

Greece 2014



Total: 58.67

Quick facts

Population:	10.99 million
Unemployment rate:	26.49 %
GDP:	238.02 billion \$
GDP growth rate:	0.77 %
GDP per capita:	21650 \$

Political Freedom

Free and Fair Elections : 9.64

Freedom Barometer ranks Greece among the best in the Balkans in the field of “political freedom” with an overall score of 21,71. In general, this is true. Greece has a very open and pluralistic political landscape with widely independent political parties representing every political ideology. Elections are free and fair and there are high constitutional obstacles for banning political parties.

One thing that seems odd to foreigners “and that is indeed questionable with regard to the accuracy of political representation and political freedom” is the Greek peculiarity of “enhanced” proportional representation (“*överstärkte Verhältniswahl*”), which bolsters the strength of the leading party by a bonus of 50 extra seats in Parliament. This system “which officially provides for stable majorities, but unofficially secured sinecures for the established parties in the past” manifests itself at all levels of parliamentary representation in Greece, even in municipal elections.

Absence of Unconstitutional Veto Players : 6.67

Another factor which limits political freedom is the ubiquitous power of the Greek Orthodox Church. Due to the prevailing influence of the church, quite a lot of taboos still exist in Greek society which cannot be tackled by politics. Examples are LGBT equality, various privileges for the church itself as well as the conflict with Macedonia which also has a religious element. To make matters worse, some of the church’s most prominent representatives constantly and publicly

interfere in the process of shaping the public and political opinion. It is estimated that around twenty percent of the Greek electorate can be directly influenced by statements from the clergy.

It should at least be noted that although the Greek political system is in principle free especially liberal and reform-oriented parties have had a hard time to openly put forward their political recommendations and beliefs. Since the outbreak of the crisis, which led to an increase in unemployment from 7,4% (2008) to 27,9% (2013), a social populist consensus highly critical towards liberal, economic imperatives has emerged, which has made it increasingly difficult to publicly advocate for drastic yet necessary reforms. In a political climate where the governing party *Nea Dimokratia* implements reforms only reluctantly (and blaming Brussels for forcing them to do so) and every single opposition party from right-wing to left-wing extremists argue for a rollback of reforms, a silent reproach towards openly progressive parties can be observed in day-to-day public discourse. This phenomenon of course is in principle not a political, but a social restraint.

Freedom of Press : 5.4

With a score of 5,40 for Press Freedom, Greece ranks pretty much in the middle of the Balkan countries there is quite a number of countries doing better (Serbia, Montenegro), but also some which do significantly worse (Bulgaria, Macedonia). Taking into account where Greece comes from, the drop to a score of 5,40 is nevertheless alarming.

The Press Freedom Index, published by Reporters Without Borders, ranks Greece at 99 of 180 countries worldwide. Over the course of five years, the Hellenic Republic has plunged more than 50 places in the index. The reasons for this drop are manifold and they all have their seeds in the omnipresent crisis.

Many publishing houses went bankrupt in the aftermath of the crisis, which has led to an unprecedented wave of layoffs in the media branch. Most major media outlets, which comprise newspapers as well as TV channels, are in the hand of tycoons with close ties to powerful politicians. In a system as deeply clientele as the Greek one, this led to the effect that oftentimes only journalists with deep allegiance to parties and/or politicians survived the pervasive downsizing of the editorial staff, especially with newspapers and other politically sensitive media.

Recently, quite a significant number of journalists have fallen victim to physical attacks by members of neo-Nazi Golden Dawn and Chrysi Avgi, more often than the years before. Golden Dawn's leaders and members openly target journalists and call their supporters for action. This has led to growing number of death threats towards politically undesirable journalists.

Rule of Law

Independence of the Judiciary : 3.25

In spite of three decades of EU membership, Greece is still well below average EU standards of judicial independence. The Global Corruption Barometer 2013 showed that 66% of the citizens found judiciary corrupt. However, many other areas, such as political parties, the legislative,

media, health care or even other public administration were considered as worse affected by corruption. Illicit political influence on the judiciary is present. For some inexplicable reason, the fact that Prime Minister Andonis Samaras ordered the chief prosecutor to press charges against the leadership of the neonazi party "Golden Dawn" did not create a public scandal. As a Greek specific, there was even a reverse example: in 2012, amid parliamentary crisis, a senior active judge was appointed as the caretaker PM until after elections, which sparked debate on the separation of power. For quite a while, delays in judicial processes for several years - or even artificially and deliberately created backlogs - were quite common. Some were caused by corruption, some by "silent strikes", but delays themselves resulted in a climate of impunity, especially of the highest officials, hence in even more corruption. The recent budgetary crisis and the enlarged sensitivity of the public to the high level corruption seemingly brought changes. A landmark court decision in 2011, against a former government minister, gave a glimpse of hope that the impunity for misuse of office was no more tolerated.

Corruption : 4

According to the Global Corruption Barometer 2013, citizens saw political parties, media, the legislative, healthcare services, judiciary and public administration as the most corrupt. Systemic corruption exists on the basis of clientele politics and an overstretched public sector. After the fall of the military junta in 1974 (*Metapolitefsi*), political parties recovered mainly as ideologically convergent interest groups, while civil society remained weak. Much of the business community, trade unions and professional associations perceived politics as a weapon in the battle over public resources. Media have been a part of the problem. Political party finances are not transparent, while favours offered to party supporters are substantial. From the legislation, down to various licensing issues, many government decisions are corruption-driven. Healthcare, pension and education systems are heavily corrupted and improperly run. In 2012 the island of Zakynthos became infamous as the "island of the blind". About 700 people (among them a bird hunter and a taxi driver) had somehow managed to successfully claim a special pension for the blind. Investigations later found that only 40 of them were truly handicapped. There are government monopolies in many areas of the economy, yet the words "privatisation", "free marketer", or even "efficiency", are still considered as insults. More than 30 years of EU membership have so far led to few changes. It was only the recent devastating budget crisis that awoke anti-corruption initiatives. Sentencing and jailing of several high-ranking politicians, such as PASOK party founder Tsochatzopoulos in 2011, marked a turning point in the acceptance of political corruption. Yet many anti-corruption institutions and procedures are to be developed, together with a changed public attitude towards liberalisation and deregulation. Understanding the link between "party-state" and state-run economy on the one and political unaccountability and rampant corruption on the other hand is slowly but steadily gaining ground, mainly owing to liberal think-tanks and several bold local politicians. Thus, in just a year, 2012-2013, Greek CPI had risen from 36 to 40, whereupon Greece was 80th of 177 countries.

Protection of Human Rights : 6.49

If Greece were a non-member and applied for EU now, she would have to considerably reform in order to meet the accession criteria, including in the field of human rights. Regarding arbitrary arrests and detention, or minority rights, her scores are very bad. During protest gatherings related to anti-crisis austerity, police has intervened against the violent and the peaceful protesters as well as journalists in an equally unprofessional way, followed by too little reaction from the watchdog bodies. Minority (ethnic, linguistic, religious, etc) rights are at their lowest. Macedonians or other Slavic speakers are not enumerated by official census, not to mention any discussion on their

would-be minority rights. Far right groups terrorise immigrants while police reaction is weak and formalistic. Secularism is weak. The Greek Orthodox Church holds a privileged position. Discrimination might be detected in many walks of life. Homophobia is strong among overall public, clergymen and numerous politicians. However, resistance to it is also strong, both by civil society (LGBT pride rallies are regularly held in Athens and Thessaloniki) and by enlightened local politicians who use all available legal possibilities (obtained during EU accession or subsequently) to diminish discrimination. Generally speaking, the space and opportunities that human-rights monitoring and defending or other NGOs have enjoyed, the protection of children from militarisation and the lack of disappearances (the latter anyway being uncommon in recent Greek history, even in times of the military junta), have been the only aspects of human rights that Greece could really boast with.

Economic Freedom

Security of Property Rights : 4.69

Private property is not well protected, a similar trait with other regional economies. The scores that dominantly influenced this situation are low marks from Economic Freedom of the World regarding *Judicial independence*, and even more, *Impartiality of courts*. Weak enforcement of contracts as well as poor reliability of police also negatively influence the state of the judiciary system in the country. Therefore, weak institutions remain at the core of the problem of property rights in Greece.

Size of Government: Expenditures, Taxes, and Enterprises : 4.26

The size of government is still substantial in Greece. General government expenditure slightly decreased from more than 50.5% in 2012 to 47.3% of GDP. High government consumption needs high level of taxation – the top marginal tax rate on personal income is as high as 45%. High level of taxation leads to tax evasion and very high shadow economy (estimated at 26.3% of GDP in 2013). Transfers and subsidies remain at a very high level: the public sector in Greece is oversized, both in state responsibilities and the number of people it employs, while its efficiency is dubious. The biggest problem of Greece is the level of government debt which stood at 173.8% of GDP in 2013. Some steps in the right direction were made, with lowering the high budget deficit in 2012. from 6.3 to 2.5% of GDP in 2013, but without strong and continual growth the public debt will remain a heavy burden in years to come.

Regulation of Credit, Labour, and Business : 5.99

The overall regulation environment in Greece is not business friendly. This makes daily business conduct difficult and costly. The heaviest burden of regulation lies on the labour market – hiring and firing is complicated and costly, while collective bargaining imposes significant cost, most notably in the public sector. Credit regulation is more developed than in other countries from the region. Business regulation is controlled by ineffective and slow bureaucracy with high incurred costs, all which of provide a suitable environment for corruption, which is high.

The burden of regulation on business is overwhelming, therefore the biggest changes that could

help the Greek economy recover from the multi-annual recession is red tape minimising and bureaucracy simplification. The very high level of unemployment of 27,2% is partly due to inflexibility on the labour market, which should be increased in order to provide incentive for creating new jobs. The very high minimum wage of 50% of gross average salary is also a significant obstacle in promoting job growth.

Freedom to Trade Internationally : 8.28

Bearing in mind the fact that Greece has been a member state of EU since 1981, the high score of freedom to trade internationally in this index should not be a surprise. Greece is an integral part of the European common market, thus without any formal restrictions on trade with other EU countries, but there are custom clearance tariffs for import from other EU countries. Tariffs are low, in accordance with EU trade policy, but there are regulatory barriers. However, the biggest issue is control of migrant workers – working permits and other regulations that successfully restrict foreign labour supply. This is the one area in which further development is necessary but politically unlikely for the decision makers to make due to high unemployment rate in the country. Therefore, it is possible to expect improvements in the near future in the area of regulatory trade barriers.