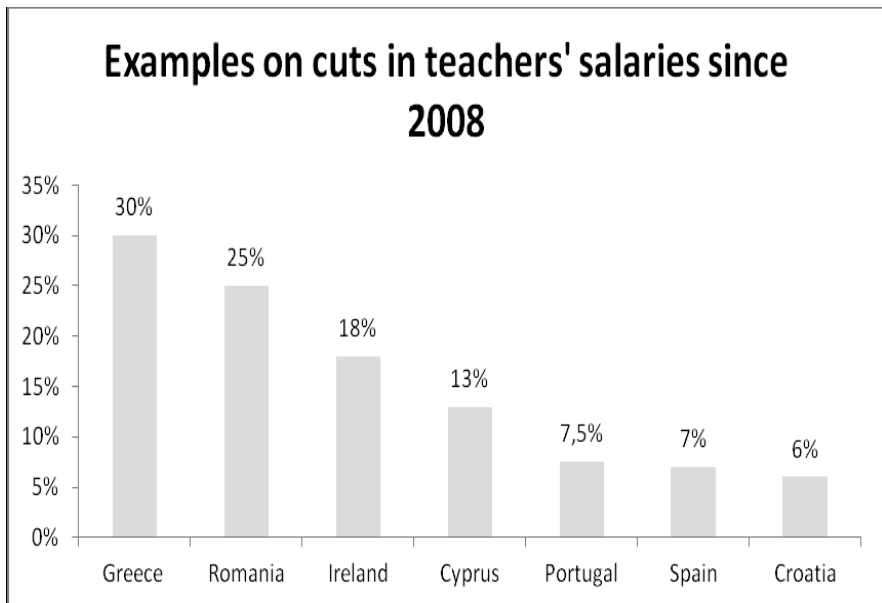
In general, the key findings of the survey are summarized in the following: a) 22 countries have reduced their spending, b) teacher salaries have been “clipped” in 12 countries, they have been “frozen” in 19 countries, pensions have been cut down in 9 countries and various allowances have been reduced in 16 countries, c) teaching hours have been increased in 12 countries and d) there have been layoffs in 16 countries, schools mergers were recorded in 23 countries and school closures in 22 countries (op.cit.). Consequently, education has become one of the biggest victims of the financial crisis.

The Economic Crisis and its Impact on Greece

Concerning the impact of the economic crisis on the education sector in Greece, the survey of the European Trade Union Committee for Education is revealing. Conforming to the data of this study (ETUCE, 2012), Greece is

the fourth in the European Union with regard to rates cuts in spending on education. After the enactment of Law 3852/2010 “New Architecture of Local Government and Decentralized Administration – Kallikratis Programme” providing for the assumption of costs to each municipality from the School Committees⁸, the government spending transferred to municipalities for this purpose have been reduced about 50% over the last two years. Our country, however, is the first in the EU in teacher salary cuts (see Figure V). Moreover, Greece is the first European country to teachers’ salary cuts (30%) and second to teachers’ pension cuts (20%)⁹. Indeed, if Latvia has the lead on cutting funds for education in total, Greece is taking the primacy in wage cuts. Since 2008, teachers have suffered pay cuts of up to 30%, followed by Romania with 25%, Ireland with 18%, Cyprus with 13%, Portugal with 7.5%, Spain with 7% and Croatia with 6%. The pensions have also suffered corresponding reductions, with our country occupying the second position, while Hungary the first. More specifically, the biggest cuts were in Hungary (30%), followed by Greece and Lithuania with 20%¹⁰ (see Figure V and VI).

FIGURE V



UTUCE, 2012

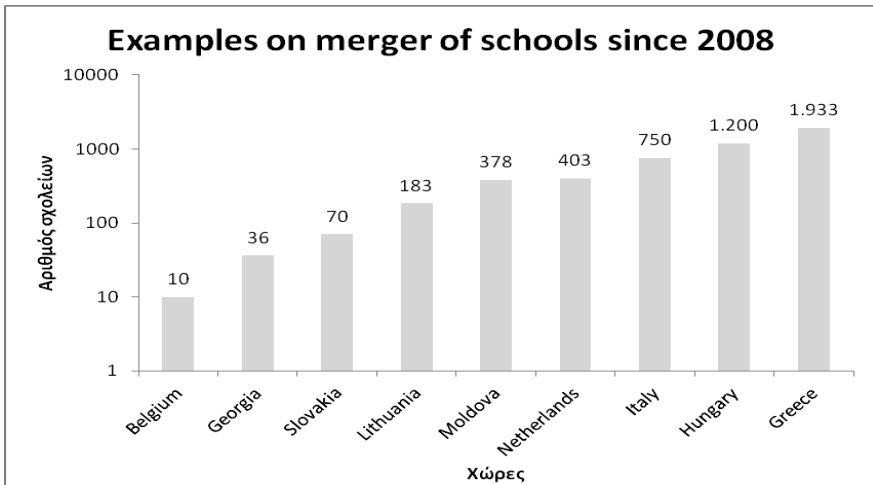
FIGURE VI



UTUCE, 2012

Greece, as shown in Figures, is in the first positions in the field of school mergers and closures. According to the figure below (see Figure VII), the number of schools that was merged in Greece since 2008 amounts to 1.933 schools, when in Hungary there have been 1.200 mergers, 750 in Italy, 403 in the Netherlands and 378 in Moldova since 2008. Actually, for the school year 2012-2013, new changes are expected in Greece as far as the primary and secondary schools are concerned. The criteria for merger are the building infrastructure/installations in addition to the potential development of classrooms, library, other ancillary facilities and equipment. Moreover, the mileage for the new school is estimated taking into consideration the transportation coverage area, the roads, the prevailing weather conditions during the route coverage for the arrival to the new school, which for the difficult and inaccessible areas can not exceed half an hour for primary schools and three quarters of an hour for secondary schools. Schools that operate in the same space as separate schools of the same level are merged into one school unit, in compliance with the above criteria (Ministry of Education, Lifelong Learning and Religious Affairs, 2012).

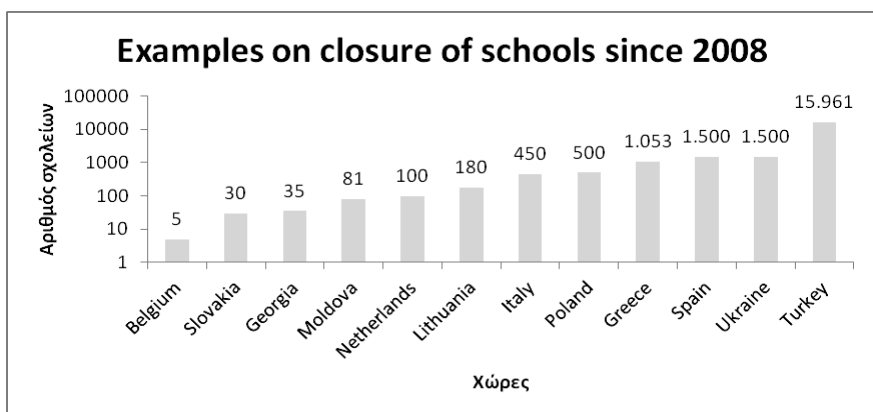
FIGURE VII



UTUCE, 2012

Greece, despite the particularities (long island area as well as schools in remote and mountainous regions), has a leading role also in abolishing schools (see Figure VIII). First here is by far Turkey with 15.961 school closures, followed by Ukraine and Spain with 1.500 and Greece with 1.053.

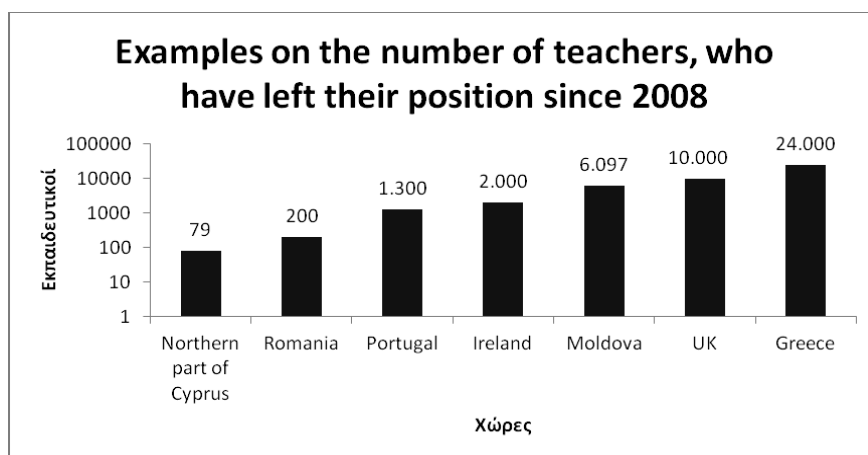
FIGURE VIII



UTUCE, 2012

In Greece, the layoffs are expressed by the non-renewal of contracts of thousands of substitute teachers while special interest causes the primary position of the country in the teachers' resignations / retirements (see Figure IX).

FIGURE IX



UTUCE, 2012

FIGURE X

Recruitment of permanent teachers in primary and secondary education 2000 - 2011		
Year	Number of recruitments in primary education	Number of recruitments in secondary education
2001	3.100	3.885
2002	3.080	4.341
2003	4.361	2.698
2004	5.294	2.939
2005	5.286	2.954
2006	5.062	2.933
2007	3.931	3.665
2008	4.321	3.515

2009	2.786	2.770
2010	1.425	1.400
2011	136	316

Source: C. Katsikas, August 2011

Conclusion

The financial crisis, the deep recession, the rise of unemployment -especially among the young¹¹, the growing imbalance between capital and labor forces constitute a particularly unfavorable context for the success of sustainable and socially equitable policies, resulting in further exacerbation of inequalities in education and society (Fotopoulos, 2011).

Although in our country ensuring equal opportunities for access to education is presumed, however it is observed a “two-speed” process, for those who successfully follow the path of formal education and for those who are driven or rather forced to leave school and face the danger of “isolation” and their inclusion in the category of NEETs, let alone in conditions of economic crisis.

It is clear that poverty, unemployment¹², the increasing income deprivation will rapidly exacerbate the social inequalities in education, since having access to educational goods will become more and more difficult for the “have-nots”. The reason is that the until today already unaffordable “free education”¹³ will become even more expensive and inaccessible; consequently, in the near future, we will witness widespread phenomena associated with increased dropout, abandonment of the studies or juvenile delinquency (Fotopoulos, 2011). Let us not forget that so far Greece ranks first in school closings and cuts in teacher salaries, second in pension cuts (with further reductions our country will be the first) and fourth in the list of compressing the state education funding.

Therefore, nowadays we need the chimeras “to be re-encouraged and, drawing from the chaos that threatens us, to enshrine something new -an *‘imaginary institution of society’*, a mutated chimera- ‘a possible utopia” (Dertilis, 2011).

NOTES

1. A period in Greek history after the fall of the Greek military junta of 1967-1974 that includes the transitional period from the fall of the dictatorship to the Greek legislative elections of 1974 and the democratic period immediately after these elections.
2. For the Argentina's recourse to IMF and the impact of this fact, see the speech of A. Krueger (2002). «Crisis prevention and resolution: lessons from Argentina», International Monetary Fund, 17 July 2002, from <http://cdi.mecon.gov.ar/biblio/docelec/nber/books/Arg/krueger.pdf>.
3. This phenomenon is related to the expansion of a category of young people dropped out from the formal education system (drop outs) and then remaining outside the framework of training and employment, thus pushed to social exclusion. The term NEETs is used for people who fall in the age bracket of 15 to 24 years old and who are not participating in education, training or employment (according to a more expansive approach, this category extends between 15 and 29 while for a restrictive approach it is limited between 16 and 19 years old). See more Papadakis, N. (2011). *Νέες μορφές κοινωνικής ευπάθειας και προκλήσεις για την κοινωνική πολιτική: οι NEETS (Young People Not in Education, Employment or Training)* [New forms of social vulnerability and challenges for social policy: the NEETS (Young People Not in Education, Employment or Training)], "Policy Brief", 12, 1-16 (in Greek).
4. For the consequences of the economic crisis on education in countries outside the EU, see also the article of Torche (2010) referring to four Latin American countries (Brazil, Chile, Colombia, Mexico).
5. 55 Teachers Unions (covering the fields of early childhood education / primary / secondary / vocational education - training / tertiary education), representing 26 countries of the EU and 14 countries outside the EU, answered the survey conducted by the European Trade Union Committee.
6. For state education funding, see also the article of Reimers (1991) about the changes that have occurred in patterns of government funding of education in Latin America during the phase of structural adjustment programs that characterized most of the 1980s. This study discusses the context in which educational policy decisions are made, explaining why "adjustment to adjustment" may lead to neglect of efficiency and equity in the allocation of education budgets. For the financing of education in societies undergoing transition from socialism to market economies (e.g. Russia and China), see article of Bray & Borevskaya (2001) as well as the article of Chan & Mok (2001) in which the educational reforms and coping strategies that have been adopted by the socialist mainland, on the one hand, and the capitalist Hong Kong, on the other hand, in order to face the new challenge of marketisation, are compared and contrasted. These countries are trying to improve the quality of their educational services so that they can be more competitive in order to cater for the demands in the international markets. For the Chinese mainland, it seems that the central government

is adopting a policy of decentralisation in getting local governments to use multiple channels of resources and other methods to provide for their own educational services. Hong Kong as a Special Administrative Region (SAR) of China, however, has adopted quite a different approach by employing the principle of managerialism in order to enhance its competitiveness in providing quality education to meet the increasing market demands.

7. The opinions of the unions for the problems of recruitment and retention of teachers in the profession since 2008 are revealing. In Belgium, in the first five years of teaching, 40% of teachers have left the profession. In France, it is difficult to establish recruitment since the initial training was abolished as well as there is increasing work pressure on school staff. In addition, to the two exits there is one recruitment (job losses). In Greece, the annual number of recruitment has fallen by 88% since 2008. In Hungary, there is difficulty in attracting teachers as a result of an unacceptable level of remuneration, of increasing violence in schools and deteriorating working conditions. In Spain, non-permanent teachers in some areas (Murcia, Valencia) resigned during the summer months, which has never been done before, and stayed unemployed. In the field of higher education, the most important result is the non-renewal of fixed term contracts affecting a significant number of employees. Particularly those associated with the research area, thus they are forced to seek work abroad. In the United Kingdom, the government withdrew a substantial amount of financial support for the Initial Training of Teachers (ETUCE, 2012).
8. See provisions of paragraph 2, Article 103 of the Law 3852/2010 “New Architecture of Local Government and Decentralized Administration – Kallikratis Programme” (OGG 87^A / 2010) as well as the circular “Defining School Committees function and regulation of economic issues concerning Kallikratis Municipalities” (OGG 318/2011).
9. It is estimated that, with the new measures being announced these days in order to save 11.5 billion euros (the agreement was signed with the Troika by the Papademos government last June), there will be further cuts in wages and pensions (from 5 to 35%), especially for employees in Public Enterprises and Entities (DEKO) and in special payrolls (military, police, justice officials, NHS doctors, academics).
10. In 2010 the following cuts were made in the salaries of Greek teachers: 1) reduction in all benefits except the stimulus money at the rate of 12%, 2) reduction in summer, Christmas and Easter holiday allowances, 3) further reduction in all benefits except the stimulus money at 8%. And in 2011 the following cuts were made: 1) reduction 2% of total earnings (solidarity levy to combat unemployment), 2) reduction 1% of total earnings for TPDY, 3) reduction of performance incentive in half, 4) reduction of the annual tax-free from 12.000 to 5.000€, 5) wage freeze, 6) extraordinary contribution on the net income in 2010 to 1% and 2%, 7) from 01/11/2011 the new wage eliminating bonuses is applied, salary is associated with grade and the unimpeded salary grade promotion is repealed.

11. The highest unemployment rates in the European Union with regard to young persons aged 15-24 are recorded in Greece (53.8%) and Spain (52.9%), according to the latest figures from the European statistical agency Eurostat (http://ec.europa.eu/ellada/press-center/news/archives/news_20120910_youth_report_el.htm). So, with a one in two young people unemployed in Greece, many of them, especially qualified, are looking for work abroad.
12. According to the annual report of the Labour Institute GSEE (IN.E.) for 2012, the predictions of IN.E. for unemployment are confirmed to be 17.7% in 2011 and 24% in 2012. In fact, money is withdrawn from the real economy without to be replaced by a corresponding flowing or more financial resources for the development and restructuring of the Greek economy. So in 2010 the unemployed amounted to 628,000 persons. In 2011 the number of unemployed rose to 877,000 people and in 2012 the European Commission's assessment is for 952,000 unemployed people, while the one of IN.E. / GSEE – ADEDY's assessment is for 1,200,000 people (24%). The number of employees in 2008 and 2009 was 4.8 million people. These adverse developments in the Greek economy shape one preoccupying ratio 1:1 ie one employee to an unemployed and retired, thus creating a concern for the restoration of economic and fiscal stability.
13. If one considers that until today a large proportion of expenditure on education (over 4.5 billion) is annually paid by private household budgets for purchase of goods and services, under current conditions, even this social paradox will not help to the "partial coverage" of the anyway existent deficit of public education (Fotopoulos, 2011).

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Educational Policy During Economic Crisis

The Case of the Greek-Language Education Abroad

Michael Damanakis*

RÉSUMÉ

Cette étude portera sur les comportements de l'élite politique relatifs à l'éducation grecque dans la diaspora. Plus précisément, il s'agit d'une étude de cas de la législation de «l'Enseignement de la langue grecque à l'étranger», qui devint par la suite une loi de l'Etat et a été publiée au Journal officiel (Loi 4027, l'Enseignement de la langue grecque à l'étranger, et autres dispositions, Fiche No. 233, 4 novembre 2011).

Le but de cette étude est double: a) sur la base de données existantes, analyser et mettre en évidence la logique politique sous-jacente en ce qui concerne la loi 4027/2011, et b) de déterminer si, et dans quelle mesure, la crise économique peut être utilisée comme un argument en faveur de la légitimation des politiques éducatives.

ABSTRACT

This study will focus on the behaviors of the political elite on Greek education in the Diaspora. Specifically, this study is a case study examination of the Legislation of "Greek Language Education Abroad" which, subsequently became a state law and was published in the Official Gazette (Law 4027, Greek-Language Education Abroad, and other provisions, Sheet No. 233, November 4th, 2011).

The aim of this study is twofold: a) based on existing data, one aim is to analyze and highlight the underlying policy rationale as regards to the 4027/2011 law and b) the second aim is to investigate whether, and to what degree the economic crisis can be used as an argument for the legitimatization of educational policies.

Introduction

Following a close observation of the debate regarding the greek economic crisis, the complexity of this issue becomes apparent.

What emerges through various articles, journalists' reports, television

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programs, political positions and economic analysis is not only the collapse of the Greek Economy and its implications for the Eurozone but also the obvious corruption, nepotism, deficient public service provision, exploitation, and the failure of the political elite.

Essentially, the function of the political elite should be to influence the spirit of integrity and have the power to fight against nepotism, corruption etc. since they are fundamentally the policy makers and policy establishers.

For these reasons, this study will focus on the behaviors of the political elite. Specifically, this study is a case study examination, of the Legislation of “Greek–Language Education Abroad” which, subsequently became a state law and was published in the Official Gazette (Law 4027, Greek-Language Education Abroad, and other provisions, Sheet No. 233, November, 4th 2011).

The revision Law 2413/96 (Greek Education Abroad, Intercultural Education and other provisions, Official Gazette (FEK), 124/17-6-1996) proved to be suitable in 2011 for two reasons. Initially, fifteen years had passed since its implementation, and as a consequence its strengths and weaknesses had been clearly highlighted. The second reason stems from the fact that since the initial time period when it was constructed, it had not received explicit provision for the Greek-Language Education in the “Historic Diaspora”, i.e. the countries of the former Soviet Union.¹

On the other hand, as it will be further on depicted, the modification of the institutional framework for Greek Language Education Abroad, which was deemed necessary, was undertaken for economic reasons, though, under time constraints. It should be further noted, that the bill became a law of the State a few days following the collapse of the government of G. Papandreou.²

The aim of this study is twofold: a) based on existing data, one aim is to analyze and highlight the underlying policy rationale as regards to the 4027/2011 law and b) the second aim is to investigate whether, and to what degree the economic crisis can be used as an argument for the legitimization of educational policies.

However, a law essentially comes to provide solutions to problems that arise through issues stemming from the same problems. Thus, it is deemed necessary to provide an outline of the present situation, and of any problems in Greek Language Education Abroad during the time of the establishment of the legislation. This outline is primarily based on the report prepared for the Ministry of Education and presented in September 2010.³

1. The State of Greek-Language Education Abroad in the year 2010 - Brief description

The Law 2413/96 came to replace the junta Legislative Decree 695/70, which essentially attempted to extend the Greek educational system as well as the ideology of the time period abroad.

With the inauguration by the law 2413/1996 of an educational policy that was based on the tenet of a “mutual and equal relationship” between the Centre (Greece) and Education Abroad was established which, attempted to transform the “national education policy” to one which could be considered an “intercultural” educational policy. During the inception of the law 2413/96 it was explicitly stated, that the spirit of the law is “Hellino-centric” rather than “Greece-centric.”

The Metropolitan Center, in the late 1980’s and especially during the first half of the 1990’s, felt the need, and simultaneously had the strength to culturally support Greek Education Abroad.

This factor was not only attempted through by-law 2413/96, but with other laws and measures as well, such as:

- *The establishment of the “Council of Hellenes Abroad” (SAE) (1995),*
- *The establishment of the “Special Secretariat for Greeks Abroad and Intercultural Education” (1996),*
- *The establishment of the “Institute of Education Abroad and Intercultural Education”(1996),*
- *The enactment of Law 2790/2000 on the “Repatriation of former Soviet Union Residents”.*

The above-mentioned institutional measures were deemed necessary so as to transform the political volition of the Centre and to solidly support Greeks Abroad. The transformation of by-law 2413/96 in educational practice, was attempted particularly by:

- *Administration executives (Educational Coordinators), with a task to provide support regarding organization, administration and counseling for Greek Language Education Abroad,*
- *Educator postings engaged in teaching duties,*
- *The provision of educational material,*
- *The creation of educational material prepared according to the framework of the Program “Paideia Omogenon” (Παιδεία Ομογενών) funded for this purpose.*

Each respective application of by-law 2413/96, in accordance with the specific country conditions of each individual country, subsequently led to various developments. In particular from the time the legislation was voted into law and applied, up until the year 2010.

In European countries an interventionist government policy was established. Private Greek Schools particularly in Germany were established and their numbers increased. What's more, of the 2,300 posted teachers in 2010, 1,633 were working in Europe and particularly in Germany (n =1086). Consequently, the funding and in part the supervision of Greek-language education in Europe became a matter of the Greek state.

In Anglo-Saxon countries such as the USA, Canada and Australia the organization, supervision and financing of Greek-language education remained under the supervision of local community administrators and the educational authorities of each host country. This was reinforced, mainly from Greece, through the supply of educational material and posting of teachers. During 1997-2010 an increase of posted teachers was observed in these countries for two main reasons. Firstly, a great percentage of educational staff in these countries resigned from service due to age, but they were not replaced, as these countries no longer certified educators to teach Greek. Posted educators subsequently filled this gap of staff. The second reason was economic. That is, administrators were not seeking local educators - while sometimes educators were even laid off - as the Greek state undertook the payment of salaries and bonuses of posted educators.

In regards to countries of the former Soviet Union, Greek-language Education generally remained under the supervision of educational authorities and partly under the supervision of local community administrators. The number of posted teachers in these countries remained low, not only due to the educational policy of those countries, but also because Greek educators favored a posting in a European country.

In the countries of the former Soviet Union and particularly in Russia, the Ukraine and Georgia, an exceptional historic opportunity was lost. That is, for the Greek state to reach an intergovernmental agreement, so as to initiate the teaching of Greek as a foreign language in the public education system of the aforementioned countries.

The case of the Ukraine is distinct because it was willing to implement the curriculum and relevant educational material of the program "Paideia Omogenon", so as to adapt it to their own needs and to apply it into their

system. The Greek Ministry of Education failed to reach intergovernmental agreement despite recommendations of the then Educational Coordinator (1998-2002), the subsequent Coordinator, and our own recommendations, in terms of "*Paideia Omogenon*".

The Educational policy of the Ministry of Education throughout the time period of 1997-2010 mainly focused on, and was expressed through educator postings on a worldwide scale. The proportion of posted educators-worldwide is the principal key indicator depicting the "care" provided by the Greek state in terms of Greek Education Abroad. This factor, essentially, is the driving force of the focus for this study.

2. How the Crisis Emerged

Following an evaluation regarding the application of by-law 2413/96, and with the posting of educators as a benchmark, one reaches the conclusion that the application of the by-law gradually evolved into a one-sided intervention of the Greek State (Center) abroad.

Primary and secondary education teachers and Greek trade unions viewed Greek Language Education Abroad as a well paid, second labor market, due to the continuous Greek wage payment in addition to the bonus payment abroad.

Therefore, hundreds of educators were posted abroad who, fundamentally, not only cooperated with, but also shared an ideological-political consensus with the Political Leadership of the Ministry of Education of the time. What's more, unfortunately, educators whose background was irrelevant to the teaching of Greek language and history (subjects invariably taught in Greek-Language Education Abroad) were posted.

Furthermore, Greek-Language Education administrators abroad regarded the posting of Greek educators as a significant financial relief, which, in certain cases served to improve their profits, as parents abroad customarily paid additional fees.

In many cases, the evident benefits and incentives of both parties (educators and administrators abroad) led to the creation of "networks of common interests" in which, Greek politicians were usually involved.⁴ These networks have significantly contributed to the continued increase in the number of posted educators abroad, whose, responsibilities in many cases were not of an educational nature.⁵

According to statistics from the Ministry of Education (DIPODE) during the years 2005-2009, 1,678 educators were posted abroad, and distributed in five years as follows:

2005	294	2007	361	2009	344	
2006	295	2008	384			Total: 1.678

It is noteworthy that from the 2236 educators posted in 2010, 1633 (73%) were posted in Europe and particularly in Germany (n = 1,086 or 48.6%). Thus, it becomes apparent that from a budget perspective the lion's share was given to Germany, not only due to the high number of posted educators, but also because the country is entirely run by Greek Schools that are funded by the Greek state.

According to the same source (DIPODE) in January 2010, a total of 2,418 Greek educators worked abroad. This is an extremely high number considering the fact that during the same period the same approximately number of omogeneis (issued from the local communities) Greek educators served in the diaspora who were paid by the communities and other organisations of Omogeneia. What's more, according to statistics from DIPODE the number of students in one case, reached 64,215, and in a second case 76,856. These students were enrolled in both primary and secondary education.

The ratio between students and educators during the school year 2009/10, even in the Greek Schools in Germany was in many cases of a single digit.

In other words, this situation proved to be completely unorthodox and from an economical perspective an unsustainable situation. By the same token, one could argue that in education, what principally matters is overall quality, and students rather than financial figures. However, the ideal ratio of students:educators failed to be accompanied by student success. This failure became obvious when Greek students abroad attempted to sit entrance exams to Greek Universities (see Damanakis, 2011).

The situation described above did not arise through the realistic needs of Greek-language Education Abroad, but through the needs, interests and demands of "client networks".

The political leadership of the time, including the Ministry of Education was familiar with this ongoing situation, however, the ministers, deputy ministers

and other political agents, feigned any knowledge of this situation due to the fact that politicians were essentially accomplices, co-creators as well as jointly responsible for the situation under discussion.

3. The Moment of “Truth”

Politicians, trade unionists and political leading figures assertively contributed towards the creation of the “posting system” for Greek Education Abroad, which fundamentally was neither rational, nor fruitful or sustainable in the long term.

For these reasons, when the imminent economic crisis arose, during the school year of 2009/10, the system began to collapse. It was during that time period that the political leadership of the Ministry of Education and the government in general, realized that:

- From the 106 million euro that the Greek state spent per year, for Greek Language Education Abroad, almost half (48 million) was spent on posted teachers’ bonuses,
- A high percentage (15%) of educators were not posted as teachers, but were utilized in other positions,
- An even larger, but unspecified, amount, was employed part-time (i.e. only every Wednesday afternoon and every Saturday morning),
- Especially in European countries posted teachers “monopolized” Greek Language Education Abroad and conveyed their trade union body ideologies, the Helladic mentality and fundamentally “shadow education” (φροντιστήριο).

Based on the aforementioned brief depictions of the situation, as well as additional data and empirical research, it is obvious that Greek Language Education Abroad significantly varies from continent to continent and from country to country. Greek Language Education in European countries - especially in Germany absorbs more than half of the budget per year – and is considered the most problematic, primarily due to strong operational “client networks” and the strong presence of the Greek state.

The massive presence of posted educators in Europe and especially in Germany is not a new phenomenon. That is, in the mid 1990’s, 1,201 posted educators were serving in Germany (Annual Report, K.Karpenisiotis, Coordinator of Greek Education in Germany, 1996).

Furthermore, from the middle of the decade 2000 a new element became apparent regarding the posting of educators. That is, the number of postings was not of a quantitative nature but the posting of educators in overseas countries and countries of the former Soviet Union.

This new situation is remarkable in the history of Modern Greek Diaspora, since for centuries in the “Historical Diaspora” and for more than a century in the “Migratory Diaspora”,⁶ the administrators and promoters of the Greek-Language Education Abroad were mainly community organizations in collaboration with educational authorities of each country of residence. The Greek state essentially functioned only as an aide.

This verified model threatened to be reversed in late 2000. This was a strategic mistake the consequences of which emerge through the current economic crisis. Specifically, this does not enable Greece to bear the financial responsibility for the Greek language education in the Diaspora or to finance the posting of thousands of educators around the world.

4. Redesigning Educational Policy for Greek Education in the Diaspora

Taking into consideration the sketchy condition of the Greek language educational system abroad as well as the economic crisis in Greece, the Ministry of Education was asked, or more succinctly was forced, in 2010 to re-examine and redesign its educational policy for schools abroad.

Taking into further consideration that the condition of the educational system was markedly different from country to country, and that the individual client networks of each country were the main cause of problems in European countries, one would assume that the Ministry of Education would consider:

- Abolishing all client networks
- Taking immediate measures within countries or continents
- Cooperating with and taking advantage of local educators in each country
- Designing a common framework regarding educational policy so as to be flexible and adaptable in terms of the needs of each country abroad

Guided by the four points mentioned above, an attempt will be made to analyze and interpret the educational policy as it is stated in the latest law 4027/2011 “Greek Language Education Abroad and other Provisions.”

4.1. Immediate Measures and the Posting of Educators

The inability of the government to continue financing Greek-Language Education Abroad led to immediate measures being taken, literally meaning immediate “horizontal budget cuts” on a par with the drastic “horizontal cuts in wages and pensions in Greece”.

More specifically, the Ministry of Education decided not to post any new educators to any country abroad for the 2010/2011 school years. In contrast, the Ministry actually put into motion procedures to recall educators who had already completed or were about to complete their three year postings abroad.

The bureaucratic and economic orientation of the government and the Ministry of Education was obvious from the beginning and was later confirmed during the voting of the legislation. The Ministry of Education did not approach the subject of educator postings abroad in a diversified way within various countries nor did it attempt to abolish client networks, or to limit the surplus of educational staff for two reasons. The first, but by no means most important, was in our opinion, that the Ministry of Education did not offer sufficient diversified data from which one could glean where surplus educational staff existed or from where educational staff could be reduced by using a quick re-organization of the Greek language educational system abroad. The second, and more important reason, in our opinion, was that the Ministry did not want to confront the unions nor the existing “client networks”.

As a result, in the spring of 2010, the Ministry, supporting the argument that “there is no more money,” decided not to post any educators in the summer of that year, regardless of the fact that a severe lack in staff existed in various schools. These obvious gaps were created because of the mandatory return of many educators to Greece who had already completed their five-year contracts abroad.

What is interesting is that the economic standpoint was accepted by school administrators and parents abroad, though less so by state-run Greek language education systems in Europe, and more so in other countries abroad.

Administrators in other (non-European) countries were essentially asking the Ministry of Education not to immediately recall educators. Administrators also requested that extra time be given to them in order to re-design their programs.

One characteristic request was that of the SAE Coordinator in the United States and the President of the Education Board of the SAE in the USA, who

made proposals to the Ministry of Education and to us, on the 21st of June 2010. They wrote:

Regarding the situation in the United States, the Ministry of Education is requested to extend the contract of the majority of educators who already happen to be in the country, following their redistribution to other school units so as to better utilize their skills.

It is obvious that the economic crisis in Greece legitimized the “budget cuts” of posted educators abroad along with the “horizontal cuts in spending.” Unfortunately, neither of these drastic measures affected the client networks, which led to the massive swell in expenses. Nor did these dramatic measures do anything in terms of differentiating the needs of individual countries.

Following the “motto” of the Papandreou government “change everything,” the Ministry of Education tried making changes in education both within and outside Greece.

It attempted this by working simultaneously in two axes: a) by taking immediate short-term measures, such as those already mentioned, and b) by initiating interim and long-term institutional changes.

In terms of the second axis:

- *In June of 2010 a study was conducted at a university research centre titled “Assessment of Greek Language Education Abroad until 2010 and its Prospects”.*
- *In January of 2011 an open dialogue was initiated among administrators of Greek language education abroad.*
- *In March of the same year, a Working Group was formed in order to draft legislation regarding Greek-Language Education Abroad.*
- *In October of 2011 a discussion was held in Parliament regarding the new legislation, leading to its being voted into law on the 4th of November 2011.*

4.2. The Drafting of the Legislation for Greek-Language Education Abroad

4.2.1. The Political-Economic Framework

The fact that economic issues were to influence new educational policy for schools abroad was more or less expected, and the economic goals of the Ministry of Education were more than clear. The Substitute Minister of

Education, clearly expressed her views regarding the economic factors involved, both publicly and in parliamentary meetings of the Committee of Educational Affairs as well as in the plenary session of the Greek Parliament:

I am here to state specifically, as I prefer to focus on facts, that: During the school year 2009-2010: There were 2,350 educators posted abroad, whose overall cost for Greek language dissemination abroad came to 106,00,000 euros, of which 48,000,000 euros consisted of salaries.

During the school year 2010-2011: There were approximately 1,830 educators posted abroad, a reduction of 22%. The overall cost for salaries of such educators was 38,000,000 euros, a reduction of 21%.

During the school year 2011-2012: There were approximately 1,420 educators posted abroad, a reduction of 40% compared to the figures of 2009-2010. The overall cost of Greek language education abroad came to 73,000,000 euros, a reduction of 31% compared to the figures of 2009-2010. Specifically, 30,000,000 euros were spent on educators' salaries, a reduction of 38%, compared to 2009.

Should the new legislation be fully applied, the number of posted educators abroad will not exceed 1,000-1,100. That is to say, the overall reduction will reach the level of approximately 50% compared to that of 2009. The overall required cost of Greek language education abroad would not exceed 55,000,000 euros.

I am normally submitting these results as much has been said and heard regarding the issue which, is totally unfair, especially in terms of the consistent attempts being made for more than two years now which, have already had concrete results. (From the minutes of Parliament, Session IH, 25th of October, 2011).

The short-term reduction of 50% in overall costs of Greek language education abroad required immediate and drastic measures to be taken, that needed economic legitimization and political as well.

The political strategy of the Ministry of Education and that of the government in general, could be succinctly expressed as "Integration."

b. The of Ministry Education Lifelong Learning and Religion promotes Greek language education abroad (educational units/schools) at all levels which, have been integrated in educational systems either in Greece, or in other host countries through the use of its resources regarding staff and funding (...) c) as a general rule, through the aforementioned framework,

the Ministry of Education Lifelong Learning and Religion has the priority to promote Greek language educational units at all levels which, have been integrated in schools or in the educational system of host countries. The Ministry thusly ensures that Greek language education will in no way be transformed isolated or marginalized and exclude Greeks abroad from the educational system of the host country (Explanatory Report on the bill).

The focus of the following section is fundamentally how the Members of the Working Group, who are also responsible for the drafting of the legislation, perceive the term “integration”, and above all, how it is perceived by the political leadership of the Ministry of Education. Essentially, it is necessary to specify (i) what is included within this term, (ii) with what specific measures they have transformed this term into educational policy and (iii) how they have planned to combine the political and strategic aim of this “Integration” with the economic target of “Reducing costs”.

Bill 4027/2011, article 2, considers cases a, and b (sub-cases aa, bb, cc) c, d, e, f, but not g, as integrated types of education.

As cases c, d, e and f apply respectively to European Schools, to university level education, to professional training and to the realm of adult education, we will not be referring to them. We will in turn persist regarding the remaining cases, which, refer to primary and secondary education.

Case a) of paragraph 1 of article 2 of by-law 4027/2011 refers to Private Greek Schools, which were founded by the Greek government and are funded and supervised by the Greek Ministry of Education (i.e. The Greek Schools in Germany). These are predominately a non-integrated form of Greek language education, regardless of their recognition by the Greek government, due to the fact that the Greek state founded these schools.

Case b) refers to schools which fall into the category of bi-lingual schools (i.e. Day Schools, Charter Schools, Europaschulen in Berlin etc.) and bi-lingual classes and Greek Language Courses (Τμήματα Ελληνικής Γλώσσας) which are funded by host countries and are recognized by those same countries.

Case g) refers to Greek Language Courses, which are mainly funded by Greek communities, Churches, Parents Associations and other local organizations.

The strategic choice of The Ministry of Education to henceforth only fund *integrated forms of education* and to promote the integration of Greek language education in educational systems of host countries is useful for students, their families, and the local communities in general. However, the divisional forms of education, such as the exclusive Greek Schools lead to isolation and marginalization and fail to serve the benefits of students.

This philosophy was also included in law 2413/96. In law 2413/96 all forms of education, mentioned also in law 4027/2011, were recognized and supported. The form of education that remained a problem and had to be solved according to law 2413/96 was the one referring to Private Greek Schools. Through the new law 4027/11 another problem was discovered, that of the non-integrated Greek Language Courses, i.e the Afternoon and Saturday Courses (case g).

The following section will focus on the rationale and methods being used to solve these two problems. The fact that the exclusive Greek Schools lead the majority of graduates to an academic and professional impasse was already known when by-law 2413/96 was being voted into law. This situation was confirmed and substantiated through empirical studies undertaken within the framework of the Program “Paideia Omogenon”. The Ministry of Education was acquainted with the results of this study, as well as the members of the Working Group responsible for the drafting of the new legislation.⁷

The Law 2413/96 attempted to offer a solution to Private Greek Schools, the administrators of which were “Greek diplomatic authorities”, by gradually eliminating them. Article 8, paragraph 14 of Law 2413/96 anticipates, “*Greek language educational units or schools whose administrators consist of Greek diplomatic authorities will be gradually eliminated starting from the school year of 1997-1998. No new student registration will be allowed in schools or an educational unit.*”

The aforementioned provision was never enforced due to existing “lobbies” and the fact that the “political cost” of taking such action was greater than the political resolution of the government in power at that time. The combined forces of parental groups, claiming that Greek Schools pave the way to Greek universities, managed to impose their will and thus succeed in repealing paragraph 14 of article 8 of by-law 22413/96 through by-law 2621/98, article 3.

However, what needs to be highlighted is that by-law 2413/96 anticipated the gradual elimination of the aforementioned schools over a period of eleven years because “initial registration” for students was considered to be the first grade of elementary school.

In contrast to Law 2413/96, which starts with the first grade of elementary school, Law 4027/11 starts by eliminating high school level institutions. Specifically, paragraph 4 of article 5 anticipated that: *“4. The schools of case a, of paragraph 1, of article 2: a) High Schools which were founded or recognized by the provision of Legislative Decree 695/1970 (A’ 221) of The German Federation, whose administrators are Greek diplomatic authorities, shall be gradually eliminated starting from the school year 2012-2013. From the beginning of such school year, student registration will no longer be accepted for any grade. The only exception to be made for the previously mentioned High Schools during the school year 2012-2013 regards only those students who were enrolled in the final year of Junior High School during the school year of 2011-2012, so long as these Junior High Schools were founded or recognized according to the provisions of Legislative Decree 695/1970 and the administrators of such institutions were Greek diplomatic authorities and that students of the aforementioned Junior High Schools were located in the same city as the respective High School. The present provisions shall support the aforementioned High Schools until their definitive closure. b) Pre-schools, Elementary Schools and Junior High Schools which were founded or recognized according to the provisions of by-law 695/1970 (A’ 221) in The German Federation, whose administrators are Greek diplomatic authorities and which apply a bi-lingual educational format, which allows for the placement of students in all levels of education within the host country shall be supported by the present provisions. c) Other schools, which are either located in other countries or do not have administrators from the Greek diplomatic authority, which apply bi-lingual programs can be supported by the present provisions.”*

It is our opinion that the abolishment of High Schools in Germany was brought about by economic factors. The high cost of Greek Language Education in Germany, was mainly necessitated by the large number of High Schools operating in the country (during the 1970’s and 1980’s a total of 32 High Schools were founded following the decisions of the respective Ministers of Education in Greece (Markou, in Damanakis, 2011).

The abolishment of High Schools would result in three specific economic results in a three-year time period. This assessment of ours is reinforced by the fact that initially, according to the bill the abolishment of high schools was not planned. Fundamentally, it was a last minute measure, which was probably based on economic motives. This measure, however, has led to Junior High School students being academically trapped. It has also led to intense reactions from the part of the collective bodies of parents, and the “Federation of Greek Communities in Germany”, which in a cruel written statement (in 21-9 - 2011) addressed the “Uncontrolled collapse of Greek-language education abroad.”

In an attempt to ease this situation, the Ministry of Education, guaranteed

to provide “supportive teaching” whose aim was a “smooth adaptation of the students in the Second and Third Grade of Junior High School in the German educational system.”

However, this was an unrealistic promise, primarily due to pedagogical and educational factors but also due to economic factors. Thus, for the aforementioned reasons, changes were not implemented during the school year 2011/12, and we hold the belief that the provision to abolish High Schools will not be applied either.⁸ To be more precise, the abolishment of High School means a deadlock not only for Junior High Schools, but also for all six grades throughout elementary school. This as a consequence would mean an indirect abolishment of them as well. In all probability, this ultimately was the objective of the Ministry of Education, that is, the abolition of Private Greek Schools in Germany and the consequent significant “cost reduction” of Greek-language education.

4.2.2. The Ideological Framework of the Bill

The abolition or transformation of Greek Schools in Germany can be a difficult issue to tackle. However, it can be documented not only through economic terms, but also political and, above all, pedagogical terms.

Things are different compared to the Greek Language Courses abroad. The Greek Language Courses is the most widespread and complex form of Greek Language Education Abroad. It is estimated that more than three quarters of the school population studies Greek through these Courses.

Having as a reference point the “integration” or “non-integration” of the Greek Language Courses in the educational system of the host country, one can classify them into the following categories:

- 1. Supervised and funded by the host country and integrated into the standard (morning) program of a school.*
- 2. Supervised and funded by the host country but operating in the afternoon.*
- 3. Partially funded and supervised by the host country - for example in Ontario, Canada, where 2.5 out of the five hours of Greek per week are financially covered by the province of Ontario and the remaining 2.5 by parents.*
- 4. Greek Language Courses funded and supervised by community bodies and parents - the commonest form.*
- 5. Greek Language Courses funded and supervised by the Greek state - this applies to European countries.*

The first three categories can be classified as directly or indirectly integrated in the system of the host country. The other two are not integrated according to by-law 4027/11. It should be stressed that the boundaries between what is integrated and what is not are not clear and are, hence, in all practical terms still in limbo; that is, because an integrated department can be easily “disintegrated” when the number of students decreases and falls below the specified limit.

The case of Ontario, Canada (3rd category) illustrates that the criteria of “supervision” and “finance” are relative. In addition the criterion that determines the granting of degrees is unreasonable. The aforementioned is recurrent in the “explanatory report of the Bill” and in public statements of the political leadership of the Ministry of Education.

The Greek Language Courses are a form of “supplementary education” and need not grant degrees, as students are granted those degrees from their mainstream-schools in which they are enrolled and are fulfilling their compulsory education.

The Greek Language Courses- in particular those organized and supported by local administrators, i.e. the institutionally non-integrated in the educational system of the host country - are the very essence of the community language education. From one perspective, they have been operating for decades or even centuries, even in the smallest communities and, from another perspective they serve a function in the minds of Greeks as the “Greek School” which is a place of both social and cultural importance.

This form of education is now in jeopardy by Law 4027/11, leaving it outside of the realm of the care of the Greek state. The Ministry of Education attempted to ideologically justify and legitimize this strategic choice by trying to link non-integrated Greek Language Courses with the “squandering of public funds,” the “inefficiency”, the “isolation” and “marginalization” of students (see report). Thus, non-integrated Greek Language Courses are to put it simply, being belittled and slandered.

Essentially, the terms “integrated” and “non-integrated” forms of education are the cornerstones of the Ministry’s ideology, upon which the Ministry’s new policy seeks to be founded. That is, the choice to promote the integrated forms of education does not inevitably exclude or neglect non-integrated forms. The Ministry of Education aimed to undeniably achieve the weakening “of the scope of the Greek State” concerning the Greek language education in the Diaspora and the subsequent “cost reduction”. The aforementioned were

attempted in two ways: with the “abolition” of Greek Schools in Germany and the “exclusion” of the Greek Language Courses from the “provision” of the Greek State. What legitimized such an action was the “inefficiency” of the Courses.

This argument is not based on research data⁹, and is only partially true. This is the fundamental reason that it cannot form the basis of a design or implementation of an educational policy. The Greek Language Courses should not all be deemed ineffective, just as organized schools (schools that grant degrees) should not always be deemed effective. In any case, this is what our recent research focusing on Greek Schools in Germany has depicted, although the objective of our research was of a broader perspective. In particular it included the success or failure of expatriate candidates regarding admission to Greek universities, through the institution of special examinations, and their subsequent progress in Greek universities (see Gotovos in Damanakis, 2011).

The results of this survey, which reflect a current trend in our case, can be summarized as follows:

- *Best exam performance is achieved by children of Greek civil servants, (mainly educators), who are serving abroad,*
- *Following are school graduates from their host country (i.e. those acquiring the American, Canadian, German, etc. Degree Credential Baccalaureate),*
- *Last on the list are Greek School graduates such as those found in Germany, Belgium, and England,*
- *Based on a country differentiation the lowest achievers are from Germany. In this case, also, German school graduates outnumber the Private Greek Schools graduates in success rates (see Damanakis, 2011).*

It should be noted that Secondary Education School graduates, of the country of residence, who are successfully admitted and attend Greek Universities, normally learn Greek in afternoon and Saturday classes. It could be therefore concluded that these Courses are effective. Of course, their effectiveness is closely linked to the level of performance and student efficiency, which, in turn, rests on the effectiveness of schools in the country of residence in which they are enrolled and are taught Greek in non-integrated forms of Greek Language Education, i.e in the Afternoon and Saturday Courses

We should therefore differentiate between the “*integrated and non-integrated*

forms of education” and the “*integrated and non-integrated students*”.¹⁰ We should also keep in mind that the integrated forms of Greek-Language Education are not always effective. An example in favor of this argument is the integrated Greek Primary and Secondary Education Schools in Bavaria, Germany. There is no evidence whatsoever, to substantiate that they are better than those non-integrated schools of the state of North Rhine Westphalia, Germany.

A further example is the Greek Language Courses in Ontario Canada and the State Schools in Australia. In Ontario, for example, parents consider the 2.5 hours per-week funded by the Board of Education to be insufficient. For this reason, the Toronto Community urged to augment the timetable with an additional 2.5 hours.

The question then remains: Should the success or failure of these Courses be attributed to the integrated Courses of 2.5 hours or the non-integrated ones?

We could employ additional examples so as to highlight that basically “successfully integrated” Schools and Courses do not exist by the same token nor do “unsuccessful non-integrated” Schools and Courses exist.

Large organizations that provide “efficient” Day Schools also provide Courses of Modern Greek; for example, the Community of Melbourne, the Community of Montreal, the Greek-American Academy of Chicago, the Archimedean Academy in Miami, the Archdiocese of America in New York etc.

These aforementioned analyses depict that the “idealization” of one form of Greek Language Education and the “belittlement” of another cannot and must not form the basis to design educational policy. In other words, the ideology may well act as a political tool in the hands of politicians, but not as a worthy advisor for policies that meet the actual needs of education - and especially those of children.

4.2.3. Reduction of the Scope of the Greek State in Greek- Language Education Abroad

The “*reduction of the scope of the Greek State*” regarding Greek language education abroad and the subsequent “*budget cuts*” are the unsaid, yet true goals of the new Law 4027/11.

This dual objective was achieved through the abolition” of the Private Greek Schools in Germany and the “belittling” of the Greek Afternoon- and Saturday-Courses in all countries.

This “weakening” of the Greek Afternoon- and Saturday-Courses dissatisfied the stakeholders of Greek Language Education abroad. A statement by the

leadership of the Ministry of Education, declaring that the Greek state can no longer support them through the posting of educators or provision of educational material would have been sufficient for these Stakeholders.

The fact that the Greek government legislatively adopted a position to provide no support whatsoever to these Afternoon- and Saturday-Courses was unnecessary. However, since the decision had already been taken, its political legitimization had to follow. This legitimization was attempted through the “belittling” and “degrading” of the Greek Language Courses. The Ministry applied this tactic to other legislations, as well; for example, in the Greek Higher Education Bill which also dealt with challenging difficulties regarding its implementation.

The “degrading” of Greek Language Courses has created a negative atmosphere in all countries and has been the cause of outrage for Greeks residing in Germany. In particular, in the case of Germany not only are Greek Schools being abolished but fundamentally the Greek Language Courses as well, the reason being that these are typically organized and financed by the Greek state.

The Ministry’s pledge, to foster “supportive teaching” to Greek Junior High School students so as to facilitate their admission to the German educational system, is of a utopian nature. On the other hand, the political will of the Ministry to persuade the German administrators to integrate all the Greek Language Courses in its system is unrealistic.

Basically, in this case, the only solution for Greek parents in Germany is to organize “charitable non-profit organizations”, which will act as Greek Language Education institutions, as is the case in other Diaspora communities. Such a development would lead directly to the administrative, organizational and economic disengagement of the Ministry of Education and thus the “cost reduction”, of Law 4027/11, would become feasible.

The administrative-organizational and economic disengagement does not imply political abdication. That is, that the Ministry may still be present through its political representatives, i.e. Educational Coordinators and appointed posted public-school educators, which in fact will be the only category of personnel that will staff Greek language education abroad, in the future (see Article 17 Law 4027/11).

In contrast to Law 2413/96 and the draft law which provided for the recruitment of local staff (expatriate teachers), the new Law 4027/11 provides only for a single category: that of the appointed, posted “public education

educators”. Following this course, trade unions and client networks are unfortunately not being combated, but, on the contrary, are being strengthened.

5. Epilogue

Law 4027/11 contains additional measures and provisions, which were not part of the aforementioned. For example, it contains individual positive provisions such as the one regarding the funding of Greek Studies Departments in Universities of countries of residence. According to Article 28, paragraph 2, the funding of these Departments is directly related to the “education and training of educators for teaching the Greek language in educational units abroad.”

On the other hand, although the so-called “Centers-Logos” (Article 3) and their goals remain unclear, these potentially include, a positive perspective, that may ultimately bring about cooperation and utilization of local educational institutions.

To be succinct, we have not expanded on the overall analysis of the law, but confined to those points out of which a “new strategy” from the part of the Ministry of Education emerges.

Comparing the philosophy of Law 2413/1996 with that of Law 4027/2011, while taking into account the development of Greek-Language Education in that period, one can almost certainly support the following:

Law 2413/1996 paved an “extroverted” and, yet positively, “aggressive” educational policy of the Centre for the Diaspora. The Greek state, probably for the first time in its history, felt the need and the strength to support culturally the Diaspora, without manipulating it. The cornerstone of the law 2413/96 was “mutuality” “reciprocity” and “equality”.

Putting Law 2413/1996 into educational practice was followed by a series of distortions, which are more prevalent in European countries and much less in non-European ones. This is because European countries have been largely infused with the Greek educational system, bearing of course, its adversities. The new law could be confined to correcting the distortions and revising the old law. But this was not the case; it came to inaugurate a new policy, the policy of “introversion” and “withdrawal”. The main concern of the leadership of the Ministry of Education and the government was the “reduction of areas of action” of the Greek state in the Diaspora.

This “reduction” could be accomplished in practice without being legislated. The fact, however, that it was indeed legislated, allows us to formulate the

position that the introspective and conservative policy of the Center for the Diaspora should be interpreted in a broader framework. That is one of a broader “fear syndrome” that basically characterizes the present Greek state.

The Greek state in the early 1990s had a “vision” which, unfortunately during the second decade of the 21st century, failed and inevitably became the victim of the debt crisis. Greek society became decidedly unsettled and consequently the Greek youth of today has chosen the path of migration, albeit one of “academic migration”, which may fortuitously enrich the Greek elite in the Diaspora.

Can we thus assume that the new and old elite will take the responsibility for Greek-Language Education in the Diaspora and, that in the near future will assist the Centre, as they have done historically in the past?

This is a bold assumption that will be addressed in the future.

NOTES

1. Although the law 2413/96 was introduced six years following the collapse of socialism, specific policies were not included for the countries of the former Soviet Union, that consisted of inhabitants of Greek origin. This oversight is due to the fact that the 2413 Act was established as a bill and submitted to Parliament in 1989 by the then Education Minister of PASOK. However, due to “political passions” of the era the bill was never discussed. In 1996, through rapid procedures, the same minister “revised” the bill and promoted it in Parliament so as to establish it as a state law.
2. As a reminder it should be noted that following consultations between November the 6th and the 11th of 2011, G. Papandreou resigned from the position of Prime Minister on November 11th, and L. Papademos was sworn in as Prime Minister of a “cooperative government”. The Act was passed by a majority vote at the K meeting (IC’ Period, Session III, Monday, October the 31st, 2011). At the same meeting the Prime Minister requested “a vote of confidence” from the House of Representatives and essentially navigated procedures towards the resignation of his government.
3. The report under discussion entitled “*Assessment of Greek-Language Education Abroad until 2010 and its Prospects*” was prepared for the Ministry of Education and funded by ESPA. Posted on websites www.ediamme.edc.uoc.gr and www.ediamme.edc.uoc.gr/diaspora, Μελέτες (Studies).
4. On the phenomenon of networks see M. Damanakis 2003, 2005 and 2007 chap. 3, 5 and 8.

5. See our report to the Ministry in September 2010, Damanakis M. (2010), “Assessment of Greek Language Education Abroad until 2010 and its Prospects” in the website www.ediamme.edc.uoc.gr/diaspora, Μελέτες (Studies).
6. In regards to the terms “Historical” and “Migratory” Diaspora, see Damanakis, 2007, chap. 2.
7. The impasse in which Greek Schools of Germany are led are mainly substantiated by the following empirical studies: Damanakis M., 1993, Damanakis M., 2003 and, mostly, Damanakis M. (ed.) 2011.
8. However, according to Law 4076/2012, article 8, paragraph 1, Lyceums' abolition is postponed for the school year 2013/14.
9. The leadership of the Ministry of Education knew the fact that this argument cannot be based on research and that it is largely contrary to existing research data. However, the leadership of the Ministry ignored the research data and instead supported an ideological argument. Such attitudes are common in the drawing up of bills, and can be attributed to the fact that the Greek political elite does not put into practice scientific and political discourse.
10. The criteria for “non-integrated form of education” and “non-integrated students” only apply in the case of exclusive Greek schools, founded and supervised by the Greek State.

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Epilogue

C. P. Cavafy

Walls

With no consideration, no pity, no shame,
they have built walls around me, thick and high.

And now I sit here feeling hopeless.
I can't think of anything else: this fate gnaws my mind

because I had so much to do outside.
When they were building the walls, how could I not have noticed!

But I never heard the builders, not a sound.
Imperceptibly they have closed me off from the outside world.

Translated by Edmund Keeley/Philip Sherrard

(C.P. Cavafy, *Collected Poems*. Translated by Edmund Keeley and Philip Sherrard. Edited by George Savidis. Revised Edition, Princeton University Press, 1992)

Original Greek Poem

Κ.Π. Καβάφης

Τα τείχη

Χωρίς περίσκεψιν, χωρίς λύπην, χωρίς αιδώ
μεγάλα κ' υψηλά τριγύρω μου έκτισαν τείχη.

Και κάθομαι και απελπίζομαι τώρα εδώ.
Άλλο δεν σκέπτομαι: τον νουν μου τρώγει αυτή η τύχη·

διότι πράγματα πολλά έξω να κάμω είχαν.
Ά όταν έκτιζαν τα τείχη πώς να μην προσέξω.

Αλλά δεν άκουσα ποτέ κρότον κτιστών ή ήχον.
Ανεπαισθήτως μ' έκλεισαν από τον κόσμο έξω.

(Από τα Ποιήματα 1897-1933, Ίκαρος 1984)

Andreas Kalvos and Susan Fortune Ridout (1793-1857): New Evidence*

To Mario Vitti
Lefkios Zafeiriou**

The archival material related to Susan Fortune Ridout (1793-1857), a pupil of Andreas Kalvos, in Italian language, during the first stay of the poet in London, is a result of a research conducted from September 2008 until July 2009, as part of work for Benakis Museum. Ridout was known to us only by her letters to Kalvos, discovered by Mario Vitti in 1959 at the Vatican Library and published by him in 1963.¹ The new evidence related to her and her family, includes all the basic registry data and other important information about the life of this apparitional woman who lived close to the poet of the *Odes*, in the period 1817-1819.

The new material was collected, among other archives, from Bristol, Brighton, Surrey, London, Wareham, as well as from printed information. The contribution of Dr Karen Francis to this research, from the very beginning in September 2008 until June 2009, was precious at every stage, and without her assistance, the grave of S.F.R. which was found last June, would have been remain undetected.²

According to the book of marriages, baptisms and funerals of the Church of St. Mary le Port (Bristol), she was born on 5 December 1793 in Bristol and was baptized at the same church, on 9 October 1795 (“Susan Fortune Daughter of Charles & Jane Ridout born Dec. 5th 1793 was baptized in this Church Oct. 9th 1795”).³ Ridout (who finally remained unmarried) died in Bristol on 23 August 1857 from “Chronic Heart affection. Rheumatic years. Effusion pericardium. Anasarea 8 weeks” as it is mentioned in her death certificate on 25 August 1857⁴. An announcement of her death is published in two newspapers: *The Brighton Herald* on the 27th of August and at *The Brighton Examiner* on the 1st of September.

* A first variant of this article was published in the *Μικροφιλολογικά* magazine, issue 25, Spring 2009, pp. 21-22. The present article is enriched with new evidence.


** Philologist and writer

On 19 January 1857, she made her Will in Spinster of Wareham, Dorset, in which she bequeathed the greater part of her property, to her nephew, Bleamire Moody De Michele (b. 8 April 1831), who was the son of her ill sister, Elizabeth (bapt. 1.1.1793-1865?). Elizabeth, according to the censuses of the years 1841, 1851 and 1861, was a resident of Brighton and was married on 11 January 1825 in Hustings of Sussex, with John George De Michele (d.1859) who was 51 y.o. in 1851, according to the Census of that same year. [Ridout] also bequeathed a part of her property, in cash, books, and other objects who were found at her home where she resided, to her friend Samuel Richard Capel, whom she appointed as the executor of her Will, along with his son, George Blight Capel. The remaining part of her property (cash, household utensils, jewels, books and other objects) bequeathed to three of her friends, Amalia Da Silva, Elizabeth Harry and Emma Wickham (2.6.1810-3.2.1887) who was the wife of the Reverend Edward Dave Wickham (24.2.1810-17.6.1894). The Wickhams, with whom Ridout was connected by friendship, arranged for the transportation of her remains, from Brighton to South Holmwood, where the funeral took place in the cemetery of the Anglican church of Saint Mary Magdalene, on 28 August 1857.⁷

In the death certificate, it is written that she was a daughter of the merchant Charles Vie Ridout, an information given by S.F. Ridout in two of her letters, of the year 1819.⁸ The research brought to light some evidence about her father, who was born in 1753, and married in London on 19 October 1784, with Jane Smith (1768-1827). He died in 1815⁹ and his funeral took place on the 1st of March at the church of St Michael-on-the Mount, in Bristol. The Ridouts had also another eight children, five girls and three boys.¹⁰

In 1838, she released her book in London, entitled *Letters to a young governess on the principles of Education and other subjects connected with her duties* [Part I, Published Edmund Fry, London], which had a second enriched edition in 1840.¹¹ According to the official census of the population in the evening of the 6th of June 1841, Ridout directs a school for girls, in Brighton, 45 Sussex Sqr., and in the boarding school, there are sixteen pupils at the age from eight until fifteen years old.

In 1843, she is mentioned as a subscriber to the fifth volume of *The History of England* by John Adolphus, and residing in Brighton.¹² However, in 1848 she is located in London and according to the official census of the population, in the evening of the 30th of March 1851¹³ she directs a boarding school for girls, in Hamilton Terrace 61-63, St Marylebone, in Middlesex, London, in which there are eight boarding female pupils and another five women as part


CERTIFIED COPY of an ENTRY
 Pursuant to the Births and Deaths Registration Act 1953

FD 452584

Registration District Brighton									
1857. Death in the Sub-district of Kemp Town, Brighton in the County of Sussex									
Columns:-	1	2	3	4	5	6	7	8	9
No.	When and where died	Name and surname	Sex	Age	Occupation	Cause of death	Signature, description and residence of informant	When registered	Signature of registrar
17	Twenty third August 1857 5 Old Steine	Susan Fortune RIDOUT	Female	66 years	Daughter of Charles Vie RIDOUT Merchant (deceased)	Chronic Heart Affection. Rheumatic years. Effusion Pericardium Anasarea 8 weeks Certified	Mary Therlon Present at the death 37 Sussex Hill, Brighton	Twenty fifth August 1857	Chas. Dumbrell Registrar

Certified to be a true copy of an entry in a register in my custody.

M. S. Addison
 18.11.2008
 Deputy Registrar

Date

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Death Certificate of Susan Fortune Ridout

of the staff. She is registered at the same address, in a London mailing list in 1848, as well as in a Banking list in 1852, and it's very possible that she was directing the same school.

The letters of S.F. Ridout to Kalvos, providing us with a variety of information, and besides their personal relationship, they consist documented evidence about the life, the personality and the literary -and other- activities of Andreas Kalvos. The thirty letters (from a total number of fifty four letters, whose the very first is dated March 27, 1817), cover the period from 21 October until 30 December 1819, since they reconnected, after the death of his wife Maria Theresa Josephine Thomas when Kalvos was accommodated at the house of his publisher Samuel Bagster, near St. Paul's Cathedral. (There are two letters dated in October, seven letters in November, and the other twenty-one in December, of which the most are dated in the last two weeks of the same month).

In the first letter there is an information that S.F. Ridout, was already an old pupil of Kalvos, and it's very possible that she was one of first people who had been taught Italian by him, after his establishment in London in September 1816.



The Grave of Susan Fortune Ridout

Ridout recommends pupils to the poet and thanks him in one of her letters about a Hymn (*Inno*) which he sent her, and gives us the information that his *Italian Grammar* is going to be ready very soon.¹⁴ In a letter dated in March 1818, she mentions that she received the copies of the *Σύνοψις της Ιταλικής Γραμματικής* sent for her and another two for his pupils. In June of the same year, she writes to him that she has read the article in *The Times* regarding his lectures on the Greek language and congratulates him. In a letter of the year 1819 she refers to the second series of his lectures. There are also additional information concerning the multilingual *Αρμονική Γραμματική* by Frederick Nolan, for which the poet will write a “Modern Greek Grammar”, as well as *L’ Ape Italiana* magazine, by B. De Sanctis, with whom he used to be in the same circle of friends and afterwards, according to one of her letters dated 26 October 1819, he was going to be in rupture. A few days later, she is asking him, if the Bible is released in single booklets. Some of her letters are of a great interest, as she points there the characteristic elements about Kalvos, which gives us a completely different portraiture of him, contrary to what we usually have through some unsubstantiated narratives (integrity of character, independence of thought, prudence, dignity, etc.). Even the related references to their erotic relationship give us, implicitly but clearly, a different image of the poet, much different from the anecdotal characterizations of his relations with the

other sex. Additionally, in her letters there is information given about a trip of the poet to Egypt, as well as his upcoming visit to Italy and Greece. Finally, besides the references about her family, in one of her letters, we have a unique to date, factual information about the death of his first wife Maria Theresa Josephine Thomas, a few months after their marriage in May 1819 .¹⁵

NOTES

1. See Mario Vitti, *Sources for the Biography of Kalvos (Letters 1813-1820) (Πηγές για τη βιογραφία του Κάλβου), (Επιστολές 1813-1820)*, Thessaloniki 1963, pp. 87-125.
2. The identification of the grave in the Anglican Church of Saint Mary Magdalene at Holmwood, became possible with the assistance of Mrs. Mary Mansell, based in an older sketch of the cemetery. The headstone inscription with the details of S.F. Ridout, was eliminated by the years. The burial ground, became known to me by Dr. Karen Francis by an e-mail message, and the exact burial place of the grave, identified by Mary Mansel in June 2009.
3. Bristol Record Office.
4. Brighton Archives, Death in the Sub-district of Kemp Town, Brighton in the County of Sussex, 1857, No. 17.
5. *Brighton Herald*, 27.8.1857 (“On the 23rd inst., Mrs Sarah [sic] Fortune, 5 Old Steine, aged 68 years”).
6. *Brighton Examiner*, 1.9.1857 (“DEATHS./ RIDOUT. – On the 23rd inst., 5, Old-stein, Brighton, Sarah [sic] Fortune, daughter of Charles Vie Ridout, Esq., merchant, aged 66 [sic]”).
7. Cf. Surrey History Centre: St Mary Magdalene, South Holmwood, Entry number 272. Name Susan Fortune Ridout, When buried August 28th 1857, Age 64.
8. M.Vitti, *op. cit.*, pp. 102-103.
9. M. Vitti, *op. cit.*, p. 102 and Bristol Burial Index: BRO Ref: P.St M/R/4a Page: 30 No 240.
10. Jane Vie Ridout, 29/8/1786, St Mary le Port, FCEP/V/4/35(a)5 frame 40.
Elizabeth Ridout, 7/1/1793, St Mary le Port, FCEP/V/4/35(a)6 frame 13.
Henrietta Ridout, 20/12/1797, (birth date note t as 31 May 1796) St Mary le Port, FCEP/V/25(a)6 frame 33.
Martha Ridout, 31/5/1799,(birth date note as 26 June 1798) St Mary le Port, FCEP/V/35(a)6 frame 38.

Charles Vie Ridout, 2/11/1801, St Michael, FCP/StM/R/1(d)2 frame 39.

Thomas Ridout, 7/12/1802,(birth date noted as 26June 1798)St Michael, FCP/StM/R/1(d)2 frame 44.

Catharine Elizabeth Ridout, 1/1/1805,(birth date noted as 27 April 1806) St Michael, FCP/StM/R/1(d)3 frame 9.

Helen Ridout, 26/5/1810,(birth date noted as 27 April 1806) St Michael, FCP/StM/R/1(h)1 frame 19.

Bristol Record Office, Matt Coles. Archives Asst.

11. *Letters to a Young Governess, on the Principles of Education, and other Subjects Connected with her Duties*. By Susan F. Ridout. London: Published by Edmund Fry, Bishopsgate Street. 1840. [Part I, p. 144 και Part II, p. 106].
12. John Adolphus, *The History of England, from the accession to the decease of King George the Third*, Vol. VI. Published by John Lee, London MDCCCXLIII [Miss S.F. Ridout, Brighton].
13. The census information of the years 1851 and 1841, come from the British National Archives (Census 1841, 1851).
14. For the letters, see footnote 1. For the Greek translation of Ridout's letters to Kalvos, see P. Karagiorgos, *Themata Eptanisiakis Logotehniais*, Athens 2007, pp. 103-148.
15. The research about Maria Theresa Josephine Thomas, which was carried out in parallel with that one of Susan Fortune Ridout, is still in progress and perhaps will give some results. A Maria Thomas, daughter of the doctor Honoratus Leight Thomas, who was baptized in 8 August 1796 in the church of St Anne, Soho, in London, finally turned out that she wasn't related to the first wife of Andreas Kalvos. In the last summer, the marriage registration of H.Thomas' daughter was found, dated in 1825, and the research towards this direction was abandoned. As it is already known, in this same church took place the marriage of A. Kalvos in 18 May 1819. Despite the research in many archives of London, there were no results, even in the most recent at the London Metropolitan Archives. Very recently, there were located some documents of the year 1812 at the National Archives, as well as of the year 1810 at the Westminster Archives, which is very possible to be related to Maria Theresa Josephine Thomas. It is the first time that such a name appears in documents of that period, exactly the same as the one in the registration of the marriage in 1819. The first person who located the certificate of the marriage, was Archmandrite Iakovos Virvos, in 1939, without however to publish its content. The same certificate was located much later by Antonis Indianos, who published the new evidence in 1960.

Poètes Chypriotes/ Cypriot Poets

Vassilis Michaelides

The Nereid

In the country where I was raised
and still kept on growing
when I started to palpitate a bit
then I wasn't frightened
of the ghosts and didn't hide
but I stepped out for a walk.

At a river's crossing
I perceived a lissom girl
would this moment be curse!
I was caught as a lamb in the trap
poor wretch
while in the pasture-land.

She shone when she saw me
my mind was traversed by light
and a luminous world appeared.
When she smiled at me
paradise appeared
before me and I could not move.

Immediately I got in bewilderment
the world I forgot
and remained gaping silent.
She told me, come, follow me
and from the bottom of my heart I felt the pain
and I followed her, silly me.

Hills, plains and mountains
together we traversed
full of flowers and thorns.

The street was endless
but we didn't get tired
it was a joy for us.

She was trembling lest she might lose me
and I was trembling lest I might lose her
and at the idea to speak to her and lest she speak to me.
I had thirst for her and was burning
I was trembling at the idea to touch her
lest we both turn into lightning.

Then we arrived to a mountain
Straingt up to heaven
Resembling a paradise
There we wept
Together and laughed
in the mountain's pugent musk.

She told me if you are brave
if you like this life
from now on stay without me
and she burst into laughter.
Immediately I felt my heart
nearly to crack.

She said and she vanished
and disappeared
as a passing wind.
My heart cracked
I lost my wits
since then I remain ecstatic.

The troubles that were gnawing me
haven't yet been revealed
even to the birds when they are gazing
Since then whenever I see the nereids
I tremble
and I turn down to avoid them.

(Translated by Thalia Tassou)

Dimitris Lipertis

Sunset

Tomorrow when the four pallbearers come to take me,
in the midst of the turmoil,
please come to church too,
don't be ashamed.

I loved you with all my soul and they'll blame you for it.
but if you're a kind maiden,
don't delay, come there
before they toss me in the grave.

People hate the living and will not accept them,
but they forgive the dead,
a handful of earth, and cannot,
O maiden, torture them.

They deserve final forgiveness, people offer charity,
because they go from the false
to the true world, and
they will be judged.

If they don't celebrate my memory in three or forty days,
nor a liturgy after a year, Of
do me this favour at least
for consolation:

After sunset, when the dusk is growing deep,
when the paths become empty
and no creature passes
who might startle you,

Then come to my grave and light a candle from the
Sacred Tomb in the little pitcher,
and burn the incense, maiden,
And call my name and weep.

(From the Collection *Poems of Cyprus*, edited by the Ministry of
Education and Culture of the Republic of Cyprus, Nicosia, 1970).

Thodossis Piérides

Egalité

Un clocher gothique et un peuplier.

De loin je n'arrivais pas à en faire le partage.
C'étaient deux petits détails aériens
qui s'efforçaient de compléter le paysage.
C'était aussi un but informe et neutre
arbitrairement fixé à ma promenade.

(Car ce poète toujours pourchassé, toujours errant,
veut – ô vanité – se fixer toujours des buts
il veut que même sa flânerie soit active).

Me voici maintenant arrivé au but.
Et les voilà qui abandonnent leur neutralité
deviennent identiques à eux-mêmes
en affirmant leur personnalité
de clocher gothique et de peuplier.

Identifié a la vie

J'ai connu la grande poésie mise en vevre qu'on appelle le vin.
J'ai connu le chant suprême qu'on nomme femme.

J'ai vu les bateaux arriver et partir
habillés de leur tôle plus légère que plumage de cygne.

Je me suis multiplié dans les hommes, je me suis senti millions et millions.

Arrive au seuil de la vieillesse et de la solitude
j'ai senti comme miens tous les enfants des hommes
y compris le petit négrillon qui vient de naître dans village d'Afrique.

Et je fus aussi feuille, goutte de pluie, rocher au bord de l'océan
comme je fus grain de poussière sur la route
ou grand vent sur les hauteurs hurlantes.

Je vis la Révolution me sourire
comme si elle était ma soeur ou mon amante.
Elle me donna même, de temps en temps, une bonne fessée
tellement j'étais entré dans son intimité
tellement elle était ma mère et moi son enfant –
son galopin d'enfant pris en faute.

J'ai vécu dans le passé mordu par les couleurs de l'enfantement
j'ai vécu dans l'avenir scintillant des pierreries du bonheur
J'ai vécu dans le présent
et je fus arc tendu à chaque instant, à chaque bataille,
ou coulée d'acier dans le haut-fourneau du monde bâtisseur.

Et j'ai chanté, chanté à perdre haleine.

Maintenant je peux partir.

Le mort ne peut plus m'avoir.

Puisque je me suis identifié à la vie.

Prague sous le soleil

Cette ville réconcilie l'éclat de la lumière
et la tendresse des collines verdoyantes.

Elle réconcilie les flèches gothiques et des cheminées d'usines
les châteaux princiers et l'écusson de la république socialiste.

Ses vieilles ruelles sont des tunnels creusés dans le roc de l'histoire
pour déboucher dans le présent.

Et le présent est un port porteur de voyages vers l'avenir.

Rue Beloyannis

Quand le bateau ivre qui me mène de ça, de là,
me fit débarquer dans ce port
d'innombrables rosiers s'assemblèrent sur le quai
pour me souhaiter la bienvenue au nom de la cité des roses.

Puis je partis dans les rues – mon élément de flâneur actif.

Ces quelques lettres sur fond bleu accrochées au mur
faisaient une fenêtre qui s'ouvre du côté du soleil
faisaient un sourire qui s'ouvre du côté de la vie
faisaient une fontaine qui jaillit des profondeurs de la mort
faisaient un œillet gigantesque
que la cité des roses avait piqué dans sa chevelure
un jour où elle était en larmes.

C'est à partir de ce moment-là
que le poète errant
a fait sienne la cité des roses.

Sélection: Yannis Ioannou

Livres Reçus/Books Received

**Jean- François Drevet, *Chypre entre l'Europe et la Turquie*,
Paris, Editions Karthala, 2011**

Dans son nouveau livre sur Chypre Jean-François Drevet,, ancien haut fonctionnaire à la Commission européenne, analyse les trois solutions possibles de la question chypriote. Il évoque ainsi le maintien du statu quo en l'absence de règlement politique , l'option belge, proche du plan Annan en cas de règlement politique a minima, et le scénario suisse, en cas de règlement politique plus robuste avec un régime fédéral fonctionnel de nature à opérer une véritable réunification de Chypre.

L'auteur estime que l'évolution probable de la question chypriote se situe quelque part entre ces trois hypothèses et que l'optimisation du futur de l'île dépend de trois facteurs essentiels:

- La construction d'une identité politique chypriote européenne, qui semble désormais en bonne voie
- Le désengagement de la Turquie, qui reste le principal obstacle à un règlement équilibré
- La relativisation de la fonction stratégique de l'île avec une meilleure prise en compte des intérêts des Chypriotes par les puissances anglo-saxonnes
- En conclusion de son livre J-F Drevet s'interroge sur une participation plus intensive de l'UE à la solution de la question chypriote en estimant que le soutien aux Chypriotes turc accordé par l'UE après l'échec du plan Annan doit assurer le développement d'une population insulaire défavorisée et non la consolidation d'une colonie d'Ankara.

Jean Catsiapis

Chronologies

Chypre: 1er juin -31 octobre 2012

25 juin: Chypre fait appel à l'aide de l'Union Européenne afin de contenir les risques encourus par son économie du fait des lourdes pertes des banques chypriotes dûes à la crise financière de la Grèce. Le montant de l'aide demandée serait de l'ordre de 4 à 10 milliards d'euros.

1^{er} juillet: Chypre assume pour un semestre la présidence tournante du Conseil de l'UE.

5 juillet: Plusieurs dirigeants syndicalistes chypriotes-turcs sont présents au théâtre antique du de Kourion à la cérémonie marquant le début de la présidence chypriote de l'UE. Salués par des paroles de bienvenue du président Christofias, ceux-ci tenaient des panneaux «UE que faites vous contre l'extinction des Chypriotes turcs et l'occupation»?

6 août: Chypre remporte aux Jeux Olympiques de Londres une médaille d'argent avec Pavlos Kontidès (sport de voile). Il s'agit de la première médaille olympique remportée par Chypre depuis l'indépendance de ce pays.

4 septembre: L'Archevêque Chrysostomos II et ses évêques ont décidé une baisse de 25% de leur salaire et une renonciation à leur 13^{ème} mois.

30 septembre: Arrestation de 3 policiers chypriotes grecs dans la zone tampon par des soldats chypriotes turcs à proximité du village de Dhali. Libération, le 2 octobre, de ces policiers moyennant une amende de 10 000 livres turques (4 700 euros).

8 octobre: L'agence de notation *Moody's* abaisse de 3 crans, à B3 la note de la dette souveraine de Chypre, note synonyme de faible sécurité de remboursement à long terme pour les créanciers du pays.

15 octobre: Nomination d'Androulla Agrotou aux fonctions de ministre de la santé en remplacement de Stavros Malas, candidat de l'AKEL aux élections présidentielles de février 2013.

25 octobre: Dans le cadre de la présidence tournante du Conseil de l'UE le président Christofias a été reçu en audience au Vatican par le Pape Benoît XVI.

29 octobre: Célébration de la Journée des Chypriotes disparus. Le Président Christofias invite la communauté internationale à exercer son influence sur la Turquie pour que ce pays ouvre ses archives militaires afin d'éclairer le sort des 1619 Chypriotes disparus au cours de l'invasion turque de 1974.

Grèce: 1er juin– 31 octobre 2012

17 juin: Elections législatives. Sept partis entrent au Parlement: la *Nouvelle Démocratie* (29,66% et 129 sièges), *Syriza* (26,89% et 71 sièges), *Pasok* (12,28% et 33 sièges), *Greco Indépendants* (7,51% et 20 sièges), *Chryssi Avgi* (6,92% et 18 sièges), *Gauche Démocratique* (6,26% et 17 sièges), *KKE* (4,50% et 12 sièges).

21 juin: Nomination du gouvernement d'Antonis Samaras, le chef de la *Nouvelle Démocratie*. Ce gouvernement comprend des ministres de ce parti – en particulier Dimitri Avramopoulos, ministre des Affaires étrangères – et des personnalités indépendantes comme Ioannis Stournaras, le ministre des finances.

8 juillet: Vote de confiance au gouvernement Samaras, par 179 voix (*Nouvelle Démocratie*, *PASOK*, *Gauche Démocratique*) contre 121 (*Syriza*, *Greco Indépendants*, *Chryssi Avgi*, *KKE*).

24 août: Rencontre à Berlin avec la Chancelière Angela Merkel du Premier ministre grec, qui souhaite 2 ans de délai - 2016 au lieu de 2014 - pour le redressement des finances publiques de son pays.

25 août: Le président François Hollande déclare que «la question de la sortie de la Grèce de la zone euro ne se pose pas», après avoir reçu à l'Élysée le Premier ministre grec.

7 septembre: En visite à Athènes le président de l'UE, Herman Van Rompuy déclare: «Aussi longtemps que la Grèce restera engagée sur ses objectifs et obtiendra des résultats, les institutions européennes et chaque Etat resteront engagés derrière elle».

26 septembre: 3^{ème} grève générale depuis le début de l'année 2012. 30 000 personnes défilent à Athènes selon la police (100 000 selon les organisations syndicales).

9 octobre: Visite à Athènes de la Chancelière Angela Merkel. D'imposantes manifestations ont lieu pour protester contre cette visite.

18 octobre: Un homme de 66 ans meurt d'une crise cardiaque à Athènes au cours d'une manifestation anti-austérité.

26 octobre: Cérémonie à Thessalonique présidée par le président de la République Carolos Papoulias pour le centenaire de la libération de la ville du joug de l'Empire ottoman.

28 octobre: Le journaliste Costas Vaxevanis publie dans le magazine *Hot Doc* la liste de 2049 noms de présumés détenteurs de comptes bancaires en Suisse, fournie en 2010 par Christine Lagarde, alors ministre française des finances à son homologue grec Georges Papaconstantinou. Interpellé par la police, et poursuivi pour violation de données personnelles, ce journaliste est acquitté le 1^{er} novembre par un tribunal athénien.

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Remerciements / Thanks to

Panayiotis Constantinides
Jean Catsiapis
Thalia Tassou

CONCEPTION GRAPHIQUE / GRAPHIC DESIGN: Iraklis Théodorakopoulos
COMPOSITION / MISE EN PAGE: Constantina Metaxa

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