



THE CONSTANTINE G. KARAMANLIS CHAIR  
IN HELLENIC AND EUROPEAN STUDIES

# Cultural Barriers to Prosperity: The Case of Greece

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AT THE FLETCHER SCHOOL OF LAW AND DIPLOMACY**

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# **Cultural Barriers to Prosperity: The Case of Greece**

**Voula Verouchi, LLM**

**May 2015**



'The whole art of government consists in the art of being honest. Only aim to do your duty, and mankind will give you credit where you fail. No longer persevere in sacrificing the rights of one part of the empire to the inordinate desires of another: but deal out to all equal and impartial right. Let no act be passed by any one legislature which may infringe on the rights and liberties of another. This is the important post in which fortune has placed you, holding the balance of a great, if a well poised empire.'

Thomas Jefferson

*A Summary View of the Rights of British America*



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**Abstract**

Attempting to analyse the problems that Greece faces in a one dimensional way will not do justice, either to Greece, or to the attempt to discover the root of the problems. Many academics, economists, reputable journalists and others have contributed to an understanding of the financial crisis. Explanations are wide-ranging and most are multifaceted. This paper should be seen as another endeavour to analyse what went wrong with Greece, providing an inside view on the forces that lead to its collapse which include, but are not limited to culture, a rather hostile and misunderstood view of capitalism, ineffective legal and economic structures, and a heterogeneous social group of people, very much still holding onto traditional ideas about family and the nation. The paper takes a critical perspective with regard to these factors which as expected have become a serious burden to the path towards the development of the country. The results are more or less known. An almost bankrupt country, facing serious dilemmas about its future, in addition to what seems to be an intrinsic inability to carry out a bold structural reforms program that is necessary for its long-term survival. Finally, it is a firm idea that Greece should realise and explore its full potential by reviewing pragmatically its past mistakes, its history and a number of legal structures.<sup>1</sup>

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<sup>1</sup> About the author: Voula Verouchi was born in Athens, is a trainee lawyer and holds a Master of Laws (LLM) from Manchester University. Her academic research papers have dealt with trademarks and free speech, as well as, whether privacy and copyright protection is needed on the Internet. All views expressed in this paper are her own.

## **1.1 Introduction**

It is well understood by now, that Greece's financial crisis is home made. Or is this not quite yet understood? It would seem that it is not by the majority of people who engage in scapegoating.

There is a body of literature that indicates the obstacles faced by developmental institutions and reformers in various societies with relation to culture. Drawing upon such research, this paper will discuss the case of Greece. Some may find the idea of arguing about Greece such as an underdeveloped country obscure, however, to an inside observer, many of the things that will be discussed here are well-known facts. A brief comparison of Greece to, for the most part, countries within Latin America gives a clear signal that there are many similarities between their cultures that prevent growth despite the difference in their GNI. By culture, I mean those beliefs, habits, and behaviours of people that are resistant to development. One example would be the notion that foreigners are to be blamed for the country's problems. However, they are also to be blamed for pollution, the Third World War, rain, the technological 'evil', unemployment, ineffective capitalism, mosquitos that bite, etc. Carlos Montaner argued that Latin America suffers from manic-depressive cycles, and when in the state of mania it presents feelings of extreme happiness and importance.<sup>2</sup> In this case, the country in question considers itself extremely powerful, wealthy and self-sufficient due to various often inexistent resources. It nurtures the idea that it is central to any geostrategic decisions

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<sup>2</sup>Lawrence Harrison and Samuel Huntington, *Culture Matters: How Values shape human progress* (Basic Books 2000) p 56.

made by other nations and takes risky decisions. It is unfortunate that Greece, like Latin America, has been undergoing the manic cycle for a long time. However, not only are a large number of people resistant to change, but also politicians and various powerful interests. The main issues dealt with in this paper are: a) the cultural problem b) corruption c) legal institutions, and d) social capital.

## **1.2 The Cultural Problem**

Assume that we have a country in which many talented people live. Talent, that is, for business, inventions, technology, education, art, etc. In this country adequate infrastructure exists, but also limited national resources with which to fund new ideas, to support creation, innovation, technology, the establishment of big companies, etc. Funding (private and public) has been made available over the past years, mainly through lending. The country is democratically ruled, with free and fair elections taking place every four years as the Constitution dictates. Citizens of all standings are free to participate in the electoral process and gain political office. This country is living at peace with its neighbours, despite hostilities or challenges that seem to be a frequent part of the agenda. It is a member of international organizations, and adheres to their rules. This country seems to be relatively liberal as a society, with free speech laws in place, freedom of conscience, assembly and association rights guaranteed by the Constitution. There are no slaves, or any other sort of forced labour. Life expectancy is currently at 81 years of age. However, there is a small problem; namely, the country does not seem to progress

economically in comparison to other Western liberal nations. In fact, it is at the brink of default. How could that be? An opinion will be discussed below.

The country described above is Greece, and the problems with definitions start somewhere around this point. Greece is classified as one of the high income states.<sup>3</sup> Practically, this means that it belongs to the group of developed countries, with a GNI per capita in 2013 \$22.690 way above the threshold of \$11.000 of developing countries.<sup>4</sup> However, it is undoubtedly a problematic description of status. Greece is infested by various interests and corruption, and seems to be closer to a country in transit when it comes to its economic and social structures. It presents all of those pathogeneses of the post-communist countries, or of the Latin American states.<sup>5</sup> It supports a populist agenda and clientelism, its court system is overwhelmed, the media and public life are largely affected by corruption and the pressure they put on the public opinion is notable. Greece is a closed economy which nurtures ‘protectionism’ and paternalism in all areas of life. Furthermore, the hostility that the average person show towards capitalism can only be explained as a result of years of anti-imperialism, anti-capitalism, and anti-American rhetoric adopted by most political parties, as well as the conspiracy theories and ignorance that follow them. It is almost a criminal offence to be wealthy or better off than others. If you do not show your ‘solidarity’ in one way

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<sup>3</sup> World Bank, Data Greece.

<http://data.worldbank.org/country/greece>

<sup>4</sup> World Bank, GNI per capita, Atlas Method.

<http://data.worldbank.org/indicator/NY.GNP.PCAP.CD>

<sup>5</sup> Freedom House, Nations in transit 2014, p 6.

[https://freedomhouse.org/sites/default/files/NIT2014%20booklet\\_WEBSITE.pdf](https://freedomhouse.org/sites/default/files/NIT2014%20booklet_WEBSITE.pdf)

or another, you are labelled as a person without ‘heart’ or ‘filotimo’<sup>6</sup> or morality. The thoughts of the great Max Weber about the spirit of capitalism seem to be far from known. The fact that capitalism includes the creation of jobs, rationality, progress, self-reliance, and the enhancement of rights is simply rejected.

Despite the above, there is also a lack of social cohesion. Greeks seem to have no knowledge of their responsibilities towards their country and their compatriots as part of their social contract. They think that the country is served when one perform his military duties, but not by paying their share of taxes, or by protecting public property. Many Greeks seem to be unaware of the fact that rights come with responsibilities, and that no rights are absolute. This is blatantly evident in their everyday life. Greeks never stop complaining or arguing when they stand in a line, when they try to overtake everyone before them (and they do), they become dangerous when they drive, they become impatient when waiting to cross a red light (and often they do not wait, with deadly consequences) they become infuriated if they find no parking space in the pavement, or in front of a bus stop, or when they do find a space that was meant to be used by people with disabilities.

A macho culture is pretty much apparent in many levels of society, women are still being discriminated against at work or in their social life, and many children from an early age present antisocial behaviours, while some are taught that resort to violence is sometimes 'necessary', especially when you are underprivileged and have to defend your ‘rights’ against the 'capitalist bosses' or anyone else. It is very

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<sup>6</sup>Honour, conscientiousness.

common not to have any concrete or long-term plans with regards to one's professional or personal life, not to mention any interest in the country's future. Similarly, other convictions suggest that an indebted state owes a duty to its citizens to provide them with free education, health, and public sector jobs without anything in exchange, as the money for these services will eventually grow on trees. It is discouraging that there is little sympathy for the idea that there has been a mismanagement of public money, excessive lending and corruption which left Greece behind, that without the assistance of our European partners, Greece would have been already classed as a failed state.

A large number of people believe that the reasons behind their current suffering originate in the 'envy' of other Western nations for Greece, mainly due to their ancestral contribution. Ancient Greeks left an important heritage, contributing to almost every field of science, art, literature, philosophy. The Olympic Games also originated in Greece, first organised in 776 BC in Olympia. Nevertheless, modern Greece's achievements do not seem to correspond to the ancient ones, despite some individual examples of success. In fact, it is more likely that Greeks are not on good terms with their history. The historical knowledge provided in schools is as in almost every state of the world-a mixture of stories full of pride, and accomplishments. This is understandable to a point, as it supplements the cohesion of the nation; however, a major disadvantage of this policy is that it does not assist in the understanding of past mistakes, and therefore, in their elimination. How can one know what went wrong, and why, if he is not taught to examine it?

Greeks, despite their advanced way of life, do not seem to have managed to overcome their fragmentation, regional loyalty or other practices and traditions acquired during the four-hundred year Ottoman rule of the country. There is no reference to communism as a totalitarian regime, although there is about the atrocities committed by the Nazis. These are some of the attitudes and ideas held, and they may sound comical or trivial to some, however, a daily experience of this, adds to the understanding that Greeks are accustomed to an undisciplined way of life, showing disrespect for the law and others more often than not.

On the other hand, reality is ruthless. Greece has been a major beneficiary of EU funding, either for support of social policies or to tackle unemployment, enhance infrastructure, or by provision of subsidies for agriculture. Indicatively, the European Structural and Investment Fund's direct contribution to expenditures was ca. 1.22% of GDP annually from 2000 to 2009.<sup>7</sup> This was the second largest direct contribution to a European country.<sup>8</sup> The metro line, low emission buses, small and medium enterprises, Erasmus, etc. are some of the examples of projects funded by the EU. The GDP of the country by 2009 increased 16% more than it would have been without the support of EU. In 2010 Greece agreed to receive 110 billions in loans in conditional disbursements until 2013 (80 Eurozone and 30 IMF) to meet its fiscal financing needs in exchange for structural reforms that would boost competitiveness, long-term viability, and the reduction of excessive

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<sup>7</sup>Eurobank Research, Greece Macro-Monitor (22/12/2011)p 2.

<http://www.eurobank.gr/Uploads/Reports/GREECE%20MACRO%20FOCUS%20December%20202011.pdf>

<sup>8</sup> *ibid.*



deficits. Unfortunately, either this does not seem to be widely-spread information, or it is skilfully ignored.

Moreover, Greece is the lowest EU export country. Greece is not producing the necessary goods for its citizens for many reasons; therefore, an increased standard of life occurs without reliance on the country's own means. It produces and exports refined petroleum (31% in 2012), processed fruits and nuts (1.25%), raw cotton, pure olive oil (1.27%), fresh fish (1.71%), and cheese (1.06%).<sup>9</sup> It follows, that Greece imports all of the products missing from its production capacity, including: crude petroleum (23.76%), gas (3.12%), electronic devices, computers, electrical goods, cars, wheat, coffee, corn, meat, cheese, medicines, clothes, medical equipment, furniture, etc.<sup>10</sup> Its major trading partners are countries of the EU- Italy, Germany, the UK, Bulgaria, Cyprus, the United States, as well as Turkey, and China. Greece, due to its privileged sea-surrounded location and climate, somehow reduces its trade deficit through the export of tourism services, and shipping.

Accordingly, the country has been subject to serious criticisms for its economic structures, and corruption, not unjustifiably. There is a shared view amongst other industrialized countries that Greeks have a consuming and hedonistic individualistic lifestyle that sustains corruption and poverty.<sup>11</sup> Presuming that this is a general

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<sup>9</sup> MIT Observatory of Economic Complexity, Atlas Exports.

[http://atlas.media.mit.edu/en/explore/tree\\_map/hs/export/grc/all/show/2012/](http://atlas.media.mit.edu/en/explore/tree_map/hs/export/grc/all/show/2012/)

<sup>10</sup> MIT Observatory of Economic Complexity, Atlas Imports.

[http://atlas.media.mit.edu/en/explore/tree\\_map/hs/import/grc/all/show/2012/](http://atlas.media.mit.edu/en/explore/tree_map/hs/import/grc/all/show/2012/)

<sup>11</sup> European Policy Brief, April 2010 p3.

[ftp://ftp.cordis.europa.eu/pub/fp7/ssh/docs/crimeandculture-policybrief\\_en.pdf](ftp://ftp.cordis.europa.eu/pub/fp7/ssh/docs/crimeandculture-policybrief_en.pdf)

theory, it could be disputed as ‘one size fits all’ as everything else in this paper. Nonetheless, it describes with some accuracy how life is perceived by many in Greece. A convincing response to those claims would be the acknowledgement that both corruption and poverty are undesirable ills for a country, and that Greece is willing to get rid of them. However, a major drawback to the realisation of this future is that many people are unaware of the problems that the country faces, due to the rapid spread of misinformation and populism, and the lack of education. As a result, it is commonly believed that nothing is wrong, but also that the Greeks ‘have done nothing wrong’, while the hated Troika and the Memorandum, the bail-out agreement, ‘brought the catastrophe’ to the people.

Pew Research conducted a survey in 2012 amid the Euro crisis, and made some interesting findings.<sup>12</sup> Among the eight country respondents, only Greece was found to contain an anti-European, and anti-German sentiment. The rest of the countries thought that Germany to be the most trustworthy and hard-working nation. Greeks, on the contrary, held these titles for themselves. According to the OECD figures, Greek workers were engaged in 2013 in average 2037 hours in their job, very much above the 1388 hours/annum of German workers.<sup>13</sup> However, with a further analysis of these findings, it does not follow that Greeks are the most or the least hard-working nation, as the figures show the total number of hours divided by the average number of people in employment. What is undoubt-

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<sup>12</sup>Pew Research Center, *European unity on The Rocks* (29/5/2012). <http://www.pewglobal.org/2012/05/29/european-unity-on-the-rocks/>

<sup>13</sup> OECD StatExtracts. <http://stats.oecd.org/index.aspx?DataSetCode=ANHRS>

edly clear is that the Pew Research Centre's survey results are a rather accurate description of how a large number of people in Greece currently think.

Germans have not been the only ones targeted as cruel and neoliberals. The crisis has uncovered a strong anti-European, or better yet, anti-Western sentiment. The Westerners, especially those involved with Troika (now renamed to institutions), were hated by many, as they thought them to be the cause of their misery. It is 'insignificant' that many of the people condemning the memoranda have not been made aware of what would be the impact of the reforms. The technical assistance of Europeans is seen as a humiliating intervention, while Greeks think that they have mastered the handling of their economy, and would continue to do so with borrowed money. In addition, dissemination of news by the media and by word of mouth reports that the EU is composed of people who wish to 'suck their blood', and wish to impoverish them, in order to submit them to their will. During the crisis, many believed that foreigners, in an effort to subordinate them, sprayed them with toxic gases through airplanes to eliminate their defences. Turning back to the manic depressive cycle, foreigners are considered as people who wish to exploit the country's mineral and oil resources, or its strategic geographical position in order to turn them to a colony of super powers.

People's resistance to change over so many years is so pervasive and has acquired some sort of customary law's power, a general practice accepted as such, which is supplemented by the *opinion juris nel necessitatis* (the psychological element that

dictates they are entitled to enforce this custom) that prevails. Is this lack of maturity in a nation that is proud of its ancient heritage, or a denial of responsibility?

The fact that this paper examines the connection between culture and development, does not imply anything more than that Greeks remain stuck because they have given in to an irrational thinking and behaviour that is inherited from generation to generation. There is no perfect society. As mentioned above, comparable problems are faced by many other countries in Latin America, or even Africa. The problem is well described by the anthropologist Robert Edgerton: ‘Humans in various societies, whether urban or folk, are capable of empathy, kindness, even love and they can sometimes achieve astounding masteries of the challenges posed by their environments. But they are also capable of maintaining beliefs, values, and social institutions that result in senseless cruelty, needless suffering, and monumental folly in their relations among themselves, as well as with other societies and the physical environment in which they live.’<sup>14</sup>

The data available from various research sources, the World Bank, and IMF suggest that there is a correlation between culture, social norms and development. It has also been suggested that a higher or lower demand for legislation in different countries, may result in the rejection of any implemented laws if these are incomprehensible, or undesirable to the people.<sup>15</sup> Greece produces more laws than are necessary, and many of them remain unenforced from the smoking ban in public

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<sup>14</sup>Lawrence Harrison and Samuel Huntington, *Culture Matters: How Values shape human progress* (Basic Books 2000)p 131.

<sup>2</sup>Edgardo Campos and VianyBhargava “Tackling a social pandemic” in *The Many Faces of Corruption* (Washington, The World Bank 2007) p 16.

spaces, to the wearing of belts in cars, or helmets in motorcycles. Memoranda reform requirements have been enacted by various laws, and to a large part, have failed, not so much because they were incomprehensive, but because they were fought by special, powerful interests. This includes pharmacists who claim that aspirins sold in a super-market will be dangerous to the public health, leftists who believe that Sunday is a day that trade must not take place, despite the fact that a number of services are being offered on Sundays. The 'loyalty' shown by the average person to those interests is beyond comprehension. People believe that they are ultimately fighting against those who wish to impoverish them, by doing the exact opposite, as a result we are coming back to point zero. It has not been taken into account at all, that foreigners did not propose measures which have not been already tested, or implemented in their own countries.

### **Some data explained**

During 2015 there was a shift of power in Greece. The alliance of the Conservatives and Socialists was outvoted by Greek citizens, thus making Syriza, a radical far-left party, the winner of the national elections. The European leaders, faithful to their European Union vision and European integration, showed their support to the new government almost immediately. It did not matter to them whether Troika would be called troika, or institutions. One of the slogans of the election campaign, *inter alia*, was that Greece ought to request debt-forgiveness from its lenders. The public debt has been called odious and unsustainable. However, according to the odious debt doctrine when lenders lent money to a government that is

noticeably kleptomaniac and corrupt, a subsequent government should not be forced to honour its debt.<sup>16</sup> It was not made publicly known that those eligible countries for debt forgiveness were mostly located in the African region, which is suffering from extreme poverty, namely, people living on less than \$1.25/day. It is also worth mentioning that one of the conditions for eligibility was that countries had to establish a track record of reforms and sound policies through World-Bank and IMF programs.<sup>17</sup>

It is very unfortunate that, at the time of writing, the following data were available, which does not seem to differ significantly from that of the pre-crisis years:

1. Transparency's International Perception Index which refers to public sector corruption, or how corrupt a country is perceived to be, ranked Greece as the 69<sup>th</sup> place out of the 174 countries concerned in 2014, together with Italy, Bulgaria, Romania, Brazil, Senegal, and Swaziland.<sup>18</sup> The comparative number in 2010, was 73 with a score of 3.5 out of 10 for being clean and transparent.

2. The Index of Economic Freedom by Heritage Foundation found that Greece scores 130 out of the 186 countries concerned in 2015, and it is characterized as 'mostly unfree' with reference to the following indicators: rule of law, limited government, regulatory efficiency, and open markets. Once again, its overall score is below the world and European average.

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<sup>16</sup> Carmen Reinhart and Kenneth Rogoff, *This Time Is Different: Eight Centuries of Financial Folly* (Princeton University Press 2009) p 63.

<sup>17</sup> International Monetary Fund, Factsheet, April 2015.  
<https://www.imf.org/external/np/exr/facts/hipc.htm>

<sup>18</sup> Corruption Perception Index, 2014  
<http://www.transparency.org/cpi2014/results>

3. The public expenditure of the country was highly concentrated in the public sector, which indicatively has spent 28.9% of its annual budget in civil service wages during 1996-2000, when the relative average spending in EU was 12.8%.<sup>19</sup> In addition, the civil service employees were the highest remunerated persons in the country, with premium social security and other benefits.<sup>20</sup>

4. Public health spending, according to OECD data was 9.3% of the GDP in 2012.<sup>21</sup> Countries like UK, Norway, Spain, Sweden had similar spending numbers. Spending in pharmaceuticals the same year amounted to 24.9% of total health spending, one of the highest amongst the OECD countries.

5. Public pension spending in 2012 was 13% of GDP, whereas the average EU number was 7.8%. This was expected to rise by 2050 to 24%, mainly due to the ageing population, low retirement ages, high pension benefits, etc.<sup>22</sup> Civic pensioners ages (mainly that of females) were comparatively low, and civic pension limits were the highest amongst the working population of the country and across Europe.<sup>23</sup>

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<sup>19</sup>United Nations, Public Administration Profile p

4.<http://unpan1.un.org/intradoc/groups/public/documents/un/unpan023214.pdf>

<sup>20</sup>OECD, Greece at a glance: Policies for a Sustainable Recovery p3.

<http://www.oecd.org/dataoecd/6/39/44785912.pdf>

<sup>21</sup> OECD Data, Health Resources.

<https://data.oecd.org/healthres/health-spending.htm>

<sup>22</sup> OECD, Pensions at a Glance p 1.

<http://www.oecd.org/greece/OECD-PensionsAtAGlance-2013-Highlights-Greece.pdf>

<sup>23</sup>OECD, Greece at a glance: Policies for a Sustainable Recovery p 5.

<http://www.oecd.org/dataoecd/6/39/44785912.pdf>

6. Public spending in education in 2011, as a percentage of GDP was 5.5%.

<sup>24</sup>The EU average was 5.2%. In terms of the quality of the education system, the average student scored 466 in reading literacy, maths, and science in the OECD's Programme for International Student Assessment (PISA). This score is lower than the OECD average of 497.<sup>25</sup> Teachers of all levels are not evaluated for their work, which many of them consider to be an evil that violates their dignity and their 'right to work.' Moreover, it has been observed that the lack of evaluation and experience in organising the evaluation, makes matters worst.<sup>26</sup> Whether or not a teacher performs well his duties, or lack thereof, remains an unsolved mystery, while security that the public sector offers, downgrades any attempt to rationalise this environment.

7. Vicious tax evasion and tax avoidance. According to Transparency International, the tax laws in place are inefficient, non-viable and forward tax evasion, with an indicative cost of illegal transactions, namely, 120 billions in the first decade of 2000.<sup>27</sup> There is a range of prices for arranging tax audits with inspectors, which are somewhere between 100 to 20.000 euros. Tax is the compulsory transfer of private funds to central government in order to implement social and public policies. There is no other source of funding for state policies. The total tax rate of businesses in 2014 was 49.9%, (of commercial profits) while the lowest rates ex-

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<sup>24</sup> World Bank Data, Government expenditure on education.

<http://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS/countries/1W-GR-XC-EU?display=graph>

<sup>25</sup> OECD, Better Life Index.

<http://www.oecdbetterlifeindex.org/countries/greece/>

<sup>26</sup> OECD, Strong Performers and Successful reformers in Education p46.

<http://www.oecd.org/greece/48407731.pdf>

<sup>27</sup> Transparency International, Corruption By Country.

<http://www.transparency.org/country#GRC>



isted in Cyprus, the UK, Bulgaria, Russia, FYROM, Qatar, Singapore, and Zimbabwe.<sup>28</sup>The personal income threshold in the pre-crisis years was 12.000euros, which means that essentially 12.000/year wage earners were not paying income taxes, even though it was more likely that they are the ones who would make use of public services, e.g. education and health. It is far from understood that all citizens need to pay their share in order to participate in the social and economic life of the country. For example, lawyers and notaries were exempted from VAT. There are also a number of taxes collected for third parties, such as a 2% contribution in Rail tickets, 0.40 euro for every 25 kilos of flour etc.<sup>29</sup>Greeks hold various attitudes towards tax transfers to the state. There are those who consider it to be stealing, while other think that taxes are too high, some think that they should not be paying at all because of their low or middle income, some think that corrupt politicians should lead by example by paying their share first, and others simply evade their taxes because they know that they will not get caught. The result of the above is that very few seem to be willing to cooperate and declare their incomes or profits. Under these circumstances, a fair and lower tax system cannot be easily established. Tax evasion is supplemented by the ‘shadow economy.’

8. The country has a problem with competitiveness and productivity. In 2014, Greece ranked 81 in the Global Competitiveness report of 144 countries

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<sup>28</sup>World Bank Data.

<http://data.worldbank.org/indicator/IC.TAX.TOTL.CP.ZS>

<sup>29</sup>OECD Economic Surveys 2013, Greece p 48.

<https://books.google.gr/books?id=IZUwAgAAQBAJ&pg=PA48&dq=tax+system+greece+oecd&hl=en&sa=X&ei=pgEgVYT5N5XaapjrgNgl&ved=0CDQQ6AEwAg#v=onepage&q=tax%20system%20greece%20oecd&f=falseaccessed>

reported.<sup>30</sup> Lithuania, Latvia, Poland, Bulgaria, Botswana, Colombia and Peru score higher in this report. The following indicators are taken into consideration: institutions, corruption, property, and IP rights protection, corporate ethics, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods and labour market efficiency, financial market development, technology readiness, market size, business sophistication, and innovation. Businesses and individuals are not free to create or work as they like. The restraints are multiple, including resistance from powerful guilds, and groups who consider their income or power at risk. Many professional associations have presumed a role for themselves which seem to be advancing special interests, and the preservation of a privileged group of people to the detriment of others. It follows that, those already benefited from this system resist any attempt to liberalise professions. There is no guarantee or indication that the current system is assisting consumers by providing high-quality services to affordable prices.

9. The ease of doing business in Greece is unfolding many of the legal and institutional vulnerabilities. Greece, here, ranks 61 out of 189 countries concerned. Rwanda scores better, 46 in this rank, and Albania 68, Bulgaria 38, Georgia 15, Lithuania 24 and Singapore 1. What do these variables show? That investing is not easy in Greece. Protecting investors, dealing with licence permits, enforcing contracts, or simply registering business is extremely difficult. To this, one should add the fact that foreign investors, seem to be unwanted, they are often

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<sup>30</sup>World Economic Forum, Competitiveness Rankings.  
<http://reports.weforum.org/global-competitiveness-report-2014-2015/rankings/>

targeted by unions and people who consider them as cruel capitalists or neoliberals. More often than not, they are boycotted, their property destroyed, strikes are frequent and hostility is burdensome. The heavy regulations of labour and collective bargaining have worsened the situation. The weeks of severance pay for redundancy (experienced workers) were in 2010, and came to a total of 34.7 weeks. The comparable numbers in the UK were 10.6 weeks, in Sweden zero, Italy zero, Cyprus zero, Bulgaria 4.3, Cameroon 30.3 weeks, and in Bangladesh 100 weeks.<sup>31</sup> Furthermore, there are multiple small and medium enterprises in Greece, and the market seems to have gotten stuck and exhausted in a financial model that only includes the provisions of services in restaurants, cafeterias, hairdressers, etc.

The entire above has created a very problematic situation in Greece. Different social classes and interests have all resisted change throughout the years. A bipolar political system has made governance an exchange between two parties with rather permanent representatives, some of whom have been exposed to grand and other forms of corruption. There was little or no will for change. No one had seen anything going wrong, everyone was happy, and then the financial bubble burst. Everyone was surprised, and started to look for the villain in each other's face. Greeks believe that politicians alone are to be blamed for their current problems, and they have shown this in various ways. By lynching, mobbing and insulting, and carrying mass rallies outside of Parliament, everything demonstrated the 'justified indignation' that people felt when the crisis started. Blaming the politicians

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<sup>31</sup> World Bank, Jobs Data.  
<http://datatopics.worldbank.org/jobs/country/greece>

is a convenient suggestion that contains one part of the truth. However, the rest of the truth lies in the fact that people have chosen their representatives freely and according to their standards of democratic representation or, worse yet, in exchange for something. Politicians reflect the norms and values of a nation. Many politicians have shown a remarkable 'ability' in adapting to change and the public opinion, despite their initial political orientation. A consequence of the above is that, since the beginning of the crisis the country has been divided to those who supported both the governments and Troika in their effort to balance the budget, the so called 'mnimoniakoi' or 'traitors', and on the other hand, those who refused to accept foreign aid and any sort of technical assistance which was loosely viewed as an evil aimed to enslave and impoverish the country who have been called 'antimnimoniakoi.'

The terms are no longer viable, and should have never been used. The climate in Greece has been further polarized with reference to those terms, and violence has occurred on many occasions. It was almost impossible to implement laws which were against the will of "antimniniakoi", namely, the majority of people. The national elections were based on those conflicting notions.

### **Corruption**

Corruption, in all its forms is endemic to Greece. What constitutes corruption, and why is it important to be tackled? According to the Oxford Dictionary, corruption is equal to dishonesty, but it is also a sign of low moral standards. Furthermore, it is a *quid pro quo* process, a demand and supply of rent-seeking activities that can

devastate the economy of a country. The United Nations, the World Bank, the European Union, the Council of Europe and Transparency International have accepted that corruption is the most serious threat to the welfare of people, and an obstacle to development, accountability and justice. It affects the most vulnerable of the population and it cannot be neglected because it sustains poverty.

Corruption takes many shapes, such as nepotism, patronage, and administrative or grand corruption, with the latter being perhaps the most serious form of corruption, as it influences legislative decisions and, therefore, the life of the many.

It can undermine democracy and the Rule of Law. In Greece, this is an unfortunate reality. Some of the most “standard” transactions include the ‘fakelaki’ (bribe) to doctors and other health sector employees, in order to speed up a process or conduct a safe operation (anything between 100 to 30.000 for these can be paid). License construction bodies can be bribed with anything from 100 to 8.000 euros in order to issue a construction license, or settle an illegal one. In Greece, it is widely accepted that you need to pay the driver’s license examiner anything from 40 to 500 euros if you wish to drive in the streets with a licence.<sup>32</sup> Legislation adopted by Greece to combat corruption, (albeit ineffectively) includes the UN Convention against corruption which requires the criminalization of acts of corruption by public officials in misuse of their office, and goes as far as the recovery of assets.<sup>33</sup> The Council of Europe's Civil and Criminal Law Conventions are su-

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<sup>32</sup>Transparency International, Greece: The Cost of a Bribe.  
[http://www.transparency.org/news/feature/greece\\_the\\_cost\\_of\\_a\\_bribe](http://www.transparency.org/news/feature/greece_the_cost_of_a_bribe)

pervised by the GRECO<sup>33</sup> mechanism and provide for similar measures. Also in place is the agreement of the Organization for Economic Cooperation and Development (OECD) on combating bribery of foreign public officials with regards to international business transactions.<sup>34</sup>

It has to be noted, that pervasive corruption (as expected) has lowered the trust of citizens with regard to the government, and the legal institutions over the years. The average person believes that, if their neighbour or an elected Member of Parliament is corrupt then it reasonably follows that they will be in a disadvantaged position, or no one will notice if they are honest and clean. Fatalism is one of the ways that corruption is treated: ‘no one can do anything about it, much less me...’ As a result, most of the Greeks are willing to compromise, and consider the bribe to doctors, public servants and others as a normal process, the only way to conduct business, or lead a life in Greece. Complaints against the perpetrators very rarely see the light, and the cycle never ends.

A question has been raised as to the role that incentives play in corrupt behaviours, and whether higher or lower public wages are capable of influencing certain corrupt behaviours. In such cases, it has been seen that highly paid civil servants are less prone to corruption for fear of losing their high-income posts.<sup>35</sup> It is the view of this paper that fewer, but higher-paid public employees in crucial posi-

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<sup>33</sup> Group of States Against Corruption.

[http://www.coe.int/t/dghl/monitoring/greco/general/1.%20The%20Fight%20against%20Corruption%20-%20A%20Priority%20for%20the%20CoE\\_en.asp](http://www.coe.int/t/dghl/monitoring/greco/general/1.%20The%20Fight%20against%20Corruption%20-%20A%20Priority%20for%20the%20CoE_en.asp)

<sup>34</sup> OECD Anti-Bribery Convention, 1999.

<http://www.oecd.org/daf/anti-bribery/greece-oecdanti-briberyconvention.htm>

<sup>35</sup> Johann Lambsdorff, *The Institutional Economics of Corruption and Reform* (Cambridge: Cambridge University Press, 2007) p 38.

tions such as the tax collection offices, justice and health should be rewarded according to the rule above.

### **1.5 Poverty, the Rule of Law and the Constitution**

According to the World Bank, extreme poverty is the state of living with \$1.25 or less per day. Families lack food, safe drinking water, sanitation, shelter, health care and education. On the other hand, it is more common to measure relative poverty in Europe. Relative poverty means that there is material deprivation, lack of access to some services and the buying power is low compared to the median income of the country, however, it does not inevitably imply a low standard of living.<sup>36</sup> Risk of poverty exists when the low income falls below the threshold of 60% of the median income (after social transfers), when there is low work intensity and social exclusion. The risk of poverty percentage in Greece was 20.3% in 2006, and 23.1% in 2013.<sup>37</sup> It can be concluded that the risk of poverty has deteriorated since 2006, but Greece, nevertheless remains a high-income state with any references to extreme poverty or humanitarian crisis sounding absurd. The crisis has made income inequalities more visible when, in other circumstances, they would be ignored by most. On some occasions, measures affected people who were more vulnerable, such as low pensioners, while the clientele was left unaffected. The attempt to enhance labour flexibility has given an incentive to businesses to hire, however, misinformation has once again shaken the trust of citizens

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<sup>36</sup> Eurostat, *Income Distribution Statistics*.

[http://ec.europa.eu/eurostat/statistics-explained/index.php/Income\\_distribution\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Income_distribution_statistics)

<sup>37</sup> *Ibid.*

towards the state and its legal institutions. They thought that they were left unprotected against the will of their employers, who are the strongest party of the deal. Many employers could not fulfil their financial obligations to individuals, or the state, and they ended up with making small or no payments to their workers. A few others have taken advantage of the high unemployment rates and the knowledge that there is a cost related to seeking justice and thus, intentionally left workers without payment. Unfortunately, this was an unpredictable consequence which seemed to go unnoticed.

Poverty can be fought by top-down and/or bottom-up methods. The former refers to the Rule of Law (RoL) and the implementation of measures that organize a society and protect individuals. It refers to 1) equality of all before the law, the governed and the governors, 2) an effective judicial system capable of enforcing contracts, property rights and secure transparency, stability and trust 3) neutrality, which means that personal and arbitrary decisions must be excluded from legislation. The RoL manifests restraint, rationality and the obligation of all subjects to support, obey, and be appropriately guided by the law. Being able to rely constantly on legislation, and have access to justice without bias or retrospective application, while being protected from arbitrary powers, are necessary preconditions for sustained development, transparency, organization and growth.<sup>38</sup> The rule of law is a prerequisite for membership to organizations such as the EU and

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<sup>38</sup> Joseph Raz, 'The Rule of Law and Its Virtue' (1979).

[http://nw18.american.edu/~dfagel/Philosophers/Raz/Rule%20of%20Law%20and%20its%20Virtue\\_%20%20Joseph%20Raz.pdf](http://nw18.american.edu/~dfagel/Philosophers/Raz/Rule%20of%20Law%20and%20its%20Virtue_%20%20Joseph%20Raz.pdf)



NATO. The Copenhagen criteria for accession to the EU require ‘stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities. It is difficult to establish the proposition that Greece is a country observing the RoL. Some seem to be more equal than others under the law, the judicial system is suffering serious blows due to serious delays in its administration, and last but not least, decisions which favour a certain group or persons are quite common. There are constant changes in legislation, countless laws and regulations often contradictory to each other, and a very problematic civil sector disciplinary procedure in place. One of the popular misconceptions is that the rule of law (*kratos dikaion*) is synonymous with a state that implements ‘just laws,’ with ‘just’ being interpreted variously (e.g. welfare state). It should be noted, that attempts to enforce the RoL in various countries have proven problematic due to the cultural variations of different societies. Legal transplants that may have been successful and beneficial, even if transferred from another legal family (e.g. common law), in Greece, would be probably welcomed with, hostility by all actors, as an outrageous intervention, a 'non-Greek' product. It is unclear as to why this is the case, since the EU *acquis communautaire* is part of our legal system, and aims to approximate laws of different European countries. The Greek legal system is based on Roman law, and has been influenced by French and German legislation. English law, especially in investment protection is generally considered to be extremely reliable, and easy to predict due to its case law and provides security.<sup>39</sup> It is essential for a country like Greece which has provided

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<sup>39</sup>Kenneth Dam, *The Law-Growth Nexus: The Rule of Law and Economic Development* (Brookings

unreliable data on various occasions, and lost credibility due to some of its decisions, to reassure investors and gain trust. Part of the 2012 restructuring of bonds, as well as the loan agreement between Greece and its partners is governed by English law, thus providing assurance that their rights would be upheld.

The IMF and Troika, which have been demonised by a large number of people in Greece, including political parties, as being the creators of misery and cruel policies, support the path to recovery through the implementation of a strong rule of law, accountability, battle against corruption, and other good governance measures. Unfortunately, none of the above has been made known, thus making it difficult to enforce the relevant implemented legislation.

On the other hand, bottom-up strategies are employed to complement or replace the RoL when, and if it fails. Bottom-up policies promote the idea that social norms and the public opinion should be taken into account when attempting to build a healthy economic and social environment from scratch.<sup>40</sup>

As has been previously stated, change has not been on the agenda of any of the previous governments in the pre-crisis years. The governments that handled the crisis have taken some steps towards recovery, however, they remained hesitant to implement reforms, and confront powerful interests.

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Institution 2006) p 15.

<sup>40</sup> OECD, *Informal Institutions, How Social Norms Help or Hinder Development* (2007) p 36. [http://www.keepeek.com/Digital-Asset-Management/oecd/development/informal-institutions\\_9789264039070-en#page1](http://www.keepeek.com/Digital-Asset-Management/oecd/development/informal-institutions_9789264039070-en#page1)

A special reference will be made below to the higher law of the country, namely the Constitution, which seems to be suffering from vulnerabilities. Some laws adopted as part of the bail-out agreement have been declared invalid and unconstitutional by the Court of Audit. In fact, it is strange that cuts to justices or military pensions have been found unconstitutional with the reasoning that they violate human dignity, equality, and proportionality, while pensions of other citizens have not suffered from this ‘problem.’

In Greece, what we call the separation of powers does not exist. In fact, the legislative and the executive part of government are closely associated. The Ministers responsible for a policy are those who bring laws to Parliament for approval, and they are controlled by the Prime Minister. Unfortunately, the judiciary does not seem to remain unaffected by political decisions or corruption. The legal profession in Greece is heavily regulated, as are most other liberal professions in the country, in a way that is tighter compared to other OECD countries.<sup>41</sup> Big legal firms are not the norm and most of those that exist, introduce competitive legal services, and attract international clientele, which consequently, reduces the pie left to be shared by sole practitioners. Commercial advertising is not permitted except for a few circumstances, and geographical and price restrictions are in place.

The Greek constitution enumerates a number of articles for the protection of human, social, and political rights. It seems that this is all that is required for a well-

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<sup>41</sup> OECD, *Economic Survey Greece 2013*

functioning society, but objections keep coming after its first reading. In addition, it is assumed that the supreme law of the country aims to safeguard fundamental freedoms, and as a consequence, it is rarely revised. Nonetheless, the Constitution as it is currently drafted does not allow for flexibility or change to policies, and preserves a social order and an economic model that has been proven unsustainable. It has been exploited by powerful interests, and it has an overreaching power to the life of citizens. The Constitution's basic rights, namely, articles that refer to the form of government, equality of all under the law, the principle of *nullum crimen sine lege*, freedom of religious conscience, and articles referring to the separation of powers are not amendable, according to article 110.

More specifically, the first part of the Constitution deals with the form of government, which is parliamentary republic. Despite the fact that religious freedom is provided later in the text, as it should, the constitution proclaims that the Orthodox Church and the state are inseparable. It is not clear how the proposition that the Orthodox religion is prevailing, secures religious tolerance or promotes freedom and individuality. Moreover, it cannot be argued that religion promotes rationality, or responsibility, since everything is decided by God, and will probably be solved in another life, without human intervention. There is no intention to argue against any sort of belief in this paper, which firmly supports religious freedom, but it aims to show that the state should be legally separated from the Orthodox Church, rather than just economically. It has been observed in many cases that, the clergy has overstepped its duties by preaching or publicly stating influencing opinions which belong to the sphere of the secular state (e.g. homosexual-

ity and civil partnerships, the economic state of Greece, foreign relations and policies, treatment of asylum seekers, women's rights, etc). The result is not far from incitement to hatred against certain groups and minorities, a fact which is contradictory to the meaning of religion and altruism.

The second part of the Constitution deals with fundamental rights, such as the equality of all before the law, equality between men and women, freedom to develop one's personality, a guarantor of personal liberty, the *habeas corpus*, the sanctity of the private sphere, and freedom of the press. The second part continues with article 16 which states: '2. Education constitutes a basic mission for the State and shall aim at the moral, intellectual, professional and physical training of Greeks, the development of national and religious consciousness and at their formation as free and responsible citizens[...]

5. Education at university level shall be provided exclusively by institutions which are fully self-governed public law legal persons. These institutions shall operate under the supervision of the State and are entitled to financial assistance from it; they shall operate on the basis of statutorily enacted by-laws. Merging or splitting of university-level institutions may take place notwithstanding any contrary provisions, as a law shall provide. A special law shall define all matters pertaining to student associations and the participation of students therein.

6. Professors at university-level institutions shall be public functionaries. The remaining teaching personnel, likewise, perform a public function, under the condi-

tions specified by law. The statutes of respective institutions shall define matters relating to the status of all the above.’

It appears according to the above quotation, that private universities are not allowed to function in Greece, and funding is available exclusively through limited public resources. It is very unlikely, that this is a condition which can generate the necessary resources to advance science, creation and research. Once again, it is seen that the text is heavily influenced by a mistakenly perceived idea of morality, which excludes any capitalistic formations. No cost-sharing by students is allowed, even though such a measure, with a minimum contribution, would improve efficiency, resources and respect to the learning process, consequently causing, reduced violence in the universities. The underground education (*parapaideia*) is flourishing in Greece, but it is widely accepted as necessary. Students of secondary education are almost obliged to attend private tutorials outside the school hours in order to supplement their knowledge. There is a quite demanding school curriculum, and it does not always provide the expected results. A reform plan, which has been suggested by a previous conservative minister, was doomed to fail. Huge demonstrations have taken place at that time, condemning the proposed measures and demanding the preservation of the *status quo*, notwithstanding the fact that there are limited resources for both students and research, or that the underground education seems to be the only real beneficiary. Greek universities present a lack of material, infrastructure, technology, libraries and other important resources.

Nevertheless, the most problematic situation in the Greek Universities is the dependence and affiliation of students, workers, and teachers alike with political parties. Universities are often occupied by leftist students or anarchists, with various demands, such as free education,(!) the release of persons imprisoned for terrorism, or the status maintenance of ‘eternal’ (aionioi) students who may never take exams, may repeatedly fail, may never attend classes (which is not required anyway), or will not complete a degree within a time framework. In fact, a number of these students may eventually graduate after 7 to 10 years, while in the meantime retaining their student status and privileges.<sup>42</sup>In addition to the above, several institutions of higher education (Technological Institutions especially) have been established over the past few years even in rural places, while offering degrees that have no student demand, following regional or politicians pressure in order to allow ‘financial development’ in the areas.<sup>43</sup>

It needs not to be mentioned that the occupation of university buildings, the destruction of property, and violence targeting any individual who wishes to remain disengaged from this vicious system, is an everyday phenomenon. Dissenting students or professors who raise their voice against this system will be removed, threatened, or abused. The examples are numerous. Recently a professor was locked up in his office by students, while his door was built 'symbolically' with bricks, leaving him with no means of escape. In another instance, a deputy dean

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<sup>42</sup>OECD, Strong Performers and Successful reformers in Education p 66.  
<http://www.oecd.org/greece/48407731.pdf>

<sup>43</sup>OECD, Strong Performers and Successful reformers in Education (2011) p 72.  
<http://www.oecd.org/greece/48407731.pdf>

had accepted a commission of students into his office where they ended up emptying bags of garbage onto his desk, showing disapproval for the Dean's policies to tackle violence in the University of Athens. These are the practices or better, criminal acts, that remain unpunished due to a twisted idea of democracy that has deluged the Greek society after the fall of junta in 1974, in which everything is permitted so long as it is 'the will of the people.' The saddest part of the story is that many of the vandalisms, occupations, and unmerited appointments are supported or initiated by students, who as described are more linked to political parties and 'direct democracy', than to their learning and degree. Terrifying as it may sound, this is an everyday reality in Greece. It is a system that hinders academic freedom, free expression and thought, and civic duty, and furthers unmerited appointments of academic staff and others, who sometimes do not produce any research or are only qualified PhD's due to their political affiliations. The books produced by some seem to be lacking any sort of scientific basis or the appropriate justification. They are partial pieces written, as it seems, with the purpose of satisfying political patrons, but not to serve the educational community, or better yet, to expand students' horizons. Output of scientific research publications during 1993 was less than 3000, while the number increased by 2008 to 10.000.<sup>44</sup>

The Greek Universities are not the safest, or most suitable places for learning. However, this comes with university registration. It is worth mentioning that arti-

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<sup>44</sup>OECD, Strong Performers and Successful reformers in Education (2011).<http://www.oecd.org/greece/48407731.pdf>  
National Documentation Centre, Greek Scientific Publications (2011).[http://www.ekt.gr/en/metrics/GreekScientificPublications\\_EKT\\_en.pdf](http://www.ekt.gr/en/metrics/GreekScientificPublications_EKT_en.pdf)



cle 16 of the Constitution and the preservation of this situation, becomes a serious drawback to social movement and the enhancement of skills. One of the most powerful means of escaping poverty and social exclusion is by acquiring education. Under this system, the only real loser of the game, which fails its talent and students, is Greece.

The articles that follow, namely 22, and 23, refer to the right to work and trade unions. Article 22 states: ‘1. Work constitutes a right and shall enjoy the protection of the State, which shall care for the creation of conditions of employment for all citizens and shall pursue the moral and material advancement of the rural and urban working population. All workers, irrespective of sex or other distinctions, shall be entitled to equal pay for work of equal value...’

It is difficult to interpret the phrase “right to work.” The UN Declaration of Human Rights pronounces in art.23 ‘(1) everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.’

Unfortunately, in Greece this article has accrued a different meaning, very far from the original. It is my understanding that the UN Declaration intends to explain that work is preferable to unemployment, and that everyone should be free to chose their profession, and be protected by arbitrary decisions. However, as mentioned above, this article in Greece it is not used within this context. It has been abused and has given legitimacy to 'the right' of clients to secure jobs in the public sector. It is doubtless that this should be the case. The root of reliance to

the state for securing a job for life, preferably in the public sector, lies in this article. Moreover, it promotes a very negative mentality towards work. It is one of those rights that Greeks consider as absolute, and the belief that no effort is required on their part, to seek or retain a job. The ‘right to work’ should not have been constitutionally enforced, not because people should not work or be protected, but because it imposes an entitlement to something without involving any duties. There can be no right to work without a right to create jobs. Is there a right of individuals or an obligation to create jobs? Presumably not. In addition, the ‘right to work’ becomes a burden to the state who assumes responsibility for the life of its citizens. It distances people from their responsibility to further their skills, or pursue a well balanced life, while freely exercising the trade of their choice. More importantly, the ‘right’ seems to not be covering those (and they are many) that work unreported. Fourier, an utopian socialist back in 1806 spoke first about the right to work (to seek and find work) and the right of men to a minimum income.<sup>45</sup> It is unclear how the ‘right to work’ in a country like Greece, which is currently tormented by a high percentage of unemployment, would help. This protectionism and collective bargaining becomes an obstacle to flexible forms of employment or *laissez faire*. It is questionable under these unfavourable circumstances, whether it is better to be unemployed, rather than engaged in an activity for a mutually and freely agreed upon remuneration.

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<sup>45</sup>Charles Fourier, ‘Critique of the Revolutionary Ideas’.  
<https://www.marxists.org/reference/archive/fourier/works/ch15.htm>

Continuing with the analysis, it is stated in Article 23 '1. The State shall adopt due measures safeguarding the freedom to unionise and the unhindered exercise of related rights against any infringement thereon within the limits of the law. 2. Strike constitutes a right to be exercised by lawfully established trade unions in order to protect and promote the financial and the general labour interests of working people. Strikes of any nature whatsoever are prohibited in the case of judicial functionaries and those serving in the security corps. The right to strike shall be subject to the specific limitations of the law regulating this right in the case of public servants and employees of local government agencies and of public law legal persons as well as in the case of the employees of all types of enterprises of a public nature or of public benefit, the operation of which is of vital importance in serving the basic needs of the society as a whole. These limitations may not be carried to the point of abolishing the right to strike or hindering the lawful exercise thereof.'

This article is the root of the heavy protection of trade unions by the state. The problem *per se* is not that it provides considerable freedoms to unionists, but that it permits abuse by various interests. It has been exploited by people who are at the front of every strike whether it is justified or not. A strike may be organised for reasons unrelated to work, for example to exercise political pressure or change a public policy, or even a foreign policy. Sometimes, the centre of Athens remains blocked by a few dozen people who wish to demonstrate against this, or the other decision of the government. Trade unionists often seek political office or favours from their patrons. People of that sort consider and exercise unionism as a profes-

sion, rather than a right that aims to protect workers from the arbitrary will of the strongest party, namely the employer. Moreover, it is unclear why unionists nurture claims and requests such as the co-administration of a business entity, when it is known that employees offer their work in exchange for remuneration, and not the capital which entitles them with the decision making.

Article 29 of the Constitution refers to the entitlement of political parties to funding by the public budget, for their electoral and operating expenses. It cannot be doubted that access to the electorate should be open to many, to ensure pluralism and democracy, but it is unclear as to why the Greek people should pay for the funding of political parties. One of the main reasons behind the rage of Greek citizens against politicians lies in the fact that, there was no transparency in the handling of public money, that political parties 'have stolen their money.' It is true that state money has been abused on many occasions. It is believed that funds guaranteed by the state preserve a system of corruption and hold in life support, parties that would otherwise be out of operation. Nevertheless, it is assumed that funding should be provided by the state under strict qualification. Parties should be able to draw funds from private sources, although this is not an unproblematic suggestion. The biggest concern, in that regard, is that favours can be bought from wealthy groups and individuals. Both private and public money channelled to political parties should demonstrate transparency in their handling, clear objectives should be set regarding their use, any donations above a minimum amount should not be anonymous. The people need to be informed at all times about the spending of public money in funding policies, political parties, etc. Contribution, as well as,

spending limits should be established and legislation related to funding should be subject to constant consultation and reform in order to ensure transparency and eliminate corruption.<sup>46</sup>

The number of parliamentarians that are allowed to sit in the Parliament in a certain term is determined by article 51, which offers a choice of not below two hundred members, or not above three hundred members. The fact is that, since the restitution of democracy in 1974, the members of Parliament were never below the number of 300, adding unnecessary expenses to the public budget and furthering the contempt held for politicians by the public. There are some restrictions that mainly refer to conflict of interest for candidates that cannot serve, but there is no restriction with regards to the number of years that a member can be consecutively elected. There should be a limit as to the number of years a member can be elected, most importantly, in order to reduce the levels of administrative corruption, but also to assist competition amongst interested candidates and enhance the ability of citizens to actively check politicians' actions, and their power.

Article 62 provides legal immunity to parliamentarians, under which they can only be prosecuted after securing the leave of the Parliament, and this is subject to a time limitation. However, no such leave is necessary when felonies are committed, or if a Parliamentarian is caught red-handed. The foundational idea of the rule of law is that no one is above the law, and equality under the law is secured,

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<sup>46</sup> International Institute for Democracy and Electoral Assistance, *Funding of Political Parties* p 260.  
<http://www.idea.int/publications/funding-of-political-parties-and-election-campaigns/>

whether you are a parliamentarian or an ordinary citizen. This cannot be subject to debate or exceptions. The immunities of articles 61 and 62 are also present in the article 46 of the Basic Law of Germany.

Article 103 (4) of the Constitution establishes the so called (*monimotita*) permanence of civil employees' jobs. When it was first introduced in 1911, it was meant to ensure independence of civil servants from political interests and cronyism. However, with the passage of time, this article has produced a sort of immunity for civil employees, despite their performance, or effectiveness and it cannot be justified anymore. Corruption is tormenting the public sector on every level. The article states: '4. Civil servants holding posts provided by law shall be permanent so long as these posts exist. Their salaries shall evolve in accordance with the provisions of the law; with the exception of those retiring upon attainment of the age limit or when dismissed by court judgement, civil servants may not be transferred without an opinion or lowered in rank or dismissed without a decision of a service council consisting of at least two-thirds of permanent civil servants. Recourse against the decisions of these councils may be sought before the Supreme Administrative Court, as specified by law.'

Civic employees are not allowed to be dismissed or removed from their post, according to the Constitution, without the consent of at least 2/3 of other civil employees, which is at least a controversial provision. Citizens that work in the private sector, are constantly evaluated for their work, and do not enjoy any job security, unlike those of the public sector. Greek governments throughout the years

have shown a special consideration towards the needs of public servants for better pay, health, and other benefits. Greek citizens were divided into ordinary employees and public employees, with the latter being the beneficiary. Unmerited appointments were the rule and the clientele was stable and guaranteed. The public sector became gigantic following these policies, and many jobs have been created to 'settle' friends without having an object of work. Until the start of the crisis, there was no clear number of people employed by the state.

It must have been made clear already, that the Constitution, the supreme law of the country touches almost every aspect of public and private life and it is difficult to adapt to new demands. Many of the claims that flood the courts regard the constitutionality of laws. If change is the goal, then one of the first steps to be taken to inspire change is to amend some of the constitutional provisions already mentioned, or abolish them altogether, if consent can be achieved. It is a moderate but feasible target that would result in bigger and better compliance, even if we assume that the memorandum's failure was entirely, a result of cultural trends, and not a triumph of special interests assisted by constitutional provisions. It is of paramount importance to attract investors, and create jobs, and we need to have the system to support their investment, and ensure their trust and reliance on the judicial system. The UN report on the legal empowerment of the poor stated that a guarantee of prosperity will only be achieved through a system of legal rules that

ensure access to justice and uphold of rights, while in supplement to other reforms in education etc.<sup>47</sup>

## 1.6 Social Capital

Could social capital become a force of change in Greece? This would not be answered without some hesitance regarding its merits, but the answer would not be a positive one, at least with reference to the socio-cultural theory. Essentially, this means involvement in *inter alia*, various associations, civic society organizations<sup>48</sup>-ranging from unions to political parties, or school and church meetings, as well as, student associations and sports clubs, which are considered by many as able to generate public trust and enhance democracy. ‘Social life without trust would be intolerable, and most likely, quite impossible.’<sup>49</sup>This may be true when it comes to our interpersonal relations, but it is viewed as having little to do with trust in institutions or public services, which are most lacking in Greece. In the 1990s, Finland suffered a blow of political trust but, nevertheless, remained a country with high levels of social capital.<sup>50</sup> Norton has argued that there is no correlation between social trust and political trust, that the latter cannot be a determi-

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<sup>47</sup> United Nations, Report of the Commission on the Legal Empowerment of the Poor, ‘Making The Law Work for Everyone’ (2008) p

10[http://www.unrol.org/files/Making\\_the\\_Law\\_Work\\_for\\_Everyone.pdf](http://www.unrol.org/files/Making_the_Law_Work_for_Everyone.pdf)

<sup>48</sup> Christos Paraskevopoulos, ‘Accounting for confidence in institutions in Greece: institutional performance, social capital and EU public policy’ (2010) ECPR p3.

<sup>49</sup> Kenneth Newton, ‘Trust, Social Capital, Civil Society and Democracy’ (2001), International Political Science Review Vol 22, No. 2 p 202.

<sup>50</sup> Ibid, p 210.



nant for the trust that citizens hold for each other, and accordingly, there is no such evidence available.<sup>51</sup>

In addition, the abovementioned theory of social capital, that is, developing civic engagement, or the 'I' in 'we'<sup>52</sup>- is not a convincing one, and it lies far from what is believed to be the source of individual responsibility in this paper. Individual citizens are able to create societies that are composed of responsible people who are committed to change, and financial development. People who have been nurtured, or developed themselves with the idea that every right must be a result of an obligation, will not necessarily see collective action as a solution to every problem, as their everyday practice will show that respect of their fellow citizens and country is a suggestion that requires constant involvement.

Moreover, it is one thing to exercise choice by networking and coordinating with a group of people with shared or different values, in order to achieve a certain goal over a certain period, which is a welcomed approach, but it is quite another to assume that this is a necessary condition for economic development, which has the power to transform society or promote stability and democracy, when the most important basis for that, the institutional, is missing. Voluntary means that one is acting according to his own free will, while he expresses preferences for social action according to his own convictions, whether these are religious, or related to sports, environmental activism, or any other, and he is able to choose the most suitable one.

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<sup>51</sup> Ibid, p 201.

<sup>52</sup> Robert Putnam, 'Bowling Alone: America's declining Social Capital' (1995) *Journal of Democracy* p 3.

It is worth stressing that it is doubtful, whether independence can be preserved when loyalty is required, namely, when choice and flexibility of one's own actions are limited within a group, especially, when those groups are engaging in *quid pro quo*. It has been suggested that this kind of 'loyalty' or bonding between people of various small groups may be the origin of rent-seeking activities amongst members and third parties.<sup>53</sup> As already seen, the endemic corruption in this country is largely a result of group bonding and regional loyalty, a fact that shows that 'social capital' in Greece needs to be reconsidered. There is no doubt that failed institutions lack generalised trust, which seems to be a reasonable outcome in societies such as the Greek one.<sup>54</sup> The lack of trust towards institutions and the government, as has been expressed in various settings, is mostly, a consequence of perverse corruption that has tormented every area of public life as well as the public sector, which no one can avoid dealing with. The same is true for a political system that has failed loudly by nurturing exchange activities.

On the other hand, it is assumed that influence from a social group may assist in the spread of healthy ideas, but the Greek society needs more than that. The spread of healthy cells here and there, in a seriously infected body does not seem to be the most drastic cure required to save the patient. Greece requires, above all, top-down measures, such as the provision of better schooling, which would assist in the elimination of past mistakes and misinformation. Schooling can become the source that would put into practice the ideas taught in the classroom, including

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<sup>53</sup> Christos Paraskevopoulos, 'Social Capital and Public Policy in Greece' (2007) GreeSE Paper No 9 p 22.

<sup>54</sup> Yannis Theocharis and Jan W. van Deth, 'Causes and Consequences of the Greek Crisis' (2013) MZES p 12.

tolerance, responsibility, understanding of investment and innovation, which, as a result, would have an impact in the family and social life in general.

Towards this end, it is believed that the state has the ability to instil trust and confidence in citizens by building healthy institutions and review existing ones. Whether one agrees with the role of the state under any circumstances is arguable, but it cannot be disregarded that the state is the most competent authority to enforce the rule of law and employ strong institutions, a thing that even the most popular activist or social group cannot do. It is believed that well-functioning institutions are far more important for a society and the confidence of citizens than social capital.<sup>55</sup> A final remark is that social action combined with strong political and legal institutions may be a perfect solution for a society; however, in Greece this remains to be seen.

## **1.7 Conclusion**

Greece's problems are many, and not similar to those of a high-income state, as explained. A smaller public sector with less administrative burdens, and a better pay in crucial posts such as justice and tax collection are necessary. A zero tolerance policy towards corruption is also necessary. No citizen should be paying bribes to enjoy public health services, or to establish a business. Drastic measures are needed to evict political parties and their unions from education, and any affiliation of public teachers with political parties should not be permitted. To ensure the separation of powers, Ministers should be prevented from legislating or

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<sup>55</sup> Christos Paraskevopoulos, 'Accounting for confidence in institutions in Greece: institutional performance, social capital and EU public policy' (2010) ECPR

being involved with any stage of the process. Legislation relating to the administration of justice should be reformed and constant deferments and remands should not be allowed. Out of court settlements should be encouraged, and a way to deal with judicial precedent that would lead to conclusions sooner. The media could impose a wind of change. However, at the moment, they are making favours, offering law quality, biased news, and contributing to the expansion of the problem.

Octavio Mavila, a Peruvian impressed by Japanese culture, has recognised that there are ten commandments of development necessary to enforce change in a society: 1) Order, 2) Cleanliness, 3) Punctuality, 4) Responsibility, 5) Achievement, 6) Respect for the rights of others, 7) Respect for the law, 9) Frugality, and 10) Work ethic.<sup>56</sup> Following the assumptions made in this paper, it can be concluded that these are some values which can be easily understood (if advanced by every relevant actor, from parents to schools and neighbourhoods) which, if practiced would transform the country, and the economy would gradually recover. However, it needs to be clear to everyone involved, and to everyone concerned where it is that we are going, and what is the goal to be achieved. Greeks need to regain their trust towards the public policies, and each other, through the establishment of healthy legal and political institutions and, thus, commit to the development of the country. They need inspiration, role models, and visions of a country that

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<sup>56</sup>Lawrence Harrison, *Underdevelopment is a state of mind* (Madison Books 1985) p 21.

stands on its own feet, and most importantly, they need to leave behind those who consider Greece as their feud and condemn it to poverty.

Greece has a lot of potential to show, not only in human capital and ideas but also, by fully exploiting its privileged geographic location and membership in international organizations. Greece must let change in and take advantage of the best practices that the world has to offer. Mill argued that ‘a people may be unprepared for good institutions; but to kindle a desire for them is a necessary part of the preparation. To recommend and advocate a particular institution or form of government, and set its advantages in the strongest light, is one of the modes, often the only mode within reach, of educating the mind of the nation, not only for accepting or claiming, but also for working the institution.’<sup>57</sup> There is a lot of work to be done, and reform decisions need to be bold. A clash with various interests and groups is inevitable if one wishes to see Greece on the path towards development. The opposite examples are many and, as such, are to be avoided. It would be overly optimistic to suggest that these are changes that can be easily enforced or do not require time, however, the alternative is suffering and demise.

‘Wherever I travel, Greece wounds me’

George Seferis

In the manner of G.S.

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<sup>57</sup> John Stuart Mill, *Considerations of Representative Government* (London: 1861) p 11.

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