



Friday
25
November 2016



One-Day Conference
Greece:
Modernisation
and **Europe** 20 years on

The Shaw Library, Old Building, LSE



**HELLENIC
OBSERVATORY**
European Institute
20th Anniversary
1996-2016

Organiser



The Hellenic Observatory (HO), located in the LSE's European Institute, was set up in 1996. Its aim is to promote the study of contemporary Greece & Cyprus via research, research training, and public lectures and conferences.

2016 sees the HO's 20th anniversary. In the course of these years the Hellenic Observatory has developed into one of the largest 'Departmental Research Units' in the School. We can be very proud of this achievement and can justifiably claim to be the premier international location for the study, teaching and research of contemporary Greek politics, economy and society.



The HO holds regular seminars open to the public on issues related to contemporary Greece & Cyprus, taking place fortnightly during term times. Furthermore, it hosts special public lectures with leading public figures from Greece & Cyprus. The HO also hosts conferences and workshops, both at the LSE and in Greece and Cyprus. Since 2002, over 10,000 guests have attended its public events.

Is modernisation, as a concept, still relevant to contemporary Greece? In this, the 20th anniversary year of the Hellenic Observatory, we thought it appropriate, to revisit a theme which was so central to public policy and dialogue in Greece two decades ago. Indeed, in 1994, many of us involved in establishing the HO helped to organise and participated in a conference entitled, *'Greece: Prospects for Modernisation'*. The timeliness of that event attracted a large number of high profile political figures, practitioners and academics, who engaged in a fascinating dialogue on what proved to be a prescient theme.

Today we aim to replicate that dialogue and put into a contemporary setting. The question is not only is modernisation still a relevant concept to Greece but whether it helps to explain how Greece entered the debt crisis in 2009. Furthermore, what relevance does it have to Europe's recent past and its immediate future?

We are extremely privileged to be able to welcome such a wide range of key figures from the public sphere in Greece, from the worlds of politics and public administration, academia, journalism and the private sector. They will introduce, help to discuss and analyse three central areas of activity on three separate panels: politics and public administration; economic policy and social policy. A last panel, taking the form of a roundtable, will allow us to draw some broader conclusions from a more general discussion on the central subject.

Finally, we would like to welcome you to the LSE and to thank you for participating in an event which helps us mark the Hellenic Observatory's 20th Anniversary with discussion on such an important issue.

Dr Spyros Economides

Director, Hellenic Observatory, LSE



Costas Simitis **Former Prime Minister of Greece**

The economic crisis started slightly later in Greece than it did in the U.S. and shortly before its onset in Portugal, Ireland and Spain. The crisis was shaped by specific features of Greek society: poor competitiveness, dysfunctional public administration, escalating public expenditure, high public debt, an inflexible labour market and an upsurge in political entanglement.

The manifestation of the crisis was also significantly influenced by disparities between the levels of development in the North and the South of the EU: while Greece had an average annual trade deficit of 8.4%, Germany had a surplus of 3.2% and the Netherlands 5.4%.

The unfolding crisis was marked by inadequate external fiscal supervision on the part of the European Commission, which tolerated even the Greek government's failure to submit figures in 2008 and 2009.

In 2010 the EU found itself with a problem and without a plan, hence its initial attempt to tackle the problem by preventing a default so as to save European banks. Greece was then required to consent to extremely stringent fiscal policy in order to set an example to other member-states.

The adjustment imposed on Greece was painful and the shock tactic proved unsuccessful. Despite the predicted economic contraction of -7.5% of GDP the recession reached -23% of GDP. Mismanagement of the crisis in Greece continued, with the result that the urgent measures set out in the third memorandum of understanding do not specify a set duration. Greece has now a wholly different status in the Eurozone.

Managing an exit from the crisis is connected with the evolution of the Eurozone, just as the evolution of the crisis was affected by imbalances between the developed core of the EU and its less developed periphery.

Close co-operation among European countries on a shared future in our globalised world is imperative and arises from our common values and the painful historical experience of war and obscurantism. Boosting co-operation in various priority areas, such as security, a common asylum and migration policy and completion of Economic and Monetary Union, would accelerate the necessary unification process.

Biography

Costas Simitis was born in Athens on 23 June 1936. A legal scholar and politician, he served as prime minister of Greece from 1996 to 2004.

He studied law at the University of Marburg in Hessen, Germany, and economics at the London School of Economics, and had subsequently held academic posts at the universities of Konstanz and Giessen. In 1997, he was appointed Professor at Panteion University of Political and Social Sciences in Athens.

Costas Simitis actively participated in the anti-dictatorial struggle (1967-1974). When the junta collapsed in 1974, he became a founding member of the Panhellenic Socialist Movement (PASOK). After PASOK came to power in 1981, he held a number of government positions, including Minister of Agriculture (1981–85), Minister of National Economy (1985–87), Minister of Education and Religious Affairs (1989–90), and Minister of Energy, Industry, Technology, and Commerce (1993–95).

As prime minister (1996-2004), Costas Simitis attempted to move Greece's socialist government into the European mainstream. He advocated a moderate foreign policy, gradual privatisation of Greece's large public sector, and a plan for economic stability in accord with the policies of the European Union.

Programme

9.00-9.30	Registration & Refreshments
9.30-9.45	<p>Introduction and Welcome Address Kevin Featherstone, Head of the European Institute; Eleftherios Venizelos Professor of Contemporary Greek Studies & Professor of European Politics, LSE</p>
9.45-10:30	<p>Keynote Speech — Greece: Modernisation and Europe 20 years on Costas Simitis, Former Greek Prime Minister</p>
10.30-11:45	<p>Session 1: Politics and Public Administration</p> <p>Chair Kevin Featherstone, Head of the European Institute; Eleftherios Venizelos Professor of Contemporary Greek Studies & Professor of European Politics, LSE</p> <p>Speakers Greece's current modernisation failure, Greek history's déjà vu Takis Pappas, Visiting Professor at the Central European University, Budapest</p> <p>Modernisation: The end of the 'external constraint' approach? Calliope Spanou, Professor of Administrative Science and Public Administration, National and Kapodistrian University of Athens</p> <p>The remains of administrative modernisation in Greece, 1993-2006 Dimitri A. Sotiropoulos, Associate Professor of Political Science, National and Kapodistrian University of Athens; Research Associate, Hellenic Observatory, LSE</p>
11.45-12:00	Break
12.00-13.15	<p>Session 2: Economic Policy</p> <p>Chair Sir Christopher Pissarides, Regius Professor of Economics, LSE; Professor of European Studies, University of Cyprus</p> <p>Speakers From project modernisation to forced adjustment: Two decades of incomplete reforms (1996-2016) George Pagoulatos, Professor of European Politics and Economy, Athens University of Economics and Business (AUEB); Visiting Professor, College of Europe in Bruges</p> <p>Back from the brink: How to end a seemingly interminable crisis Miranda Xafa, Senior Scholar, Centre for International Governance Innovation (CIGI)</p> <p>Sisyphus or Ulysses: The face of reforms in Greece Nicos Christodoulakis, Professor of Economic Analysis, Athens University of Economics and Business (AUEB); Research Associate, Hellenic Observatory, LSE</p>

13.15-14.30	Lunch break
14.30-16.00	<p>Session 3: Social Policy</p> <p>Chair Vassilis Monastiriotis, Associate Professor in the Political Economy of South Eastern Europe, LSE; Director of the LSE Research Unit on South Eastern Europe; Member of the Hellenic Observatory</p> <p>Speakers <i>'Better Late than never'? Unblocking strategic bottlenecks in social policy reform</i> Platon Tinios, Assistant Professor, Department of Statistics and Insurance Science, Piraeus University</p> <p><i>Gender blindness and Social policy non-reform - before and after the bailout</i> Antigone G. Lyberaki, Professor of Economics, Panteion University, Athens</p> <p>Elias Mossialos, Brian Abel-Smith Professor of Health Policy; Director, LSE Health; Co-Director, European Observatory on Health Systems and Policies</p>
16.00-16.30	Refreshments
16.30-18.00	<p>Session 4: Plenary Roundtable <i>Closing discussion- Modernisation in retrospection –reflection on what has been discussed thus far</i></p> <p>Moderator Spyros Economides, Director of the Hellenic Observatory; Associate Professor in International Relations and European Politics, LSE</p> <p>Discussants Loukas Tsoukalis, Professor of European Integration, National and Kapodistrian University of Athens; President of the Hellenic Foundation for European and Foreign Policy (ELIAMEP)</p> <p>Aristos Doxiadis, Economist and Venture Capital professional; General Partner at Openfund</p> <p>Paschos Mandravelis, Journalist and Columnist at KATHIMERINI newspaper, Greece</p>
18.00-20:00	<p>Wine Reception (open to all delegates) Senior Common Room (SCR), 5th Floor, LSE Old Building</p>

Session I: Politics and Public Administration



Chair

Kevin Featherstone is Eleftherios Venizelos Professor of Contemporary Greek Studies and Professor of European Politics. He is the Head of the European Institute and Co-Chair of LSEE Research on South-Eastern Europe. He held academic posts at the Universities of Stirling and Bradford, and visiting positions at the University of Minnesota; NYU; and Harvard University. He has served on an advisory committee for the reform of the Greek government, and is the first foreign member of the National Council for Research and

Technology (ESET) in Greece. His research has focussed on the politics of the European Union and the politics of contemporary Greece. In 2013 he was made 'Commander; Order of the Phoenix' by the President of the Hellenic Republic. In 2014, the European Parliament selected one of his books (co-authored w/ Kenneth Dyson) as one of '100 Books on Europe to Remember'.

'Greece's current modernisation failure, Greek history's déjà vu'

Failures of modernisation occur when societies in weakly institutionalized nations forgo institutions, embracing instead a zero-sum logic of individual and collective action. This may lead to severe legitimacy crises, and today's Greece is a clear case at point. Which are the particular mechanisms causing such crises? What happens during a crisis swirl? And how may a nation-in-crisis exit from it? As, unfortunately, Greece has had in the past quite a few crises of legitimacy, it seems sensible today to try to extract lessons from looking more closely at previous episodes during which the country stood at historic crossroads.



Takis S. Pappas (PhD Yale '96) is recurring Visiting Professor at the Central European University, Budapest, Hungary. In the past, he held teaching and research positions at the European University Institute, Princeton University, Yale University, the University of Strasbourg, the University of Oslo, the Albert-Ludwigs-Universität Freiburg, and the University of Luxembourg. He has recently authored *Populism and Crisis Politics in Greece* (2014; also in Greek) and co-edited *European Populism in the Shadow of the Great Recession* (2015). He is currently at work on two new books, one

about Greece's historical crises and another about populism in world comparative perspective.

'Modernisation: The end of the 'external constraint' approach?'

External pressure has been a core feature of the modernisation project in Greece. EU and EMU membership and since 2010 three Economic adjustment programmes with international creditors have raised expectations for deeper and more effective changes. It is misleading to claim that there has been no progress during the past 20 years, however, substantial and sustainable results have not been up to the expectations. Modernisation has always been an elite driven project in Athens. The crisis has contributed to its social discreditation and political marginalization. The question is therefore whether the 'external constraint' approach has reached its limits?



Calliope Spanou is Professor of Administrative Science - Public Administration at the National and Kapodistrian University of Athens. She was Robert Schuman fellow (February-July 2016) at the European University Institute. She served as the Greek Ombudsman (2011-2015) and Deputy Ombudsman (2003-2011). She holds a Doctorate in Political Science (France) and has taught at the Universities of Picardie, Paris II et Saint Quentin en Yvelines. She cooperates as consultant with the OECD/Sigma and has been advisor to the Minister of Interior.

'The remains of administrative modernization in Greece, 1993-2006'

The modernising governments of 1993-2004, the main concern of which was to prepare Greece to join the Eurozone, attempted to modernise the public administration too. Although many issues were unattained, administrative reform successes included decentralization, recruitment



to the public sector, agencification and citizen-administration relations. Given the high economic performance of Greece in that period, one may claim that there was a successful, albeit temporary, re-balancing of two roles of the Greek state, namely its traditional role as slow-paced administrator of society and rigid guarantor of legality and its more modern role as a strategic actor steering the Greek economy.

Dimitri A. Sotiropoulos is Associate Professor of Political Science at the National and Kapodistrian University of Athens. He has been a Visiting Fellow at the Juan March Institute in Madrid, the

Hellenic Observatory of LSE, St. Antony's College, Oxford and Sciences Po, Paris. He is also Research Associate of the HO (LSE) and Senior Research Fellow of ELIAMEP (Athens).

Session II: Economic Policy



Chair

Sir Christopher Pissarides is the Regius Professor of Economics at the LSE, a Professor of European Studies at the University of Cyprus and Chairman of the Council of National Economy of the Republic of Cyprus, and the Helmut & Anna Pao Sohmen Professor-at-Large of the Hong Kong University of Science and Technology. He was educated at the University of Essex and the LSE. Sir Christopher specialises in the economics of labour markets, macroeconomic policy, economic growth and structural change. He was awarded

the 2010 Nobel Prize in Economics, jointly with Dale Mortensen of Northwestern University and Peter Diamond of MIT, for his work in the economics of markets with frictions. He has written extensively in professional journals, magazines and the press and his book *Equilibrium Unemployment Theory* is an influential reference in the economics of unemployment.

'From project modernisation to forced adjustment: two decades of incomplete reforms (1996-2016)'

Modernisation since 1996 became identified with Europeanisation, aspiring to ideological hegemony. Maastricht, the single market, and capital mobility drove macroeconomic adjustment, which culminated into EMU accession aimed to anchor Greece irreversibly at the EU core. The modernisation episode left unreformed a wide array of policy areas. It ended in 2001, when the Giannitsis pension reform was dropped. Inertia and complacency characterised the period up to 2009 but for a few scattered reform attempts mostly left incomplete. In 2010 modernisation was driven by externally imposed hard conditionality, centered around frontloaded fiscal consolidation and structural reforms.



George Pagoulatos is Professor of European Politics and Economy at the Athens University of Economics, and Visiting Professor at the College of Europe. He was director of Strategy at the PM Office under prime ministers Lucas Papademos and P. Pikrammenos (2011-12). A member of the Board of Directors of Athens-based ELIAMEP and the European Policy Centre in Brussels, he serves in the advisory board of several institutions. He was High Council member of the European University Institute (2010-13), and president of ECSA-Greece (2013-14). His publications focus on EMU and

the EU, economic governance, the political economy of Greece and Southern Europe.

'Back from the brink: How to end a seemingly interminable crisis'

The Greek crisis has been unprecedented for its depth and duration. A commonly heard critique of Greece's three EU/IMF adjustment programs since 2010 is that they imposed too much austerity and delayed the necessary debt restructuring. But austerity is not Greece's problem: thanks to unprecedented official largesse, the country has hardly made any debt service payments out of its own resources since 2010. The limited progress made in restoring competitiveness, attracting investment and expanding the country's productive base is to blame for the fact that the adjustment has been achieved largely through belt-tightening. The root problem is the country's weak administrative capacity and its reluctance to reform.



Miranda Xafa started her career at the IMF in Washington in 1980, where she focussed on stabilization programs in Latin America. In 1991-93, she served as chief economic advisor to the government of Prime Minister Mitsotakis, and subsequently worked as a financial market analyst at Salomon Brothers/Citigroup in London. After serving as a member of the Executive Board of the IMF in Washington (2004-09), she is now senior scholar at the Center for International Governance Innovation and CEO of E.F. Consulting in Athens. She holds a PhD in Economics from the University of Pennsylvania.

'Sisyphus or Ulysses: The face of reforms in Greece'

The presentation discusses the course of reforms in Greece over the last two decades. To generate a new momentum, Greece needs to adopt a core of crucial reforms on the tax system, social insurance and investment decision-making so that growth takes off and, thus, broadens employment and participation opportunities. At the same time, constitutional amendments can safeguard stabilization policies from political bickering so that fiscal crises are ruled out in the medium term.



Nicos Christodoulakis is Professor of Economic Analysis at the Athens University of Economics and Business (AUEB). Research Associate LSE, Hellenic Observatory. He served as Deputy Minister for the State Budget, Minister for Development and Minister of Finance between 1996-2004. During 2002-2003 acting Chairman of the Eurogroup. Minister for the Economy in the caretaker gov-

ernment (2015). Author of several books and articles on economic policy, currency crises and business cycles.

Session III: Social Policy

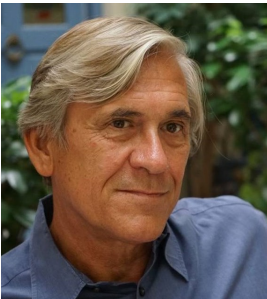


Chair

Vassilis Monastiriotis is an Associate Professor in the Political Economy of South East Europe in the European Institute, LSE. An economist and economic geographer by training, he holds a PhD in Economic Geography (2002) from LSE. Before joining the European Institute in 2004 he was Lecturer in the Department of Economics at Royal Holloway. He has previously worked as Research Fellow at the LSE and the University of Reading and as a Course Lecturer in the Department of Geography at LSE. His research spans across three disciplinary areas, including Economics, Geography and Political Economy. His main research interests are on regional and national labour markets; regional and local socio-economic disparities; labour market flexibility and labour relations; macroeconomic policy; and the political economy of reform.

'Better Late than never'? Unblocking strategic bottlenecks in social policy reform'

The 'Recalibration of the Welfare State' was a prominent component of the modernisation project. Yet it became bogged down in pension reform and is apparently being implemented as a job lot in the three bailouts from 2010. This paper is built around the strategic significance of the modernisation project of using social policy reform as a lever for social, economic and political change rather than a tool for redistribution. The paper thus (a) examines the consequences of its non-implementation in the pre-crisis period. (b) characterises the 'top-down' changes forcibly introduced or to be introduced in the bailouts. (c) ponders whether and how far the original aims of modernisation project can be served by the reforms introduced.



Platon Tinios is Assistant Professor at the University of Piraeus. In 2015/16 he was a Visiting Senior Fellow at the Hellenic Observatory, LSE. He studied at the Universities of Cambridge (M.A. Ph.D.) and Oxford (M.Phil). He served as Special Advisor to the Prime Minister of Greece (1996 -2004), specializing in the economic analysis of social policy, pensions in particular. He was a member of the EU Social Protection Committee (2000-2004). He has also worked as an economic adviser at the Ministries of National Economy and Health and Social Security. His research interests include pensions, ageing populations, social policy, gender, labour economics and public finance.

'Gender blindness and Social policy non-reform - before and after the bailout'

Social policy can either enhance efficiency, freedom and choice (modernist policies), or can re-distribute favours and privileges to segments of the population (pre-modernist interventions). Gender policies in Greece proclaimed the former in theory; in actual fact, they bolstered the latter - through indifferent, partial or selective application. Absence of gender in commentary – 'gender blindness' - left gaps and contradictions unnoticed; furthermore, it forced the invisible majority of women to pick up the slack. They shouldered the burden of adjustment in the labour market, in care work and in some key functions of the welfare state. This paper points to uninterrupted 'gender blindness', though subtly different, both before and through the crisis.



Antigone Lyberaki is Professor of Economics at Panteion University. She received her Ph.D. from Sussex University and her M.Phil. from the Institute of Development Studies (IDS) at Sussex. She works on migration, feminist economics, family businesses, labour market and ageing, and she is the Country Team Leader for Greece in the Survey of Health, Ageing and Retirement in Europe (SHARE). She was also an MP for To Potami from January to September 2015, as well as a representative of the Greek Parliament in the Council of Europe (PACE) over the same period. She was Visiting Professor at the HO in 2016.



Elias Mossialos is Brian Abel-Smith Professor of Health Policy within the Department of Social Policy at the LSE, and Director of LSE Health. He is also Professor of Health Policy and Management and Co-Director of the Centre for Health Policy at Imperial College London. His research interests concentrate on health systems and policy, addressing questions related to funding health care, private health insurance, pharmaceutical policies, the impact of EU law on health care systems, cancer care and policy and antibiotics. His work has been translated into Japanese, Russian, Greek and

Spanish. He has more than 200 publications, including books, book chapters and articles in peer-review journals in the fields of public policy, health policy and economics and political science.

Session IV: Plenary Roundtable



Moderator

Spyros Economides is Director of the Hellenic Observatory, and Associate Professor in International Relations and European Politics at the LSE. He received the Robert Mackenzie Prize for his doctoral thesis on The International Implications of the Greek Civil War. His subsequent work has concentrated on the international affairs of South-Eastern Europe and EU external relations in the field of foreign and security policy on which he has published widely. He is currently writing on the EU's Balkan experience since 1991.

He has also been Research Associate of the Centre for Defence Studies at King's College and at the International Institute for Strategic Studies, in London. More recently he was Visiting Professor at both the Universities of Belgrade and Zagreb, as well as a Visiting Fellow at the EU Centre in Singapore. Economides acted as Specialist Adviser to the House of Lords EU Committee in its report, 'Responding to the Balkan Challenge: The Role of EU Aid' and is a regular commentator in the international media on issues relating to EU External Relations, South Eastern Europe and Greece. He holds a B.Sc. in International Studies from the University of Birmingham, UK and completed his MSc and PhD at the LSE.

Modernisation in Retrospection: closing reflections on what has been discussed thus far

Discussants:



Loukas Tsoukalis is President of the Hellenic Foundation for European and Foreign Policy, Athens; Professor of European Integration, University of Athens; Visiting Professor, King's College London and College of Europe, Bruges. In 2016, he was the Pierre Keller Visiting Professor at the Kennedy School, Harvard University. He has taught in leading universities including Oxford, London School of Economics (where he was the first holder of the Eleftherios Venizelos Chair), Sciences Po, Paris and the European University Institute, Florence. He has advised former Presidents of the European Commission and the European Council. His latest book *In Defence of Europe: Can the European Project Be Saved?* was published by Oxford University Press in 2016.



Aristos Doxiadis is General Partner at Openfund, an early-stage technology fund based in Athens. He is a pioneer of private equity in Greece, with 20 years of experience in many industries, from banking software to table grapes. He has also been researching and writing on the institutional and cultural determinants of the Greek economy. His book *The Invisible Divide: Institutions and Behaviors in the Greek Economy* (in Greek; 2013) has been widely read and discussed. Aristos' earlier experience includes working on anti-poverty programs for the European Commission, planning industrial policy for the Greek government, and managing consulting and auditing companies. He has a B.A. degree in social studies from Harvard University, and an M.Sc. degree in economics from Birkbeck College at the University of London.



Paschos Mandravelis was born in Kozani (Northern Greece) in 1963. He studied Economics and Media. Now he holds a daily column on politics, society and economics in the daily newspaper "Kathimerini". He authored five books, and co-authored many more. The last book he co-authored is "On violence. The ideological component" (2012, Polis Publications).

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Wine Reception (open to all delegates)
Senior Common Room (SCR), 5th Floor, LSE Old Building

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