

**THE POLITICS OF EXTREME AUSTERITY:  
GREECE BEYOND THE CRISIS**

GLASGOW, 8 &amp; 9 DECEMBER 2011

Dear delegates,

Welcome to our conference, hosted by the Greek Politics Specialist Group (GPSG) of the Political Studies Association (PSA) and the School of Government and Public Policy at the University of Strathclyde!

In 2010, Greece suddenly found itself at the centre of European and world attention as the country was rocked by the worst economic crisis of its modern history. To prevent a disorderly default, Eurozone leaders and the International Monetary Fund agreed to a rescue plan in return for unprecedented austerity measures. Within the space of 12 months, the economic wisdom, as well as the political and social sustainability of the austerity package have come into question, while, in the meantime, the debt crisis has spread beyond Greece, undermining the stability of the European Union itself.

Against this backdrop, this conference seeks to deliberate on the origins, implications and management of the Greek crisis and aims to generate new theoretical perspectives about the politics of extreme austerity. We hope that our discussions over the two days will be of value for Greece, as well as for other countries facing similar economic challenges. It is also hoped that one result of this conference will be the formation of an international network of researchers and we hope that this will be the first of many opportunities to engage in stimulating academic debates on such contemporary and policy relevant issues.

We are delighted to welcome you, experts from across the humanities and social sciences spectrum, to reflect on developments in this area and seek to make a positive contribution in moving beyond the crisis.

Thank you for being a part of this initiative and we hope that you will enjoy the conference!

*Georgios*

– on behalf of the GPSG Committee

Dr Roman Gerodimos (Bournemouth University)  
Dr Georgios Karyotis (University of Strathclyde)  
Dr Stella Ladi (Panteion University)  
Dr Andrew Liaropoulos (University of Piraeus)  
Dr Dimitris Tsarouhas (Bilkent University)

## PAPER ABSTRACTS

**Thursday, 8 December 2011**

### **10.15 - 11.45 Panel 1: The Political Economy of the Crisis (1)**

**Prof. Antigone Lyberaki (Panteion) and Dr Platon Tinios (Piraeus), “Informal social protection and family indebtedness: some hidden economic crisis dynamics”**

Social solidarity, in Greece much more than in other countries, is channelled through the family and other informal support networks. The functions of social protection are thus supplied by a hybrid welfare system, composed of the formal welfare state and social insurance institutions but also ‘shadowed’ and supplemented by an informal welfare state based on the family. This symbiosis is frequently noted, but its full implications are little appreciated. This carries important implications concerning the –largely unintended- outcomes of the austerity policies during the crisis: austerity policies squeeze the finances of the family, leading to a possible ‘bankruptcy’. These implications affect the mechanisms of the invisible –yet very significant- pillar of social solidarity. The discontinuities they imply have important consequences for research design and for policy formation.

This paper is part of a broader research project and intends to explore indirect evidence supporting two main propositions: First, the hybrid (formal and informal) system of social protection has provided one of the drivers leading to the current crisis in state finances. And second, that the real picture of losses during the crisis is much more complicated than anticipated. Lastly, we hope to show that the examination of the operation of system dynamics *during* the crisis foreshadows the characteristics of available paths *out* of the crisis.

**Dr Manos Matsaganis (AUEB) and Chrysa Leventi (AUEB), “Poverty and inequality during the Great Recession: the case of Greece”**

The severe economic crisis affecting Greece since 2009 is having an unprecedented impact in terms of job and income losses, and is widely perceived to have a comparably significant effect in terms of greater inequality and increased poverty. We provide an early assessment of whether (and to what extent) the latter is the case. More specifically, we distinguish between two inter-related factors: on the one hand, the austerity measures taken to reduce fiscal deficits; on the other hand, the wider recession. We attempt to quantify the distributional impact of both using the European tax-benefit model EUROMOD. With respect to the austerity measures, we focus on policy changes in income tax, public sector pay and pension benefits. With respect to the wider recession, we correct for the rise in unemployment using the latest Labour Force Survey data. We simulate the (*ceteris paribus*) impact on the distribution of incomes of each of these changes, distinguishing between the first-order effects of austerity measures and those of the wider recession, and estimate how the total burden of the crisis is shared across income groups, taking into account tax evasion and benefit non take up. We conclude by discussing the methodological pitfalls and policy implications of our research.

**Dr Sotiria Theodoropoulou and Dr Andrew Watt (European Trade Union Institute, Brussels), “The Greek tragedy: the abject failure of national austerity in the context of an unfinished monetary union”**

The aim of this paper is to evaluate the potential of the fiscal consolidation and the labour market and other structural reforms promoted by the EU and the IMF in Greece to deliver on its promises to bring about medium-term economic recovery and ultimately to contribute to the

consolidation of the Greek public finances. In order to do this it is clearly necessary to look at the economic and political situation and structures of the country itself. Equal importance is given in this study, though, to the *external* framework, specifically the unfinished house that is European Monetary Union. The sustainability of a country's public debt depends not only on the balance of the government budgets but equally on the interest rate at which it must be served and the output growth rate. In the case of Greece all these variables are decisively influenced by the actions of European institutions (European Council, ECB) and the other 16 Member States of the EMU (and to a lesser extent the 10 other EU countries).

The paper begins by reviewing Greece's economic developments since the crisis broke. One and a half years after the adoption of the financial support programme, the Greek economy has plunged into a deep recession which at the time of writing shows no signs of abatement. It then argues that the problem was not primarily a failure to enact demanded and promised structural and budgetary reforms. Rather, the external and externally imposed conditions, in combination with certain structural features of the Greek economy and labour market, were such that, in spite of an unprecedented adjustment in the government deficit, the economy remains in recession and still trails behind the stated deficit target levels. Even if the austerity measures had been 'optimal', the outcome would not have been substantially better. The importance of various of these internal (trade openness, production specialisation etc.) and external (interest rate, simultaneous fiscal contraction by other EU countries, ECB anti-inflationary policies etc.) conditions, and the ways in which they interact are, thirdly, assessed. The paper concludes by briefly sketching necessary conditions for successful consolidation and economic recovery in Greece, and by extension for any economy facing a similar constellation of problems and trapped within an unfinished monetary union.

### **Eoin Drea (Cork), "Repeating the Mistakes of Austerity? Lessons for Greece from the Irish Economic Experience of the 1920s and 1930s"**

The recent financial support accepted by Ireland from the European Union (EU), European Central Bank (ECB) and the International Monetary Union (IMF) marks the end of eighty nine years of Irish economic independence. It also formalises a process of on-going financial support provided by the ECB to Irish banks since the latter half of 2008. Ireland is one of three EU member states, along with Greece and Portugal, engaging in medium term austerity programmes as set out in their respective framework agreements with the EU/ECB/IMF.

Although difficult to comprehend in the current context, the banking and economic structure inherited by the Irish Free State in December 1922 was characterised by extreme caution. As a newly independent economy, Ireland was characterised by low growth, high levels of emigration and almost complete trade dependence on Great Britain. Significant civil unrest remained a feature of Irish economic life up to the early 1930s. Acting on the advice of the economic and financial establishment, Ireland maintained her currency at par with sterling, effectively locking Ireland into a monetary union. This ensured the Irish commercial banks would continue to set their interest rates based on movements in the Bank of England rate.

When compared to the current crisis, a number of key characteristics associated with the development of the Irish Free State economic system are worthy of consideration. Firstly, the conservatism of Irish banking structures in the 1920s was complemented by a marked economic traditionalism in the Cumman na nGaedhael administrations up to 1932. Even after significant increases in public spending by Fianna Fáil post 1932, the economic establishment largely succeeding in minimising proposed changes to the banking system. Secondly, within the public service, the legacy of British administrative control was reflected in the inherent reluctance to embrace change in economic arrangements. Thirdly, the development of the Free State financial system was highly influenced by the work of outside "experts" who provided detailed reports on banking structures. This paper considers the relevance of these

issues for the current crisis in the Euro Zone area, with particular reference to the unfolding economic situation in Greece.

## **12.00-13.00 Keynote Speech**

### **Professor Richard Rose (Aberdeen/Strathclyde), “Macro and Micro Dimensions in the Politics of Austerity: a Comparative View”**

To what extent has the macro-economic crisis of national governments and financial institutions affected ordinary Europeans at the micro-economic level? Eurobarometer surveys from 2009 show that ordinary people feel much less affected than political and economic elites. However, there are major differences in the extent to which individuals are vulnerable: for example, retired people are less likely to fear unemployment and benefit more from the stable prices brought by recession and the extent of borrowing to finance home-ownership differs greatly between EU countries. Types of vulnerability are systematically identified. The evidence indicates that individual characteristics that caused economic difficulties prior to the crisis remain the most important determinants of having economic problems since. To say that Greece and Greeks are different from other European countries it is necessary to specify which countries, how Greece differs and why. It also leaves open whether or not the response elsewhere in Europe has been homogeneous or not.

**Professor Tony McGrew**, who will chair the first two sessions, is the Dean of the Faculty of Humanities & Social Sciences at the University of Strathclyde. Prof McGrew is an internationally renowned expert, focussing on the political economy of globalization, IR theory and globalization, global governance and cosmopolitan IR theory, among others.

## **14.00-15.30 Panel 2: The System under Pressure: Party Politics and Populism**

### **Dr Georgios Karyotis and Dr Wolfgang Rudig (Strathclyde), ‘The electoral politics of extreme austerity’**

Can governments faced with existential financial crises survive elections? The PASOK government in Greece appeared to cope quite well, claiming victory in local and regional elections in 2010 in the face of widespread protest against its draconian austerity policies. In this paper, we analyse the results of the 2010 regional elections and future voting intention with the help of a post-election survey. What determined loyalty, defection or abstention among PASOK supporters? We found that abstaining is a sign of disinterest rather than protest. While some defectors are ideologically motivated, many others are not particularly left-wing or have close links to unions. Opposition to austerity is thus not limited to left-wing radicals. The main result is that what matters most is the acceptance or rejection of the government’s political security discourse on austerity. Blame attribution on the other hand is of little importance. The Greek case thus demonstrates how successful ‘securitization’ strategies can be to minimise the electoral costs of extreme austerity.

**Dr Dimitris Tsarouhas (Bilkent), “The cartel party thesis revisited: Greek party politics in the austerity era”.**

Over the last fifteen years a valuable literature on party change and party system change has been developed. Katz and Mair’s ‘cartel party’ has been added to the literature on political parties as one of the latest types of political party in advanced democracies.

I analyze the cartel party argument with respect to the Greek case and the party system’s main features. I argue that many of the features described by Katz and Mair are evident in Greece, yet a key assumption of the cartel party hypothesis does not hold true. Specifically, the growing distance between citizens and parties is not the result of party system cartelization but rather the result of the inability of the old party system to solve the ‘policy trilemma’ in the good times and its inability to make use of old patronage tactics from now on. The 2010 exogenous shock that Greek political economy suffered, and its long-term consequences in terms of fiscal discipline confirms that the party system is subject to a new set of constraints that the cartel thesis does little to highlight.

**Dr Roman Gerodimos (Bournemouth), “Populism, victimhood and ethical austerity: addressing the root cause of the problem”**

Greece is going through an unprecedented and multifaceted economic, political and social crisis. This paper focuses on the state of the civic culture in Greece, by examining the role of populism and victimhood in the discourse of anarchist and extremist groups. While anarchists have a long history of mobilisation at the margins of Greek society (in specific communities of central Athens, in particular), anarchist groups have risen to prominence since the December 2008 riots.

The first part of this paper reviews the scholarly literature on populism, focusing in particular on Cas Mudde’s work - especially his 2004 model of the “populist zeitgeist”, which is a useful tool for the analysis of populism in discourse. The paper then reports on the early findings of an in-depth, qualitative discourse analysis of posters, leaflets and communiqués produced by anarchists during the December 2008 riots. While the sampled material clearly ought to be situated within its unique historical context, important patterns emerge that can illuminate our understanding of the dynamics of extremism and populism in Greek civic culture. It is argued that the observed populism of Greek anarchists presents three key differences to traditional scholarly conceptualisations of populism. The final part of the paper takes the discussion forward by referring to Fintan O’Toole’s (2010) concept of “ethical austerity” and how that can be used to address key challenges facing the civic culture in Greece from the perspective of political discourse.

**Dr Sofia Vasilopoulou (York), Dr Theofanis Exadaktylos (Surrey), Dr Daphne Halikiopoulou (LSE), “Greece in crisis: the politics of populism in the age of austerity”**

How do countries respond to external pressure in times of austerity? This paper seeks to address this question with special focus on Greece during the current Eurozone crisis as a case of adaptation failure. This European country has traditionally been thought as a ‘highly likely’ case of Europeanization. Most often cited in the literature is the change in its foreign policy towards the European integration efforts of its neighboring countries as well as the decentralization of its public administration processes among others, both as a result of European Union pressures (top-down) but also a realization of the effectiveness of using European Union instruments to project national interests (bottom-up). However, in the case of the current economic crisis, despite the high adaptation pressures from both the International Monetary Fund and the Eurogroup, Greece has been unable to respond in terms of substantive policy-making and reform. We argue that this inertia is caused by a rise of

populism on all sides of the political spectrum often masked under the pretence of a lack in political consensus. To support our claim, we use a sophisticated framing analysis of party leader speeches to examine the ways in which political actors respond and how they justify their positions. We provide a systematic examination of the ways in which parties perceive and frame the current economic crisis and the extent to which this argumentation is consistent. Our analysis shows that populist frames, blame-shifting partisan strategies and the domestic conflict these entail, have become an 'intervening and constraining variable' explaining the Greek inability to comply with pressures stemming from an international political economy environment.

### **Yannis Balampanidis (Panteion) and Katerina Labrinou (Panteion), “The Greek Right towards austerity politics: aspects of euroscepticism”**

The management of the crisis is the locus *par excellence* where the future of the EU as a form of economic and political unity is renegotiated, cutting across Eurozone countries, European institutions, political families and of course national parties and societies. The Greek case holds a double significance: it concerns a country of the Eurozone “periphery” which moreover suffers a sovereign debt crisis, the latter implying a structural transformation of the national economy. A case of particular interest is the Greek Right, since it belongs to the hegemonic EPP, is historically Europe-oriented and in addition attached to a neoliberal economic logic. In Nea Dimokratia, the main right-wing party, the establishment of a new leadership with pro-“national” identity and the governmental implementation of extreme austerity measures bring up mutations to party’s traditional pro-european stance, which is substituted by a harsh rhetoric reaction to the austerity measures and even by a recalcitrant stance towards the EPP and EU.

Our hypothesis is that as extreme austerity spilled-over by the EU to all the European societies acerbates the eurosceptic reflex, ND attempts to embrace the popular discontent through a controversial tactics. ND’s economical proposition (codified as “Zappeio 1 & 2”) in a pragmatic way does not question the austerity politics *in toto* (e.g. privatizations, reduction of the public sector) but aspects like the increased taxation, especially as far as the already privileged categories are concerned (proposing tax reductions for the high income, for shareholders or for employers). On the other hand, ND undertakes a “contentious” shift in its political discourse, trying to politically represent a broad social front of a “national” and catch-all populist “non-consent”, adopting a political style that echoes the dubious stance of Andreas Papandreou as far as Europe is concerned.

We are aiming to explore ND’s populist and eurosceptic stance since it is not founded in a real negation of austerity measures but in the political contestation of the “idea of Europe”. During the last decade the European economic area was broadly perceived as a catch-up with a western space of economic prosperity. Fiscal crisis brings about transformations in the very idea of what European economic area could “offer” in the future. Thus, the way is open for the contestation not of the austerity package itself but of European Union’s ability –and legitimization– to enforce policies upon states-members as a power above popular sovereignty.

### **16.00-17.30 Panel 3: Protest and Civic Culture**

**Dr Athanasios Tsakiris (Athens) and Dr Valia Aranitou (Crete), “Social Protest in Greece During the Memorandum Period: the Case of Political Disobedience Against Cuts and Taxes”**

This paper will focus on the protests organized by social groups in Greece during the period of implementation of extreme austerity policies imposed by the so-called Troika (representatives of EU, IMF and ECB) and the socialist government of Greece. After the signing of the Memorandum of Understanding on May 5, 2010, between the Troika and the Greek government there were mass worker strikes and dynamic demonstrations in the streets of Athens and other cities throughout the country. A new feature that was recorded was the formation of new groupings and there were many instances of convergence between new social movements and social protest by some social groups in Greece the demands of which would not have coincided under “normal conditions”. In particular, we will explore the dynamics of consumer, citizen, worker movements and small business social protest that have been on the rise especially after the signing of the Memorandum of Understanding in May 2010.

The trade union movement had a hard time organizing its resistance to the government’s policies due both to the reluctance of its leadership to break its ties with the governing party and its bureaucratic structure and political culture. Another factor that caused problems to the trade union movement is the on-going schism between the Communist Party’s trade union fraction (PAME) and the rest political parties’ union fractions. Furthermore, the intensification of the implementation of the neoliberal policies by the government and the employers has had heavy consequences on the workers (mass lay-offs, wage reductions, worsening terms of work and retirement, flexible employment practices, rising of unemployment rates). New unions covering new precariously working strata challenge the mainstream trade unions.

At the same time, Greek small shopkeepers and their associations experience bad economic times due to the crisis which struck the country causing consumption decline are facing the perspective of collapse as more than four thousand small and very small retail shops close on a monthly basis. This situation provoked a strong protest movement the first of its kind in the world of commerce. The merchants’ unions took to the streets using social movement tactics in order to spread their message through marches, rallies and demonstrations. Moreover, they threaten to stop paying taxes as a sign of “civil disobedience”. Beyond the trade union sector a whole social movement world is on the making through a series of mobilizations against the pricing policies of road construction companies, against the new poll taxes collected through electricity bills by the government. These movements have devised new strategies and tactics of “civil disobedience” or renovated older one to fit to the new circumstances of decentralized struggles and electronic mass media (internet, social media and networks).

In this context, we will study the labour and professional protests and the degree of their effectiveness. Our working hypothesis is that these movements are “products” of both the economic and political systemic crisis that allows the development of single-issue movements that may provoke wider social actions for the reform or the undermining of the system.

**Dr Hartwig Pautz (Independent Researcher) and Margarita Komninou (Edinburgh),  
“Reactions to the crisis: appropriation movements in Greece and Germany”**

‘Thieves’ Thieves’ and ‘Superheroes’ – masked or playfully disguised activists taking from shops and luxury restaurants and giving to the poor and to the impoverished middle classes are the topic of this paper. We want to look at such organized collective appropriation of goods in Greece and Germany, as it has occurred before and during the current economic, financial and social crisis, in a comparative perspective. In both countries, the appropriators have distributed the goods amongst people who they identified, in the case of Germany, as deprived, poor and vulnerable persons, or, in the case of Greece, or as members of the struggling middle classes. While the actions in Greece and Germany differ considerably in form and, in particular, in their intensity, both forms of direct action have occurred within a similar context: across much of the developing and developed world, the past twenty years have witnessed a number of new forms of resistance to what is perceived as the increasingly exploitative circumstances in societies perceived as more and more ‘unjust’. While

participation in organized labour and in electoral politics as the 'traditional' form of channelling and settling social conflict has become less popular – as sinking electoral turnout, shrinking party membership and protests against 'establishment politics' – direct collective action in various guises has become more important to those wanting to achieve certain political outcomes. The specific context in which such political activism takes place can be encapsulated by the term 'state transformation' and includes changes – and their effects – in economic, welfare and labour market regulations which have occurred in both countries as well as in the majority of EU member states since the 1980s.

These effects of state transformation consist, inter alia, of rising inequality and the crumbling of hard-won welfare state services. It is therefore not astonishing that significant parts of the public have in both countries considered appropriation activism as legitimate; in particular because those identified as 'really' responsible for the crisis are seen as getting off lightly or, indeed, winning from the crisis. Such endorsement of illegal action indicates the loss of trust in the state and in the workings of the market, and an increasingly cynical attitude toward the law. This paper therefore addresses the question of 'responses' to the crisis by looking at how political activism has – or has not – been stimulated in Greece and in Germany.

### **Dr Wolfgang Rudig and Dr Georgios Karyotis (Strathclyde), "Who protests? An analysis of the profile of veteran and new protesters in Greece"**

The widespread opposition to unprecedented austerity measures in Greece provides a unique opportunity to study the causes of mass protest. We report the results of a survey conducted in December 2010 of the adult population, with 29 per cent of respondents stating they engaged in protest in 2010. The explanatory power of four theoretical models (relative deprivation, biographical availability/civic voluntarism, rational choice and party politics/ideology) is tested, demonstrating some support for all four. However, relative deprivation is the least important and key elements of civic voluntarism and rational choice theory do not make a contribution. We find that protest in Greece has a clear 'old politics' flavour, with trade union membership, public sector employment and left-wing ideology featuring strongly as predictors of protest participation.

However, the characteristics of first time protesters, about one in five in the survey, are markedly different. Comparing new with veteran protesters but also non-protesters, we find that new protest recruits are generally less left-wing and, in the case of strikers, more likely to be female. Thus, while the Greek protest movement has re-mobilised many of the 'usual suspects', it also includes first timers as 'apprentice' protesters who differ markedly from veteran participants. The mobilisation potential of the movement may thus be wider and include other sections of the population that were not involved in protest before, with indications suggesting that this exactly what occurred during 2011.

### **Saliha Metinsoy (LSE), "Alienated Politics: Understanding the Street Protests in Greece at Times of Crisis"**

Following the Greek financial crisis and the subsequent austerity measures announced by the Greek government, the frustrated youth continues to occupy the streets of Athens protesting the government and its austerity measures since September 2009. Whereas the liberal political theory tells us that the existence of political and civil liberties and the availability of democratic means of challenging the government would render street politics unnecessary and channel the opposition via democratic institutions, the theory does not seem to correspond to the reality in Greece. This paper mainly concerns itself with understanding the frustration of the Greek youth and violent street politics in Greece in the course of the Greek debt crisis. Where the theory fails, the paper argues, people tell their own stories, which is closer representation

of their shared experience. The paper argues that only understanding the perceptions and misperceptions in Greece can guide the process of normalization on the streets of Athens.

The paper employs online ethnography to understand and interpret the motivations of the Greek youth. It collects data from the social media networks such as facebook and twitter and from popular blogs, which the Greek youth largely utilizes to communicate, to organize and to denounce the governmental measures. As a result of discursive analysis of the critical language, metaphors and symbols used by the participants of the online websites, the paper concludes that the young Greeks position themselves in diametrical opposition to the state and governmental power and share a sense of 'us versus them' against the state. They totalize their opposition to the austerity measures under the larger umbrella of the 'opposition to the system' and therefore legitimize any damage to the state property during the course of protests. Although there is an unquestioned consensus among the angry youngsters that they actually belong to the Greek society, they construct the state as an inimical power to the society and hence themselves and point it as the reason for their 'miserable lives' (to use the exact words many participants use). In this sense, the paper argues that the protests by the Greek youth is the symptom of a larger ill of alienated politics in Greece and should be targeted in the larger context of the perception of the state.

## **FRIDAY 9 DECEMBER**

### **9.30-11.00 Panel 4: Constitution, Legitimacy and Citizenship**

**Dr Christos Papastilianos (The Greek Ombudsman), "Constitutional amendments and legislative politics in Greece"**

Constitutional amendments have been considered as a means for the propulsion of reforms in Greece. The most exemplar one is the constitutional amendment of 2001 which has been considered by the political parties and the public as an opportunity to reshape institutions and promote reforms. Yet, if we focus on the specific laws which are necessary for the enactment of the newly introduced constitutional provisions we realize that the Greek legislator eliminates the validity of these provisions. The case studies I will examine concerning the above mentioned assertion are the following:

- a) *Enactment of judicial decisions by public authorities.* Greece has been registered a considerable lack regarding the implementation of judicial decisions by public authorities. A new constitutional provision according to which such implementation is compulsory has been introduced through the constitutional amendment of 2001. Yet, the constitutional provision refers to the legislator for specifying the presuppositions and conditions of the relevant obligation. The relevant law which has been laid down by the parliament does not specify the obligation of public administration to enact the judicial decisions in a way that is consistent with constitutional provision which provides for such obligation. Enactment of judicial decisions is compulsory according to the law but the only sanction in case of non enactment is a fine, imposed to the public authority by a judicial committee which examines whether or not the negligence of public authority is justified, in purely contradiction to the constitutional provision which provides for the compulsory enactment without any exceptions.
- b) *The legal framework which regulates the running of private T.V Channels.* T.V channels in Greece run under a provisional legal framework since 1989. Due to the provisional character of these regulations private T.V channels have not yet obtained a permanent license for their running. The Constitutional amendment of 2001 introduced a provision

which provides that such a license is compulsory. The constitutional provision refers again to the legislator for specifying the presuppositions and conditions of the relevant obligation. Yet a chain of laws enacted by the parliament the following years keep the previous provisional legal framework intact, despite the wording of the Constitution.

- c) *Independent Authorities*. According to the drafters of the 2001 constitutional amendment and public discourse one of the most important novelties of this amendment was the consolidation of five independent authorities through constitution. The conditions under which these authorities should fulfill their tasks are specified by law due to the relevant constitutional provisions which refer directly to the legislator. A closer examination on the practice of the Greek legislator concerning the independent authorities can prove that their independence is being respected only as far as it is not an obstruction to the majoritarian will expressed by the Government and the parliamentary majority.

The examination of these cases proves that there is a gap between the intentions for reforms which aim to strengthen the rule of law and institutions that could act as counterweights to the executive and the parliamentary majority and the real will to keep everything intact.

### **Dr Manos Papazoglou (Peloponnese), “Recovery through Leadership: Citizenship, Europeanization, Legitimacy”**

Greece faces a severe debt crisis and, in the meantime, serious obstacles to reforming crucial functions of the state and economy. The paper suggests that some of the failures that led to the current situation are due to the ways democratic leadership was conceived and practiced since the restoration of democracy in 1974. Notwithstanding the many democratic achievements, cartel parties, uncontrolled fiscal policies, ineffective public administration, strong interest groups, lack of a strategic vision for modernization, clientelistic networks are all aspects of what may be attributed to bad/ ineffective leadership.

The study of Greek politics as regards leadership has been under-researched. The paper aims to explore the relevance of the voluminous bibliography on modern political leadership and to highlight Greek politics as a case-study. I shall argue that the scope of Greece’s recovery urges for a reconceptualization of political leadership with special emphasis given on the mutually interactive association of leadership with the citizenry, on gaining broader support and legitimacy for social purposes and on actively participating in decision-making and policy-implementation in the EU.

The paper addresses leadership from a normative and an empirical point of views. It draws on ongoing work for a monograph on modern political leadership. It aims at reaching conclusions that are relevant to other member-states too. In addition, it explores the challenges of leadership in the field of EU economic governance, especially as regards the ways that policy tasks are being politicised, that is are subject to public deliberation, democratic consent and contestation.

### **Eleni Christodoulou (Birmingham), “Greek Politics and Passion(s): Reconstituting National Identity in the Midst of Financial Crisis”**

Claudia Aradau (2004) has noted how the discipline of International Relations (IR) has not sufficiently dealt with the importance of emotions in driving governance strategy. Nor has IR, however, taken stock of the emotional models present in public re-action to particular crises, and in particular financial crises. The aim of this research is to examine the significance of emotions, and their role in (re)constituting national identity in the wake of the recent Greek socio-economic crisis. Through the lens of social constructivism, and by adopting a methodology of discourse analysis I explore the role of emotions in Greek public discourses,

as these have emerged post-December 2009 (this month marking the official revelation to the public of the severity of the financial crisis as well as the announcement, by the Greek Prime Minister Papandreou, of the programme of tough public spending cuts). In particular, I want to examine the presence and investigate the importance of 'shame', 'fear' and 'discontent' in public articulations of issues related to the financial crisis and how, in turn, these emotions affected interpretations, perceptions and meanings associated with Greek national identity. Have the previous twelve months been a period of intense domestic criticism and 'national' self-reflection for the Greek people? Have the crisis conditions in Greece led to a reinforcement, a re-imagining, or a disintegration/disorientation of Greek national identity?

Assessing the impact of the economic crisis on what it means to be 'Greek' through emotional phenomena present in discursive political representations will highlight the constitutive and productive power of emotions and potentially illustrate the 'emotional contagion' (Izard and Tomkins, 1966; Gibbs, 2001) of the crisis across the socio-political spectrum of Greek society. Hence, this conceptual framework could open up avenues of exploring the 'movement' of feelings within the public domain but also enable political scientists to borrow from the theoretical insights of the psychoanalytic approach to help shed light on how it is (if at all) possible that emotions can foster new identity antagonisms or commonalities in the face of financial crises. It is important in times of socio-economic hardship to step back to examine and reflect upon the political dynamics at work, and to step forward to offer some alternatives for navigating through these re-actionary trends of a national (identity) crisis.

The data of analysis of this study will involve public discourses, as these are manifested in newspaper articles; television programs; political speeches but also in new media. These research findings will then be cross-examined with further qualitative research in the form of semi-structured academic interviews.

### **Dr Stella Ladi (Panteion University, Athens), "The Politics of the Economic Crisis and Governance in Greece and Cyprus: Opportunities and Constraints"**

Greece was the first European Monetary Union (EMU) country to sign a Memorandum with the European Commission (EC) and the European Central Bank (ECB) in order to secure financial assistance and prevent a total collapse of its economy following the severe international economic crisis. This Memorandum (2010), apart from its suggestions for the economy, offered detailed steps of structural reforms that have affected all public services in Greece. A historical institutionalist approach and the concept of 'policy paradigm' are combined in order to evaluate whether Greece is reaching a critical juncture. Empirical data from the current public administration reform in Greece are analysed. The case of Greece amply demonstrates the significance of exogenous pressure and strong domestic authority in the achievement of domestic change.

### **Dr Theofanis Exadaktylos (Surrey) and Nikolaos Zahariadis (Alabama), "Policy Implementation and Political Trust: Greece in the Age of Austerity"**

The Greek government has been accused of exacerbating its public debt crisis because of inability to implement the austerity measures. The purpose of this paper is to explore the reasons why the implementation of Greek austerity measures has not produced the expected results. Building on the implementation process framework by Sabatier and Mazmanian (1983) we argue that problem tractability, administrative capacity and leadership, and macroeconomic conditions as independent variables incorporate political trust and commitment as prerequisites to successful policy implementation. We focus on the transport sector where we observe a lack of compliance and highly ambiguous directives. We find that the inability of the government since 2009 to build the necessary political trust has led to a poor implementation

record. The measures have failed to convince citizens that there is a concrete plan that will yield results while at the same time they have increased the level of opposition and conflict. To that extent, we amend the Sabatier-Mazmanian framework to reflect the importance of political trust, connect the implementation process to processes of Europeanization and discuss the policy implications of trust on administrative efforts to tackle the debt problem.

**Dr Vasilis Leontitsis (LSE), “The 2010 municipality mergers in Greece: A lesson regarding the limits of reforms in periods of fiscal crisis”**

One of the most important reforms carried out by the Greek government in 2010 was the re-shaping of Greek local and regional governance with the so-called “Callicrates” reform (Law 3852/2010). One aspect of the law dealt with the merger of municipalities. Specifically, local authorities were reduced from more than 1,000 to just above 320. However, at the same time, the country started experiencing its biggest post-war economic crisis, which continues unabated. Re-drafting the map of sub-national government is a dynamic reform process that needs large sums of money, since it goes beyond setting a new regulatory framework in place. New infrastructure needs to be built and money spent for personnel and new local government facilities. The law does provide for the creation of a support funding scheme, named ELL.A.D.A. (Greek Administration and Local-Government Architecture). However, this new scheme has been activated with great difficulty and has been experiencing vital financial delays.

The paper explores to what extent the reform process has met with success. More importantly, it explores whether it is realistic to carry out reforms of that nature in periods of acute fiscal crisis, despite obvious lack of funding. Reforming the Greek political and financial systems is an urgent process that needs to materialise, in order for the country to find its way out of the difficult position it is now experiencing. However, it is interesting to explore what reforms should (or should not) take place and how they should be activated when politics of extreme austerity is in place. This paper will be the product of research that is currently being carried out, in order to assess the impact of the latest local government reform process and will be based on elite interviews conducted in Athens, Corfu and Rhodes and on available numerical data.

**Dr Georgios Chryssafis (Ministry of the Interior), “First Tier Local Government in Greece within the Administrative Reform and the Economic Crisis: Some Aspects of the Problem”**

Administrative Reform for the Greek Local Government was constituted last year by the Law 3852/2010 (“Callicrates”), within the economic crisis, while in November 2010 the elections for the new tiers of local government (municipalities and regions) took place and it became a reality since January 1<sup>st</sup> of 2011, when the new elected authorities were established. The two circumstances were not causally connected and, in general, they do not follow any causality rule, in the sense that the one event was not a cause for the other (neither the crisis brought the reform, nor the reform was the cause for the crisis), but they are connected, or at least the reform is under the influence of the economic crisis. I intend presenting the established interconnection between the two circumstances and the possible and expected impacts of the economic crisis for the first tier local government (municipalities) of Greece. It is of major importance an attempt to trace the possible circumstances that municipalities face and the prospects they have under their new circumstances. My work will focus in the following thematic:

- The possible impacts of the recession, the cause that places municipalities within the crisis.

- The condition of the municipalities' economics, especially the revenues, due to the high rate of dependence from central government. Some remarks, steaming from the internal construction of the expenditure.
- The problem with the indebted municipalities and the initiatives on process.
- The situation with the personnel, under the existed restrictions, concerning new stuff, especially under the new duties appointed to them and the demands arising from this.
- The developmental prospects of the municipalities.
- Some developments in the peripheral societies, indicating new trends/tendencies at local level.

My suggestion is that both, economic crisis and the administrative reform are on-going processes, and any evaluation or prediction could be immature and useless. The austerity measures do not work as stabilizing tools and the only constant process is recession. In this sense, Greece is not beyond, but still within the crisis.

## 15.45-17.15 Panel 7: The Political Economy of the Crisis (2)

### Dr Platon Tinios (Piraeus), “Off-the-Shelf Reforms” and their blind spots: Pensions in post-memorandum Greece”

Postponement of structural reforms played an important part in the generation and unfolding of the sovereign debt crisis, supplying the micro-economic foundations of macroeconomic problems. The implementation of ‘long-needed’ reforms was thus at the top of the agenda of the adjustment programme. Reforms were expedited under external pressure, with a minimum of preparation and bypassing any social concertation mechanisms. After a long hiatus, ‘reform’ was finally pursued on a “There is no Alternative” basis – the economic crisis being used as a lever to pursue reforms, which were ‘taken off the shelf’ and implemented by what governance structures existed.

It is worth, asking, however, what *kind* of reform is promoted? ‘Reform’ is *not* an undifferentiated ‘*thing*’ – which can be tapped and regulated at will. The long gestation periods and the altered circumstances post-crisis could imply that “*Off-the-shelf-reforms*” may be insufficient for dealing with current problems; at worst they might even push matters in the wrong direction. Similarly, domestic governance structures which had been shaped during the preceding periods of inactivity, could have difficulty in coping with both the forced pace, and the changed political economy context. The upshot may be that – far from supplying the micro-economic boosts to performance that they were designed and expected to provide – sectors under reform may continue to pose problems long in the life of the programme.

This argument is illustrated by critically surveying developments in the pension field between 2010 and 2011, covering the pension reform of July 2010, its implementation, and supplementary measures taken in 2011. Particular emphasis will be accorded to the ‘blind spots’ created by the nature of ‘off the shelf reforms’ and their opportunity cost in terms of the larger adjustment programme.

**Dr Bill Paterson (Stirling) and Dr Georgios Karyotis (Strathclyde) “A Greek Tragedy: Neoliberalism, Securitisation and Consent”**

The world reverberates with the sound of Greece’s austerity, bail outs, debt, default, and foreign intervention. If we clear our heads and stand back from this media circus, we can see that not only do the austerity measures require the wholesale restructuring of political, economic and social institutions for the application of market forces, but their implementation impacts adversely on the lives of many ordinary Greek people. External and internal political elites claim that these ‘growth-promoting structural reforms’ are necessary to make the Greek people more competitive in the world economy – but this may take a decade of upheaval. Given the emphasis on deregulation and reregulation necessary for developing market forces in Greece we think it is difficult to avoid returning to the term neoliberalism, which was synonymous with the ‘Washington Consensus’ and the ‘Shock Treatment’ applied in Argentina, Chile and Mexico since the 1990s. Yet political elites, academics and commentators have argued that we are witnessing the end of neoliberalism and ‘Washington Consensus’.

Using Greece as a case-study and drawing on both qualitative and quantitative evidence, this paper explores the ensuing debates, focusing on three key questions. In what ways have Greek elites attempted to legitimise the need for the draconian austerity measures? How successful have they been in establishing a hegemonic discourse that depicts the austerity package as the only, inevitable option to manage the crisis? What are the implications of these for the future of neoliberalism? Discourse analysis demonstrates that the cornerstone of Greek elites’ attempt to establish consent for the implementation of neoliberal policies from above has relied on a dual rhetorical strategy of ‘securitisation’ and ‘transformismo’. Survey evidence illustrates the strength of this strategy, which has contributed to the establishment of an environment (material and ideational) where it is possible for social forces within government to intervene to bolster and aggressively impose neoliberalism. Therefore, to paraphrase Oscar Wilde, reports of the demise of neoliberalism are ‘greatly exaggerated’.

**Dr Anastasios Chardas (Sussex), “Can the literature on the ‘Varieties of Capitalism’ provide sufficient conceptual explanations about the configurations of the Greek political economy?”**

This article attempts to apply the literature that comes from the broader sub-discipline of comparative political economy to the case of Greece. The quest for grouping national economies in separate models according to their domestic structural characteristics is not new. It has been an integral part of the classical political economy literature since the 18<sup>th</sup> century. In the last twenty years, however, the predominance of quantitative methodological tools in the field of economics has rendered this scholarship partly obsolete as far as mainstream economic analysis is concerned. However, outside the strict confines of the economics literature, a scholarly literature that groups national political economies according to institutional structural characteristics has been thriving. This scholarship is influenced by the classical writings of political economy, which it enhanced through the elaboration of the concept of the ‘Varieties of Capitalism’. It is almost explicitly interdisciplinary employing conceptual and empirical tools from political science, sociology, geography and economics. Although it accepts the influences exerted by globalisation and other external forces on the trajectories of national economies, it postulates that the nation state continues to be the most important unit of analysis.

Thus, it puts forward several typologies of national political economies, ranging from Hall and Soskice’s distinction between Liberal Market Economies (LMEs) and Coordinated Market Economies (CMEs) to Amable’s (2003) and Hancke’s (2007) broader classifications. Remarkably, Greece has been left out from this literature with very few references being made

throughout this work about the Greek case. In particular, the country is either implicitly ignored or grouped in groups of countries in a rather patchy manner. One exception is Featherstone's (2008) attempt to integrate the country in this discussion by offering a preliminary analysis about the institutional conditions that could be employed in order to successfully identify a model for the Greek political economy. This paper attempts to contribute to this discussion by offering a review of the relevant literature and providing some initial hypothesis as to how it can be developed in a coherent research programme. It does not offer an original empirical analysis but attempts to integrate the literatures on the 'Varieties of Capitalism' and the scholarly works that examine the configurations of the Greek polity. In this way, the effort is to develop a conceptual agenda that can provide sufficient empirical backings to the quest for the identification of the determinants of the country's economic configurations, which have gained increased international attention with the ongoing financial crisis. Therefore, it can contribute in shedding some light as to what were the circumstances that lead to Greece arriving in the state of affairs that resulted in the unprecedented financial crisis of 2009 and the imposition of the extreme austerity by the so called troika.

**Dr Mariana Jimenez Huerta (University of London) "The Paradox of Finance-led Growth: The Controversial Cases of Argentina and Greece"**

This paper provides a comparative analysis of the processes of finance-led capitalism by examining the cases of Greece and Argentina. Drawing on literature in IPE and Financialisation I argue that there is an inherent contradiction within finance-led capitalism which arises from a desire to embrace finance for the purposes of socio-economic growth. One of the often-overlooked issues within the financialisation debate is how developing countries have been drawn into the adoption of the Anglo-American model of finance-led capitalism. By comparing developed and developing countries, we can shed further light on the nature of the contradictions of the model of finance-led capitalism, and on the particular interactional processes that constitute it. I argue that financial globalisation in both developing and developed countries has been driven by interactions between a diverse range of economic, political and social actors that are part of this transnational process and that have been the ones actually shaping both policy and broader processes of socio-political change. The result of such interactions—built upon a consensus amongst sometimes conflicting interests—often result in socio-political crisis, destabilisation, and the re-articulation of interests around new policies and further institutional restructuring.