

# Why Syriza might be up to the task of tackling corruption in Greece

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*Corruption is frequently cited as one of the key underlying factors behind the economic crisis in Greece. **Emmanuel Melissaris** assesses whether the new Syriza-led government, which came to power in the Greek elections on 25 January, has the potential to help solve the problem. He writes that while the failures of previous governments might lead some to be sceptical about the party's goals in this area, Syriza's platform has the capacity to tackle many of the core facilitating factors which have allowed corruption to embed itself in Greek society.*



A common mantra in the discussion regarding the Greek debt and fiscal crises is that at the root of the problem is the country's widespread and multi-level corruption. It is also widely held that tackling corruption is central to solving the Greek fiscal problem. This is in fact a central demand on the part of Greece's lenders and was a pivotal pledge in all Greek political parties' manifestos.

There is nothing new in this. Every single Greek government from at least 1974 onwards has promised in the run-up to the elections to tackle corruption, as well as tax evasion and avoidance. Yet, successive governments largely failed to deliver on their pledges. This phenomenon has persisted consistently and more or less to the same extent during this period. The question, then, is whether the new Syriza government is better placed to the previous governments of the past 40 years to address the issue.

In one sense, the signs are good. The new government seems to have the necessary resolve, as indicated by the fact that the specific anti-corruption cabinet portfolio was entrusted to Panagiotis Nikoloudis, formerly the **Areios Pagos**: the Supreme Civil and Criminal Court Deputy Prosecutor and Head of the **Hellenic Financial Intelligence Unit** ('FIU').

But there is also a deeper reason for which to be hopeful. Despite the lip service paid to the war against corruption, many of the policies pursued as solutions to the crisis over the past five years have only served to facilitate corruption. Because Syriza's primary aim is to overturn these policies, in addition to a number of other policies in its manifesto, the new Greek government seems well-placed to take at least some steps toward tackling the conditions facilitating and reproducing corruption in the country.

## How can corruption be tackled?

As a starting point, it is worth providing a brief note on how corruption can be tackled more generally. A useful distinction is that between large-scale and small-scale, or petty, corruption. The distinction is partly quantitative. Large-scale corruption involves much larger sums of money than petty corruption. The distinction also refers to the actors involved in the practice and the ways in which they relate to each other. Large-scale corruption is usually top-down or 'vertical': most frequently involving people strategically placed in the public sector and in big business, the few whose position enables them greatly to benefit at the expense of the many. By contrast, petty corruption is typically peer-to-peer or 'horizontal': the benefits are likely to be smaller in individual cases, although may be large, cumulatively.

Tackling both large-scale and petty corruption requires action on three interrelated levels. First, the facilitative conditions of the phenomenon must be addressed: conditions creating opportunity (such as a lack of transparency in the financial sector) and necessity (such as the corrupt exploitation of a monopoly over collection by tax officials). Second, there need to be effective mechanisms of detection and enforcement (which requires the co-operation of

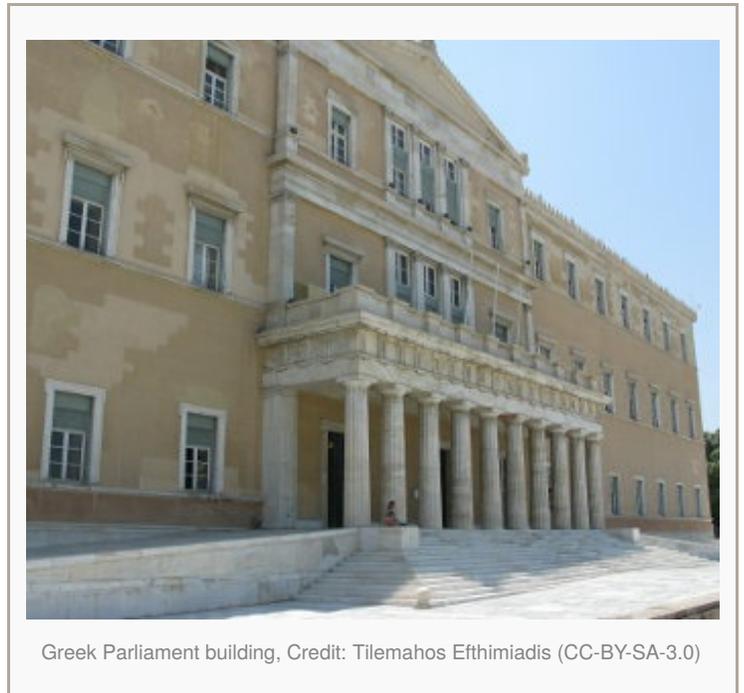
banks and other financial institutions, which may in turn necessitate Europe-wide co-ordination). Third, the motivation of the parties to engage in practices of corruption must be diminished or eliminated. All three levels have domestic and international aspects. The discussion here will focus primarily on the domestic aspects of the facilitative conditions of corruption and the motivation of the parties.

### **Where is corruption most prevalent in Greece?**

It is rather difficult to acquire comprehensive and detailed data on corruption in Greece. There is some organised research, a great deal more anecdotal evidence, and many not-very-well-kept secrets, but there does not seem to be a particularly robust measuring mechanism (which, it should be noted, is highly difficult in any case, not least because of the difficulty in defining corruption and classifying its various instances).

Nevertheless, we have some guidance for arriving at plausible conclusions as to the underlying conditions that facilitate the phenomenon. The FIU's investigations over the last few years, subsequently leading to prosecutions, as well as some investigations still underway, offer some indications of the sectors in which large-scale corruption is rife: public procurement (especially in relation to the military), the selling of public assets, and the banking system.

The Greek branch of [Transparency International](#) published a helpful [report](#) in 2014 with interesting data on petty corruption. What is particularly useful in the report is that it covers the private as well as the public sector. The study should be read carefully and in the right perspective for a number of reasons, but it is not unwarranted to single out certain common patterns emerging across the board as to the contexts in which corruption is prevalent.



At the top of the public sector table are the health system, various planning agencies, and revenue and customs. In the private sector, corruption has been prevalent in health services, legal services, the banking system, and private MOT services. When combined, services pertaining to building and planning are also at the top quarter of the table. Note that these numbers also include the failure to issue receipts, which might count more appropriately as tax evasion.

Nevertheless, even if we discount receipt dodging, the patterns emerging remain in place. Petty corruption mostly occurs in contexts involving the provision of essential services, normally of a public character. Similarly, large-scale corruption is rife where the state operates as a private actor entering contractual agreements with individuals or corporations.

### **What explains corruption in Greece?**

It is often said that the cause of corruption in Greece is 'cultural'. This is a baffling claim. It generally consists of some vague correlation between 'cultural variables' and practices of corruption. It is also accompanied by claims regarding the tensions between modernity, as standardly understood, and the peculiarities of Greece's historical development.

It might well be true that Greece has followed an alternative path into modernity in that social integration has not yet

been fully filtered through political institutions. However, the move from that observation to claiming that it also explains corruption as a cultural or social phenomenon requires quite a leap. Although such cultural arguments are often vague and rather dangerous (it's the type of argument that arbitrarily led to the demonisation of a whole people over the past five years), let us risk entertaining it only to show that it is false.

One way of making sense of the cultural argument is to think of culture as determining actors' motivational dispositions. It would go something like this: when one is so immersed in a culture of cheating, one does not pause to think of the wrongness of it in relation to legal (and other) standards. This argument is, first of all, discredited by evidence. In the Transparency International study mentioned above, the overwhelming majority of participants clearly thought that offering or receiving money under the table to get a job done is the wrong thing to do.

Moreover, the extent of corruption does not corroborate the claim that corruption is somehow woven into Greek culture – it is simply not as widespread as many assume and as the argument from culture presupposes. Perhaps more importantly, the argument is theoretically indefensible. Culture does not motivate; prudential reasons and moral commitments do. It's essentially nonsensical to think that the majority of Greeks believe that they have a prudential reason that the 'culture of corruption' be perpetuated or that they have an active commitment to this culture.

According to a slightly more plausible reading of the cultural argument, culture serves as practice normalisation and stabilisation: although people regret being involved in practices of corruption (or, if they don't regret it, at least they acknowledge that it is wrong to do so) they do it anyway because the number of people involved in the practice generates some form of conventional necessity.

But this acceptance as a necessary evil cannot be the *cause* of corruption; this is to put the cart before the horse. There must be something prior to this situation that causes corruption and, once the practice reaches a degree of generalisation, it is perhaps normalised to some extent. Perhaps one could call such generalised practices a 'culture' but I don't see this as having any value other than on a rhetorical level.

So, instead of resorting to vague arguments from culture and the responsibility of an imaginary collective, let us track the economic and political conditions that facilitate the phenomenon (again, it would be conceptual and explanatory overkill to call the aggregate of these conditions 'culture').

### **Facilitative conditions for corruption in Greece**

The evidence from Greece, such as it is, already clearly offers some pointers. There are at least three worth noting. First, there is the privatisation of public assets generally, and the way in which it was pursued specifically in Greece. A characteristic example is the [Hellenic Republic Asset Development Fund](#). This was set up as a private company (though exclusively owned by the state) so that it would be subject to private and not public law, because the latter would entail more stringent tests of legality, as well as tests regarding whether the Fund's activities are conducive to the pursuit of the public interest.

Note that the Supreme Administrative Court interpreted the Fund as a *de facto* public legal person, which means that its acts are subject to review by administrative courts. This decision has not had any significant practical impact yet. Much of the large-scale privatisation process has also sailed rather close to the wind, for example by doctoring public tenders so as to narrow down the list of eligible offers to one.

Second, there is the fact that much of the public procurement and the outsourcing of public service provision in Greece has been given away to monopolies or oligopolies – or created monopolies and oligopolies. The most characteristic example is the leasing of the whole digital TV spectrum to one company set up by Greece's largest private television channels for the princely sum of €18m (it is estimated that this deal made the state a loss of €700m). Finally, there is the administrative centralisation within Greece, which has resulted in the overconcentration of resources in some centres.

The most important facilitative conditions of petty corruption, many of which are interrelated, appear to be the following. First, the inefficiency of Greek bureaucracy is a key facilitative element. The Greek state mechanism is notoriously difficult to navigate. To get things done, from the simplest to the most urgent of actions, one needs to go through a seemingly infinite number of offices, fill out innumerable forms and listen to an even greater number of rubber stamps thumping on a public servant's desk. In such circumstances, it is not hard to see how bribery becomes a facilitator.

A second factor is the state of public services and the concomitant collapse of the welfare state. Hospitals, in particular, (recall that the health sector tops the petty corruption list) are in a lamentable condition. They are underfunded, understaffed and unable to serve in a timely fashion the massive queues of people in need of diagnosis and treatment. This has a spill-over effect into privately provided health services too. Actors in the private health sector take full advantage of having essentially become a last resort and therefore an effective monopoly, at least for those who could still afford private health insurance and were prevented from using the national health service because of its inefficiency.

The same is the case in other sectors too. These include unemployment and the informal labour market in conjunction with the state's (and courts') resistance to granting basic rights to a large class of immigrants, who still live in the margins of the political and economic system. It is also true of the patronage system and the maintenance of institutions (for instance conscription in the Greek military), which serve to maintain and perpetuate it. Finally, there is the inordinate taxation of the middle and lower classes.

Here we should highlight a very important point. Many, though by no means all, of the facilitative conditions listed above are direct upshots of Greece's 'Memorandum of Understanding' with the troika of lenders: irrational privatisations of public assets and services; the erosion of labour rights; the kneejerk, unplanned overhaul of the public sector in a way that leaves public services understaffed rather than flexible and effective; the hiring of an army of advisers, many of which had rather dubious backgrounds, to expedite the processes of privatisation and 'rationalisation' of the state mechanism. In short, although corruption has been identified in common discourse at the European level as the root of all evil in Greece, and despite uprooting it being a pivotal aim, the policies that were followed had exactly the opposite effect.

### **The effect of Syriza's platform on the facilitative conditions for corruption in Greece**

Syriza, like most other political parties, pledged to come down hard on corruption. Even if we take this promise with a pinch of salt, it is still the case that some of the government's central programmatic declarations target many of the structural issues identified above, which provide fertile ground for corruption.

A few examples include Syriza's aim of restoring and guaranteeing the public nature of public goods and services (power, water, coasts etc.), which includes bringing to a halt the privatisation process (including dismantling the [Hellenic Republic Asset Development Fund](#)); strengthening the welfare state and improving the provision of public services; the decentralisation and democratisation of public service providers; breaking up monopolies and oligopolies; addressing the overconcentration of wealth; subjecting public procurement tenders to parliamentary control; granting citizenship and labour rights to a large number of immigrants (this was attempted by the government of George Papandreou but was blocked by the Supreme Administrative Court and later retracted altogether by the New Democracy government).

Is it inordinately optimistic to believe that Syriza will realise all these plans? Perhaps. But the point is that Syriza seems well-equipped to address the deeper, structural conditions of corruption. Whether it does so, remains to be seen.

### **The role of motivation and responsibility in preventing corruption**

Changing structures must be a top priority, but this alone does not suffice. The disposition of actors within a

structure must also be addressed. A starting point for achieving this is to recognise that the nexus of economic and political factors underpinning both large-scale and, perhaps especially, petty corruption has had two central upshots.

First, it has created a horizontal network of coercion and necessity. Some people, especially less educated and poorer citizens who are not connected in the health service, the public service and so on, find themselves at the mercy of those in a position to provide them essential services. The coercion is systemically facilitated by the structural features of the system, some of which have been identified above. Second, the practice of corruption reproduces itself because it becomes normalised. This, in turn, has some effect on people's motivation. The key for long-term solutions is in the interdependence of structures and motivational dispositions.

If the facilitative conditions are removed, then the nexus of relations of coercion and necessity will also gradually collapse. If, say, a public hospital works well and provides care effectively with the powers to control the provision of services removed from individuals within the system, why would one be motivated to grease a doctor's palm, even if the doctor demands such a bribe?

Alternatively, and this point goes back to Aristotelian thought, the sense of justice can only be cultivated in just institutions. This cannot happen overnight, but it is not unimaginable that in a state where the organising principle is not competition but solidarity and cooperation – values which also necessitate practices of transparency and accountability – members of the political community will be prompted to develop respect for others on the basis of justice and reciprocity. In the short term, however, motivation can be addressed mainly through enforcement, and the new government must be as firm as it has pledged.

It is clear that not all participants involved in the practice of coercion are responsible to the same degree. A surgeon who asks for a bribe in order to perform heart surgery on a patient, despite the fact that the patient is entitled to that surgery anyway, clearly has a higher level of responsibility than the patient who agrees to pay the bribe. The former coerces the latter by forcing him/her to act in a way in which the patient would not have had reason to act had it not been for the say-so of the doctor.

This should also be seen in conjunction with the opportunities available to people to report others' attempts at being bribed as well as general confidence that corruption is being tackled (a confidence which can only be developed on the back of results). It is telling that the Transparency International report betrays a relative reluctance on the part of people to report cases of corruption to the police; the majority of people prefer alternative resorts such as the Ombudsman. Under such circumstances, enforcing the law against those who are forced to bribe is unfair, will be seen as unfair and will therefore fail to change people's motivational disposition, ultimately serving to perpetuate the normalisation of the phenomenon.

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*Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.*

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