

Reforms and resistance

By Prof. Nicholas Economides, Stern School of Business, New York University and Executive Director, NET Institute

The present Greek government was elected with the key promise to make reforms. The Prime Minister has been elected in his party New Democracy and as a PM on a platform of reforms and change. After ten years of crisis, Greeks are starting to see in their daily life those reforms and their positive impact.

A key reform is the strengthening of institutions in Greece and their harmonization with the European institutions. Party politics had degraded the Hellenic Competition Commission under Syriza. Fortunately, the present government placed in this “Independent Authority” specialists in the area of competition law and named Ioannis Lianos as president, a very distinguished professor of law at University College, London.

A key action of the Commission is the harmonization of the Greek legal framework with that of the European Union. This means that all the sectors of the economy will be regulated by the Competition Commission to prevent monopoly practices and cartels, among others. Nothing strange in this: this is the rule in all Europe, and so it should be. For example, a merger of supermarkets should be evaluated with the same criteria and by the same Authority as a merger between telecom companies. Nothing is simpler than that.

Yet in Greece there has been an exception: all competition issues in telecommunications are handled by a special authority, the EETT. This anachronism is ending with the harmonization of the Greek law with European law. The Hellenic Competition Commission will now undertake all the regulatory responsibilities in telecommunications, and EETT will remain for specialized issues such as the allocation of the electromagnetic spectrum, and can advise the Commission on relevant issues. This is the simple and just solution.

Additionally, telecom prices in Greece are high and competition is weak. Greeks feel these high prices in their everyday life. High prices also show up in many studies that compare prices and speeds of telecom services across European nations, where Greece has the top price or is close to the top price in Europe. More intense competition would be especially beneficial to the Greek consumer. Law harmonization with Europe may boost competition in telecom services resulting in lower prices and higher quality. Intensification of competition would serve Greece well as we are at the threshold of the introduction of fifth generation networks (5G) with much higher speeds and throughput.

A key reform of the present government is the digitization of state services and remote access of citizens to these services through telecom networks. This reform will have tremendous benefits for Greece which is bogged down in a swamp of bureaucracy and paper shuffling for generations. However, the present high prices in telecommunications create impediments to this crucial reform. Intensification of competition in telecommunications will be very helpful in the transformation toward a truly digital state.

Every reform in Greece faces resistance. For some, even the notion of competition is bad in principle, something to be avoided. But it is competition and intense rivalry among companies that results in low prices and high quality of services. And we need the harmonization with the European law framework to be assured that we will have more intense competition in all business activity, and of course lower prices and higher quality in telecommunications.

The present government had two big wins in recent months. Greece played correctly its cards toward Turkey and the EU, and also wisely imposed early the “stay home” policy, averting a health crisis. These two wins provide the government considerable “space” to implement its reforms strategy. Strengthening the institutions is a crucial reform. Enhancing competition is clearly desirable. These are the types of reforms that Greeks expect from the pro-reforms PM.

Forthcoming, eKathimerini