

Greece requires political reform as much as structural reform of its economy

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The Greek government and its creditors have still not reached an agreement on the release of further financial assistance to the country, despite fears growing over the state of Greece's finances.

Charalambos Tsekeris writes that while the discussions have focused on a package of reforms that must be approved by the country's creditors before assistance is released, the nature of the Greek problem goes further than mere fiscal and economic concerns. He argues that many of the issues faced in Greece are fundamentally political and that reforms should go beyond the present narrow focus on competitiveness.

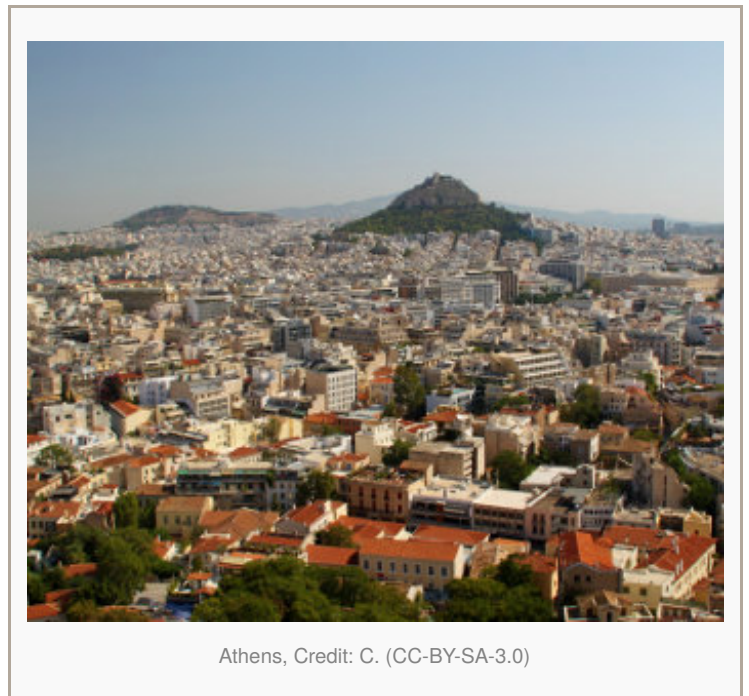


Greece is a country marked by growing inequalities, poverty, destitution, staggering unemployment levels and intense uncertainty as to its future direction. The severe economic recession that hit Greece has had significant negative consequences for the vast majority of the population, particularly economically vulnerable groups, and has weakened the welfare state and social cohesion.

Many observers have come to the conclusion that the powerful political networks that flourished in Greece after the fall of the Greek military junta are now no longer functional. This is either due to the country's economic situation, which has led to the de facto loss of pre-crisis benefits for members of these networks, or because of the collapse of the social underpinnings that allowed such actors to hold power (e.g. the widespread loss of trust in the political establishment). Both of these elements have reinforced one another.

Following Syriza's rise to power in January, Greece has exhibited the hallmarks of a country in transition. The on-going standoff between the country and its European creditors is a direct result of the preference of Greek voters to break with the policies backed by the so called 'troika'. Yet the policies backed by Syriza have posed a challenge to Europe's status quo. The standoff could yet provoke turmoil and volatility, at least for a while, in European and global politics, albeit Syriza still proclaims to have a European orientation.

A related concern of European leaders has been that the situation in Greece could help reinforce other non-establishment voices and parties elsewhere in the EU, such as the anti-austerity **Podemos** in Spain, thus breaking the fragile and precarious consensus that has held the Eurozone together so far. As Syriza's experience so far demonstrates, negotiating debt relief is an extremely difficult task, with the country's creditors demanding a strong commitment to serious structural reforms, which directly contradicts the platform on which Syriza entered power.



Yet the nature of the Greek problem goes beyond mere fiscal and economic concerns. In truth, Greece has never been able to integrate its economic interests with the clientelist form of politics that has been pre-eminent in the post-junta period, nor has it found a way to successfully reform the underdeveloped societal and governmental

institutions that still exist within the country. [Rent-seeking](#) is a ubiquitous phenomenon in Greece: an embedded structural condition whereby individuals act on the basis of their own self-interest rather than on an interdependent or civic-minded basis.

Therefore, insider institutions and structures are still powerful and immune to whatever political party rules. Independent of ideological identifications, political favouritism, patronage, corruption and vested interests continue to dominate the distribution of spoils within Greece. Against this backdrop, passing significant [structural reforms](#) is far easier said than done. The reforms which have been achieved under the current bailout programme have produced some short-term effects in macro-economic terms, but have neither produced growth nor gone to the heart of the country's deeply dysfunctional political system.

And for all these reasons austerity is largely self-defeating, with resistance to change (or collective mobilisation against reforms) remaining strong. Greece is therefore fraying European nerves once again, and what remains to be seen is whether Syriza can make a genuine break with the country's clientelist system. As the first party of the radical left to win power in Greece, it also remains to be seen whether Syriza can overcome the problems that have blighted the Greek Left in the past or whether the party will inevitably get caught in a deadlock that jeopardises the country's future.

In complex systems theory terms, Greece may either be heading for reintegration at a higher level of complexity or toward a relatively quick descent into chaos – a Greek tragedy for Europe. With the crisis talks currently coming to a head, the existence of a stagnated system (Greece) within a complex environment (the EU) leaves little margin for error.

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Note: This article draws on material originally published by the [Greek Politics Specialist Group \(GPSG\)](#). The article gives the views of the author, not the position of EUROPPE – European Politics and Policy, nor of the London School of Economics.

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