

Opinion Article

**No 1
March 2013**

A Window of Opportunity, but Will it Be Taken?

By Kevin Featherstone

Eleftherios Venizelos Professor of Contemporary Greek Studies and
Professor of European Politics at the London School of Economics

The Italian elections have reminded everyone that the economic crisis has made European publics lose faith in the established political process and they're looking for something 'new'. They've also helped to turn international attention away from Greece. Indeed, with its second bail-out secured and new tranches of the loans being paid, the 'plan' for Athens has been updated and her partners pray it is settled. With 2013 as an election year, Chancellor Merkel doesn't want to hear of any more problems from Greece. So, for those who firmly believe that Greece's best course is to remain within the euro-zone, a window of opportunity has been created with relative stability and an action plan.

The question then becomes: will Greece seize the opportunity? It is certainly true that there are major short-term challenges as more painful austerity measures must be implemented. There will be plenty of scope for opposition, strikes and street protests. The demands that Greece curtails its public sector – reducing staffing in government administration, privatising state enterprises – touch raw sectoral interests in areas of strong union power. All of these pressures will test the coalition government's resolve, pressed by their party electorates to uphold their interests.

The Greek party system has been transformed by the crisis, with the greatest upheaval seen in Western Europe since 1945 – only Italy at the start of the 1990s is comparable. The two elections of 2012 gave the opposition much momentum. On the Right, the Neo-Nazi 'Chrysi Avghi' and the nationalist 'Independent Greeks' have established a relatively stable position in the opinion polls since then, as has the more popular SYRIZA on the Left. If an election was held tomorrow, the governing parties could not be confident of securing a majority to carry on. Their coalition has the mark of a 'suicide pact': each should be afraid of an early election. But, nor could the disparate opposition expect to win singly or to be easily able to form a coalition. SYRIZA, with the charismatic Alexis Tsipras, would be the most likely to head an alternative government, but its position would no doubt depend on support from PASOK and the Democratic Left switching allegiances and tolerating a new strategy that might put at risk Greece's position in the euro-zone. The alternative of SYRIZA allying with the Independent Greeks of Panos Kamenos would be less politically attractive to it and might not be sufficient anyway. So, if the current coalition was to implode – the first threat to Greece not seizing the current window of opportunity - the immediate future would be very uncertain and

A window of opportunity, but will it be taken?

By Kevin Featherstone, Eleftherios

Venizelos Professor of Contemporary Greek Studies and Professor of European Politics at the London School of Economics

risk greater political instability.

The second, and more systemic, threat that Greece might not seize the opportunity of 2013 is that the government may lack either the will or capability to implement the reforms demanded by the 'Troika' overseeing the bailout. In addition to any doubts over the government's collective will, resulting from protests and strikes, there is the significant challenge of it being able to direct, manage and make a reality of the required structural reforms.

Not least, there is the endemic problem of making the ministries 'fit for purpose'. This will involve overcoming the accumulated dysfunctions of the administrative culture – an excessive legal formalism that erodes scope for initiative, that is impersonal and hierarchical and keeps public servants as near-automatons, dependent on the minister's signature for even the most minor operational actions – improving its resource deployment and responsiveness, its skills and IT provision. The current weaknesses were well detailed in an OECD study and report of 2011. Tackling them will involve a shift of mental frames, deep-rooted traditions, and established paradigms. Even more sensitively, it will require politicians and parties to break with the established ways of doing politics: turning away from clientelism, favours, and dividing up the spoils of office. This will be true for the parties in power, but also the campaigns of those in opposition. It will serve little reform purpose if oppositions make wild promises with implications for public finance or condone tax evasion before they take charge and have themselves to manage budgets and revenue.

In short, for Greece to seize the opportunities currently before it will require that the Greek state becomes an efficient, informed, and reliable enabler: identifying priorities, informing itself and designing action plans, deploying the resources, ensuring effective management, and giving itself the scope for implementation reviews and learning.

Practically every Greek election since 1989 has seen calls for the catharsis, modernisation, re-founding, or increased transparency of the state administration. A reformist discourse has existed, but it has been repeatedly thwarted by bureaucratic inertia, divided political interests, and the opposition of the unions. A state administration that is an enabler – rather than a repository of clientelistic favours and rent-seeking, or a substitute for a welfare state, or a political taboo area of stasis – is crucial to Greece's future development path. It has to be the core agent in managing the fiscal crisis and building growth potential, exploiting the sectors of greatest promise like those identified in the McKinsey Report of 2012. But it also has to be the lead in building the educational and social policy provision that a cohesive and integrated society needs.

So, Greece has been given a domestic opportunity. By the end of the year, it must prove it has taken it and made serious progress on real, deep reforms. Failure to do so will be a self-inflicted wound, susceptible to further disruption from outside if the euro-zone crisis worsens.

Hellenic Foundation for European & Foreign Policy (ELIAMEP) – CRISIS OBSERVATORYVas. Sofias, 10676 Athens, Greece | Tel. +30 210 7257 110 | Fax +30 210 7257 114 | E-mail info@crisisobs.gr**Learn more about our work** - Visit our website at www.crisisobs.eu

ELIAMEP offers a forum for debate on international and European issues. Its non-partisan character supports the right to free and well-documented discourse. ELIAMEP publications aim to contribute to scholarly knowledge and to provide policy relevant analyses. As such, they solely represent the views of the author(s) and not necessarily those of the Foundation.