

Reforms now!

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Inertia has been a key feature of the Greek State for many decades. It is not just the result of laziness but is also deliberate and calculated. Everything possible is done not to harm existing interests, be they of unions, of oligopolies, and of various petty party favors. For decades, public life has been dominated by corruption and appointments of mediocre party hacks in the vast public sector, even at key positions of the Fire Department, the Police, and Military.

Does Greece lose in competition with foreign countries? It does not matter! We can use borrowed money. Do we lose under pressure from Turkey? It does not matter, “justice is on our side”! The chorus repeats: it is the fault of the Americans, the Germans, Trump’s, Turkey’s, etc. It could not be our fault, we are infallible! The psychological state of mind in Greece is: “justice is on our side,” but “the big interests” are against us, therefore we cannot accomplish anything. If only we could make Merkel like us; if Biden gets elected, all will be solved. Therefore, why should we bother working hard? We can let things stay as they are. Huge long run mistakes in foreign policy are not even discussed. Agreements on the maritime Exclusive Economic Zone with Italy and Egypt were delayed for decades without reason.

Greece faces repeated defeats in foreign policy because it does not have a lobby in the United States, while Turkey spends \$80-100 million a year for influence in Congress and the White House. Greece needs to spend yearly at least half the amount Turkey spends, a tiny amount when there is a serious discussion of spending \$3 billion for a single military ship, an amount over 60 times larger. As long as Greece does not have a lobby, we remain in a state of fatalistic psychological analysis emphasizing personalities and not policies. Greece is relying on the political influence of Greek Americans and Greek American organizations. These organizations do heroic efforts to influence American public opinion and politicians, especially in conjunction with Armenian, Christian, and Jewish organizations. While the activism of these public interest groups is necessary, it has limits. They are no substitute for a full-fledged Greek lobby. In that context, the frequent commentaries in Kathimerini that applaud the “very significant” political influence of Greek Americans create false hopes.

In the Greek economy, tax evasion is the rule and not the exception. The immense and inefficient state, an all-consuming beast, compels the imposition of very high taxes on the middle class and astronomically high VAT on the poor. When logic and simple arithmetic required the Greek state not to spend money it did not have, the Greek people, like spoiled children, elected those who shouted the biggest lies: we will erase the debt, we will be better off leaving the euro, etc. Many Greeks never accepted that their financial crisis was caused by boundless borrowing and by salary increases lacking productivity increases. Instead they blamed the Mnemonia and the IMF. We were one breath away from complete disaster.

Is there hope? Living in the stalemate I described, people say that they want reforms. Of course, they “want reforms” provided they do not lose anything they have. When we put down all the restrictions that unions, oligopolies, and petty party interests place on any Greek government, there is practically no space left for any significant changes. However, significant reforms are necessary.

Kyriakos Mitsotakis was elected to make reforms. He needs to do them! And the only way possible is to have a clean break with the union, oligopolistic, and petty party interests that have chained down Greece for decades. As soon as he starts reforms, these interests will try very hard to overthrow him or to kill the reforms. But today Mitsotakis is fully in charge of the Greek political scene. He needs to start reforms now. If he does not do it now that he has tremendous political power, when would it be the right time? And if there is no start now, reforms will be delayed for decades. Without reforms, Greece will be poorer and subservient to Turkey.

The circumstances are favorable to Greece. In the very near future, Greece will receive large amounts of moneys from the EU, some grants, some loans. How will Greece make reforms using this money? Will it reign and decrease the state, an all-consuming beast, so that it can reduce taxes without borrowing? Will it support production (right) or consumption (wrong)? Which productive activities will be supported by the state? Will we finally have a just pension system that gives as pension the money that you contributed and invested and not the money of your neighbor?

The Pissarides report made a good start, providing useful general guidelines. With all due respect to my friends and colleagues who wrote the report, the application will be much more important than the study. And the application is 100% the government’s task. It is an excellent opportunity to make reforms! And if reforms are not done now, in the present favorable circumstances, with an all-powerful reformist prime minister and a large fiscal space provided by the EU, when will they happen?