Public Administration and the Tragic Trident:

Understanding the Organizational and Structural Drivers of the Greek Malaise

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Abstract

Greece's public administration plays a crucial role in its ongoing crisis. In this chapter, we trace the background and history of the administration and briefly outline its structure from national down to local level, including both public and quasi-public entities. We then examine the structures and processes that make today's Greek state profoundly inefficient in terms of the way it produces, procures, and manages its resources, as well as its dysfunctional and frequently corrupt relationships with the private sector, unions, and black economy. We uncover the causes of these problems, which include the demographics, incentives, and (lack of) discipline among public servants; poor career development structures; excessive structural complexity and redundancy; inefficient organizational design; compulsive formalism; and lack of attention to output; exacerbated by pervasive inertia. We then consider the political economy of this inefficient system, and its links to the structure of the private sector. We briefly consider the disappointing results of efforts to change until 2015, including the Troika program. Finally, we look at the deeper historical, political, and organizational causes of the problems, and consider what needs to change in order to transform the public administration and unlock the productive capacity of the Greek economy.

Keywords: Greece, Public administration, state, organization structure and design, incentives, inertia, formalism, change management, political economy, troika

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1 Why public administration matters so much in Greece

The crisis that has engulfed Greece since 2010 has many different facets. It has not been brought about purely by macroeconomic mismanagement, but rather reflects certain fundamental weaknesses in the structure of the Greek economy and state. Those flaws had previously gone undetected partly as the result of Greece's entry into the Euro, which provided abundant credit and facilitated growth based on consumption. When the crisis hit, and credit dried up, the underlying challenges of problematic structures and practices came to the fore.

Nowhere is this more evident than in the role of the Greek public administration, which has been a central part of the problem (OECD, 2011). Over a period of several decades, Greece built a Byzantine array of regulations, and a large, centralized, inefficient state apparatus, which shaped a concomitant rent-seeking private sector based on state protection and allowed for systematic tax avoidance and rule-bending (Featherstone & Papadimitriou, 2008). Public administration sits at the hub of this nexus of interrelated problems, and is the foundation of an inefficient, nepotistic political system built on granting favors and privileges for influence. The Troika program's (2010–14) limited success in addressing these issues has also been an important factor in its disappointing performance (Ladi, 2014; Featherstone, 2015), a topic we consider in Section 5.

The received wisdom is that the main problem with Greece’s public administration is the size of the state. After all, the key challenge facing the country in 2010 was its monumental deficit, which spoke to an urgent need to reduce public expenditure. Yet while the Greek public sector was certainly large at the onset of the crisis, international comparisons suggest that, measured by the number of employees, the Greek state now falls almost exactly at the mean of OECD countries, as outlined in Figure 1.

Figure 1: Public sector employment (% of total employment)
What this figure does not show, though, is the impact that the state has on the economy. The issue isn’t (only) that this figure drastically under-represents the parts of Greece’s GDP that are directly or indirectly affected by the state – including state-controlled private entities. Rather, it is that it neglects the “tragic trident” (Jacobides, 2012) – that is, the three key ways through which public administration shapes and debilitates the Greek economy.

First, the public sector has proven to be a poor manager of its own resources, as we document in Section 3, with disappointing outcomes in terms of healthcare, education, and social protection. It is also a poor custodian of assets, from public land to real assets to endowments. Indeed, until recently, many state assets, and endowments in particular, had not even been fully accounted for. They are often allowed to depreciate, and can be plundered by those with connections (see EU DG ECFIN, 2011: p.25; Maglaras, 2010: p.3).

Moreover, much of the administration’s energy is dissipated on mindless procedural tasks. Its disconcerting condition was described in a sobering OECD report of 2011, which provided the most comprehensive review to date. The Greek public administration lacks accountability as well as a stable backbone of senior civil servants. Instead of focusing on how it can substantively serve its purpose, it falls back on ossified formalistic rules at every turn. Lack of data, information, and management systems; remarkably inefficient organizational structures and coordination mechanisms; and poorly designed or pernicious incentive systems all constitute key pathologies, outlined in Section 4, that drastically limit the administration’s effectiveness. Similarly, inefficient structures and practices in the Finance Ministry have allowed for significant tax evasion, curtailing public revenues but also cultivating a sense of social unease.
with the whole idea of tax. Overall, this underperformance has created a vicious cycle of increasingly adversarial relations between the Greek state and its own citizens.

Second, the interface between the private and public sectors has skewed Greece’s productive tissue. The Greek state has long been a purchaser of services for construction, armaments, technology, and more mundane goods and services. Figure 2 shows that, prior to the crisis, Greece had a higher share of its GDP devoted to such purchases than the OECD average.\(^2\) This encompasses, at one extreme, the procurement of basic goods and services by local authorities – or, at the other, gold-plated, EU-funded investment projects loosely monitored from afar in terms of their financial stewardship. Either way, it represents substantial economic activity, and uses up resources that might have been productively employed elsewhere.

**Figure 2: Production costs: Cost of government-produced and government-funded goods and services (% of GDP, 2007 & 2013)**

\(^2\) Note that the increase in the share of GDP devoted to payments of government employees has increased between 2007 and 2013 as a result of the drastic reduction of GDP, as opposed to the increase of the total wage bill, as we explain in Section 2. Given the sharp increase in unemployment (due to private-sector contraction), and the contraction of the economy overall, the relative stability of number of employees was the result of a wave of retirement and pay reduction in the administration.
This figure under-represents the state’s influence through purchases from organizations and private companies that it controls, where side-payments are often an inherent part of procurement. As Figure 3 documents, the Greek procurement system around 2010 was closed and opaque, leading to both higher costs and/or lower quality for state-procured services, and opportunities for rent-seeking entrepreneurs. The lack of a central procurement website or transparent supplier-selection criteria until 2011 – standard practice in other OECD countries – gives a sense of the ample scope for creating privileges and special relationships. While the situation has improved, implementation is still an issue.3

Figure 3: Transparency in public procurement in Greece (2010)

3 The OECD-MAREG administrative burdens project undertaken during the crisis included public procurement improvements, and helped create the Central Electronic Registry for Public Procurement (CERPP/ΚΗΜΔΗΣ)), which is a transparency register and includes additional information such as contract award notices. CERPP was established by Law 4013/2011, and has been operating since February 2013 for all orders above €1,000 (OECD, 2013: 36).
Given the incentives and structures at play, Greek initiative, adaptability, and drive has mutated into manifold corruption, both active and passive, as we document in Section 6. This is despite some efforts to redress the balance via IT-enabled solutions – especially the Di@vgeia ("Clarity") transparency initiative. Corruption, tax evasion, and distrust of the state have combined to create a vicious circle that is amplified by the political system – though not desired by most Greeks. As we argue in Section 7, the cycle needs to be broken by a top-to-bottom reorganization of the public sector.

Third, the state distorts the functioning of the private sector. "Closed" or regulated professions that have engendered local monopolies; a loose competition policy that does not really promote competition; and most importantly, a bewildering array of regulations, all deter entrepreneurial activity and private investment. Capricious taxation and unpredictable authorities compound
the problem of a malfunctioning justice system, with long delays and inefficient procedures.\(^4\) This is why Greece has been by far the worst European performer in (among others) the World Economic Forum’s competitiveness indexes (WEF, 2012), ranking 96\(^{\text{th}}\) overall, and 111\(^{\text{th}}\) in terms of institutions – below some sub-Saharan countries.

As Figure 4 documents, there is little concern about the impact of regulation on enterprise, and limited private-sector consultation and involvement. This problem was amplified by the Memorandum of Understanding (MoU) between Greece and the Troika, which led to a flurry of legislative activity under extremely tight deadlines in which laws were hastily cobbled together without due consultation or consideration of impact on the everyday conduct of business. Unlike the vast majority of OECD countries, Greece, until recently, did not involve the private sector in developing new regulations; did not track the regulatory burden; and would resolutely ignore the compliance and enforcement issues that might emerge when designing new regulation – preferring instead to rely on an endless and often confusing succession of decrees, clarifications, and circulars to explicate its new laws, rules, and regulations. Also, the complexity and incoherence of the Greek regulatory apparatus has created onerous administrative burdens that impose significant costs on economic activity and might indirectly encourage, or at least tolerate, illicit practices. As the comprehensive OECD (2013) study on regulatory burdens confirmed, the Greek economy is disproportionately held back by state involvement.

Figure 4: Regulatory governance mechanisms (2008)

\(^4\) As noted by Papaioannou & Karatza (2015), in 2008, contract enforcement took an average of 819 days in Greece (compared with 620 in the rest of the world, and 506 in the Euro area). By 2012 it was taking 1100 days (as opposed to 620 in the rest of the world and 541 in the Euro area).
Furthermore, the growing complexity within the public administration, the focus on procedural rules as opposed to outcomes, and the lack of transparency have hampered any real hope of the Greek state helping to adjust the economy, which is plagued by a reliance on non-tradable goods, and inefficient scale of production (McKinsey, 2012; Doxiadis, 2013).

The pathologies of the public administration both predated the crisis, and partly caused it – but, as we outline in Section 5, the subsequent response has failed to address them. While public spending was slashed, this was primarily by means of horizontal salary and pension cuts, and through a significant push for the early retirement of public-sector employees: Between 2010 and 2014, as the Flow Census of ELSTAT confirms, 55,176 employees (out of a total of 576,856 working in 2014) retired, reducing headcount but maintaining the pressure on public finances through pension benefits. This early retirement program exacted a heavy toll in lost institutional knowledge and memory.

Figure 5: General government revenues, expenditures, and economic growth
Despite the fact that institutional reform did feature prominently in the MoU, relatively little happened on the ground other than cost-cutting.\(^5\) While Greece got at least some basic tools, such as a register of public servants (in 2013), progress was patchy at best (Ladi, 2014; Featherstone, 2015). Several of the positive changes undertaken between June 2013 and October 2014 (such as the reform of the Civil Servant code) were halted, and many were even reversed early in 2015. While the current (August 2015) MoU is much more explicit on changing the administration, the proof will be in the pudding. There are grounds to be pessimistic about both the ability and the will to execute.

In the remainder of this chapter, we review the nature, structure, and evolution of the Greek public administration (the "what"), before analyzing its pathologies (the "how") and the causes of its underperformance (the "why"). We then look at what has been done so far to fix the administration, before considering what lies ahead. Another chapter in this volume

\(^5\) This is not to denigrate the importance of cost-cutting, which can, in principle, be beneficial inasmuch as it removes resources from inefficient structures and imposes budget constraints – and can, as such, have direct and indirect efficiency benefits. It is, however, to point out that rather than cost-cutting, the focus ought to have been, and was clearly not on, rationalizing processes, practices, and structures. Cost-cutting could have been used as a tool to re-engineer the administration and push through reorganization. The reality is that cost-cutting happened without any guiding principle, straining an inefficient system, often depriving it from the resources needed for its efficient operation, let alone redesign.
(Karkatsoulis and Stefopoulou 2016) further analyzes some of the pathologies concerning the structure of the public administration and the challenges in addressing them.
2 Unpacking the Greek public administration (the “what”)

2.1 Background and history

The Greek state as we know it today was first constituted in the 1830s. Its blueprint was the heavily centralized Napoleonic system, but this quickly adapted to pre-existing structures and power relationships. The resulting hybrid was an idiosyncratic system with significant distance between formal and informal structures that allowed politicians to exert a powerful influence (Mouzelis, 1978; Diamandouros, 1994). As Spanou (2008: 152) notes:

The overwhelming presence of party-political competition and the weakness of social and economic pressure has allowed the survival of political patronage and prevented the shaping of a professional and independent civil service organisation, such as represented by the Weberian conception of bureaucracy. These factors left their mark on modern state features, such as political centralisation and interference into routine administrative operation. They also account for a general mistrust towards political-administrative institutions on behalf of society governmental structure.

There have been several efforts to reform the public administration (Papoulias & Tsoukas, 1998; Pagoulatos, 2005). However, they have been fairly localized and incremental, serving to confirm the significant resilience of the state apparatus and its structures (Spanou, 2008).

The public sector includes ministries, local government agencies (e.g. municipalities and communities), public legal entities (i.e. entities delegated with public authority and non-profit objectives, e.g. universities, hospitals, and the IKA (Social Insurance Fund)), and Independent Administrative Authorities (e.g. Hellenic Competition Commission, Hellenic Telecommunication & Post Authority, Regulatory Authority for Energy), as well as the Parliament and the Bank of Greece (its Central Bank, part of the Eurosystem). For all the state’s ostensible commitment to decentralization, most expenses (and tax revenues) are centralized, as Figure 6 shows, and the much smaller budgets of local authorities mostly go through central government. That said, municipalities, communities (regions), and prefectures enjoy, at least in principle, both administrative and fiscal independence (Hlepas, 1999; Spanou & Sotiropoulos, 2011).

Figure 6: Revenues and expenditures by level of government (2013)*
2.2 Central government

The Greek public administration depends heavily on political leadership, since it has limited autonomy compared with, e.g., Whitehall’s Permanent Secretaries in the UK. The internal organization of a ministry consists of political and administrative positions. Political positions include the minister, deputy or vice ministers, and the general and special secretaries. The general secretary is usually responsible for the general organization of the ministry, while special secretaries are in charge of specific policy fields. There are also positions for revocable employees who staff the offices of ministers and secretaries and provide advisory and consultancy services.

The organization of each ministry is set out in a Presidential Decree (PD), which describes the administrative structure (number of entities at each hierarchical level), the allocation of competences among entities (the division of labor) and the number of job posts. As such, organizational structures are fairly rigid, and their change requires governmental approval and final sign-off from the President of the Republic (the ceremonial head of the Greek state).

In addition to line ministries, there are other entities that perform cross-cutting functions. Overall coordination is performed by four organizations reporting directly to the Prime Minister: a) General Secretariat for Coordination; b) General Secretariat of the Prime Minister; c) General Secretariat of the Government; and d) General Secretariat for Communication. There are also horizontal functions performed by entities subordinated to ministries: human resources management (General Directorate of Human Resources of Ministry of Interior and
Administrative Reconstruction) and budgeting (General Accounting Office, in the Ministry of Finance).

2.3 Decentralized administration

Greece has seen an increase in the role of decentralized administration, following the “Kapodistrias” project of 1997 (Hlepas, 1999). There are seven regions, with regulatory authority over urban planning, the environment, and energy policies, among other areas. In parallel, decentralized agencies of the ministries (e.g. General Directorate of Public Property & Public Welfare Property, Dispute Resolution Authority of the Ministry of Finance) perform specific policy tasks at local level. That said, there is little true fiscal autonomy, as budgets depend on the central authority, and little independence in practice, since decentralized agencies’ decisions have to be in line with the relevant ministry’s directions.

2.4 Local self-government

There are two levels of local self-government. The first consists of 325 municipalities, whose Mayors and Municipal Councilors are elected by direct suffrage for a five-year term. Municipalities were strengthened by the Kapodistrias law of 1997 and reorganized through the Kallikratis project, which clarified the boundaries and transparency of state-dependent entities in the local administration. They now have responsibilities in development; environment and housing; employment, health and social protection; education and sport; tourism; trade; agriculture and fisheries; economic development; social welfare and cohesion; and environmental protection. Legal entities under private law are also under the supervision of the municipalities, creating problems we will soon review.

The second level of local self-government consists of 13 regions divided according to geo-spatial, social, and economic criteria, whose authority partly overlaps with that of local and central government.

2.5 Other public institutions

In addition to government agencies, other institutions – including hospitals and universities – are parts of the state, and form part of the “broader public sector,” generally accounted for in the statistics on public-sector employees shown in Figure 1. Their independence and self-governance is established by the constitution and in law – at least in principle. In practice, their independence is severely constrained, as a result of the procedures set out by law. For example,
higher-education institutions cannot hire or fire employees, set compensation levels, or decide how many students to accept; everything is determined centrally by the Ministry of Education.

2.6 Private legal entities

The broader public sector includes private legal entities in which the state has a majority shareholding; whose senior managers are appointed by the state; or that receive state subsidies that exceed 50% of their annual income.6

During the 2000s, many entities were also set up by local authorities that undertook significant activities without posting accounts, while drawing on state credit. These were curtailed under the Kallikratis project (and the Rangousis law), though many municipal enterprises, with wide-ranging scope, still exist.7

2.7 DEKOs (National Companies of Public Interest) and indirectly controlled private firms

DEKOs are companies that serve the public interest, operating in areas such as utilities, infrastructure, transport, etc. The state has either full ownership (as in OSE, the train operator; Attiko Metro, the Athens metro provider; EAS, the Greek defense contractor and manufacturer; KELPNO, the Center for Disease Control; or ERT, the public broadcaster), or partial ownership (as in DEPA, the Public Gas Company; ELPE, the Hellenic Petroleum Company; OLP, the Piraeus Port Authority; or TT, the Greek Postal Bank.) Many of these have been in the process of privatization – but success has been limited, and state involvement remains pervasive. DEKOs, while still subject to some constraints (salary caps, public procurement procedures), have historically had much greater flexibility than the “narrow” public sector, and as such were used by politicians as preferential sources to employ party faithful without the controls or limitations inherent in the central or local administration. While DEKOs have evolved considerably, not

6 Examples include Enterprise Greece S.A., Hellenic Fund for Entrepreneurship and Development S.A., National Hellenic Research Foundation, Organization of Urban Transportation of Thessaloniki, Hellenic Centre for Disease Control and Prevention, Greek National Opera, and the Athens Concert Hall, among others.

7 As an example, consider ΔΕΠΤΑΗ (Municipal Business of Heracleion, Crete)), which carries out activities ranging from running a tourist shop to managing several leisure sites, as well as organizing cultural events. All these are ostensibly for the benefit of the Municipality, – yet ΔΕΠΤΑΗ is a private company.
least as a result of many of them being publically listed, they are not always known for their efficiency and customer friendliness – with, it has to be said, significant variance.

In addition to entities formally connected to the state, a number of companies have either significant state ownership (such as the National Bank of Greece), which then makes them de facto dependent, or indirect state ownership (e.g. via state-controlled pension funds). While these are not, strictly speaking, parts of the government, their behavior, performance, and as such potential for the Greek economy is directly related to state and political decisions, as well as appointees from the government.

Some major corporates are still under the direct control of the state (such as PPC/ΔΕΗ, the public electricity company). Interestingly, banks, which are partly owned by the government, or private organizations where the state has a substantial equity stake yet possibly less control (such as OTE, the major fixed and mobile telco company majority-owned by Deutsche Telekom) do not appear in these official figures. Nevertheless, PPC in particular has struck a stunning deal with the Greek government as part of its privatization, with the state agreeing to subsidize its pension funds to the tune of €600m a year – an arrangement that has not been revisited, despite the crisis. A similar arrangement has been secured by pensioners of OTE, for about €534m a year.

The state also exerts undue influence over financial services. Control is most intrusive in pension funds, where top spots often go to government-friendly managers. However, this

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8 Neither OTE (which is more private than public) nor PPC/ΔΕΗ (which is resolutely more public than private) appear on the register, even though the budget includes massive yearly payments to subsidize their pension funds. On the other hand, Hellenic Railways Organisation and its successor Trainose are included. The criteria for inclusion, laid out in [http://www.statistics.gr/portal/page/portal/ESYE/BUCKET/A0701/Other/A0701_SEL08_MT_AH_00_2014_00_2014_04_F_EN.pdf](http://www.statistics.gr/portal/page/portal/ESYE/BUCKET/A0701/Other/A0701_SEL08_MT_AH_00_2014_00_2014_04_F_EN.pdf) appear to allow significant discretion.

9 These remarkable arrangements, which amount to €1B annual subsidies to a relatively small group of pensioners in an economy producing €180B in total, were created at the time of PPC and OTE’s privatization, presumably to compensate employees in terms of the benefits that had been built up until that time. This was done so as to facilitate a “clean slate” privatization without contingent pension liabilities for investors. Interestingly, the proceeds from the privatization have been, to date, eclipsed by yearly outflows to pensioners, which have yet not been revised. On the history of the legal arrangements leading to the PPC subsidy, see Manos (2015). The subsidy to OTE pensioners can be seen clearly in the Greek State Expenditure Report, under code Ξ2361. See the State Budget Review, Ministry of the Economy (2014): 90.
represents an advance over the appointment of mere party hacks, who tended to get these posts in the 1980s and 1990s. As for the banking sector, especially before the 1990s, control through the political apparatus led to significant distortions of investment and loan decisions. Banks under direct state control, such as Agrotiki and ETBA, were notorious for favoring friends of the government, thus distorting the allocation of capital in the economy. While the situation has improved – partly as a result of companies being listed, and thus shielded from intervention and corruption by regulatory and shareholder pressures, and partly as a result of the industry maturing – influences remain (see Haliassos et al, 2016). Post-crisis, the HFSF/EFSF has granted Greece’s creditors an effective veto over leadership appointments at its (recapitalized) banks. However, government changes do generally usher in new senior managers – usually known supporters of the ruling parties.10

The measurement of the activities of the Greek state has been limited in scope and lax in execution. This has been exacerbated by a chronic lack of data, and a related lack of accountability, which allowed many state entities to be run on a cash basis right up to the crisis – a challenge that the Troika reform programs tried to tackle, as we explain in Section 5. To illustrate, the largest hospital in the Balkans, Evangelismos, had not, until 2011, balanced its books, estimated its profit and loss accounts, or produced detailed information – despite a legal obligation to do so from the 1990s on – since payments would be made on a consolidated basis.11 And although there is now an even clearer requirement for hospitals to publish and provide such data, progress has been patchy, and it is currently unclear whether compliance has caught up with legal and regulatory requirements.12

10. To illustrate, the leadership of the National Bank of Greece, which had historically been the largest bank, would be changed shortly after elections, as they did after the 2009, 2012, and 2015 elections. For more details see Haliassos, Hardouvelis, Tsoutsoura, & Vayanos (2016) in this volume.

11 It may be worth noting that, for many of these entities, publishing accounts had been mandated, but not observed, for years or even decades. Hospitals, in particular, had to publish accounts from 1993 on (Law 2084/92). However, this law was never properly implemented, – showing how, in Greece, administrative procedures can often nullify even well-intentioned laws cement inertia and the lack of accountability.

12 As the Second Economic Adjustment Program for Greece (Occasional Papers 148, May 2013, Second Review) notes, “all hospitals implemented double-entry accounting. Out of 89 hospitals: 13 implemented analytical cost accounting, 68 are in the process and 8 do not have the necessary software yet. A report was sent to the Troika regarding January 2013 data. EC requested an action plan and timeline on the introduction of analytical cost
More broadly, the questions of what falls within the boundaries of the state, or how it performs, are not properly addressed – as the Troika controllers discovered, often to their surprise, during the crisis (Featherstone, 2015).

accounting in hospitals not yet equipped with*. it." Interestingly, progress on this front (MoU 2.9.4) was not documented in the third and fourth review of the Memorandum.
3 From structure to output: assessing the efficiency of the Greek administration

The lack of measures – and, in particular, the near-universal absence of Key Performance Indicators (KPIs) – begs the question of just how well, or poorly, the administration performs. Still, we can obtain some indirect performance measures that map to the Greek state’s key roles in the economy.

3.1 The state as a producer, and a manager of its own resources

While we lack objective measures of how efficiently the Greek state transforms its inputs into outputs, we can consult international comparisons of citizens’ satisfaction with key state services. As Figure 7 shows, by 2015 Greece not only had the lowest satisfaction rates for healthcare of all OECD countries (with a significant fall from 2014); it also ranked significantly below developing countries such as Indonesia. Greece’s performance in international education tests has also declined in the last decade, as have the rankings of its public institutions of higher learning. More broadly, as Figure 8 shows, Greece had one of the worse indexes of confidence in the national government, with one of the sharpest declines since 2007.

Figure 7: Citizens’ satisfaction with the healthcare system

![Figure 7](image)

Notes: Data for Austria, Finland, Ireland, Norway, Portugal, the Slovak Republic, Slovenia and Switzerland are for 2006 rather than 2007. Data for Iceland and Luxembourg are for 2008 rather than 2007. Data for Australia, Canada, Chile, Hungary, Iceland, Japan, Korea, China, Latvia and South Africa are for 2013 rather than 2014.

Source: Government at a Glance 2015, OECD
As we discuss in greater detail in the next section, there is increasing evidence that state resources are rarely used to anything like their full potential, as a result of antiquated HR practices and irrational organizational structures. For instance, the Ministry of Education, by far the biggest employer in Greece, only requires secondary-school teachers to teach approximately 415 hours per year, compared with an OECD mean of 694 hours, as discussed in Section 5 (OECD, 2014).

Tax collection is another can of worms. Tax evasion in Greece is rampant, and considerably higher than in the rest of the EU and the OECD, contributing to Greece’s fiscal woes (Vasardani, 2011; Schneider, 2015). Contrary to popular belief, tax evasion is not restricted to the rich (Matsaganis & Flevotomou, 2010); rather, it cuts across broad swathes of society and is sometimes legitimized by the state’s well-intentioned but ill-advised policies.\(^{13}\) This leads both

\(^{13}\) To give a concrete example, civil servants are prohibited to have second jobs. Yet the fact remains that, thanks to a fiendishly complicated tax code, many employees of the Ministry of Finance moonlight as accountants in the evenings, helping citizens prepare their returns and navigate this complex system with the help of an inside ally. As all this activity is not officially allowed, it is undeclared, and cements an ethos of accepting tax evasion even among those employed to combat it. Likewise, schoolteachers employed by the state are often also employed as private tutors, and doctors at the National Health System supplement their earnings by bribes which range from the benign “thank you” for an operation, to the more sinister requirement of funds to speed up procedures (socially known and legitimized as fakellakia”, or “little envelopes”). Stemming this practice has become hard, given the relatively low pay of public sector doctors, and the fact that they are not legally allowed to engage in private work without substantial pay cuts or losing their permanent position in the National Health System.
to significant social injustice, since tax burdens are unequally shared, and to a severe distortion of Greece’s productive tissue: Larger firms that find it harder to fly under the taxman’s radar are disadvantaged vis-à-vis smaller, more elusive, and potentially inefficient firms (see McKinsey, 2012).

The administration’s inability to increase revenues by organizing its tax-collection arm more effectively is a result of chronic failures and pathologies that we discuss in the next section. An objective way to assess tax-revenue efficiency is to measure the VAT gap (i.e. the shortfall between VAT due and VAT actually collected). As Figure 9 shows, Greece has the third-highest ratio in the EU, after Lithuania and Romania.

Figure 9: VAT gap (as a % of VAT theoretical liability, 2011)

![VAT gap chart](image)

Source: Study to quantify and analyse the VAT Gap in the EU-27 Member States, CPB Netherlands, for TAXUD, European Commission (2013)

As the OECD (2011) report on the administration finds, the focus on formalism and procedures absorbs resources without producing substantive outputs, thus directly reducing what Greek citizens can expect from their state.

### 3.2 The state as a procurer, and the creator of a supply ecosystem

The impact of the Greek state in terms of shaping a supply ecosystem is very hard to assess directly. However, as Table 3 showed, Greece is very much behind in terms of transparency in public procurement – although e-government initiatives introduced around the onset of the crisis have helped somewhat. The Di@vgeia project, launched in 2010 (Law 3861/2010, later
expanded by Law 4210/2013) against significant resistance, required all public or publically controlled entities to publish their decisions, including any procurement decisions, at a dedicated website (diavgeia.gov.gr) – see

The culture of accountability was lacking, especially prior to Di@vgeia, as many parts of the central or local government did not have to disclose their finances. More important, even when expense reporting became mandatory, the lack of proper, consolidated budgeting, and the inability of central government to impose a system that would allow it to monitor and react to overspending, meant there has historically been limited interest, incentive, or infrastructure to monitor costs. Even now, although data on procurement is becoming available, little headway has been made in consolidating it or assessing the efficiency of state services; only in the last few months have crowdsourcing initiatives started to complement the limited work on tracking where public money goes and how effectively it is spent.\footnote{It is encouraging that it has become possible, through a bottom-up platform such as PublicSpending.net (Vafopoulos et al, 2014) and its successor LinkedEconomy.org, in terms of where money goes in Greece and comparisons to other countries. At the same time, the lack of a proper system of financial flows and expenses, at least until recently, is remarkable.}

This, along with the lack of disciplinary procedures to guard against corruption, has allowed the private sector to gorge on “easy money” gained through preferential government access. This can be seen in Figure 10, which illustrates public perceptions of corruption. Greece has the highest (i.e. worst) score in the EU, and the second highest, after Mexico, in the OECD (closely followed by Korea and Japan).

\textbf{Figure 10: Perceptions of Corruption*}
*Results from the report on corruption conducted by TNS Opinion & Social at the request of EC Directorate-General Home Affairs. Average perception of corruption across 6 public institutions. 1 = not at all corrupt, 5 = extremely corrupt.


### 3.3 The state as regulator of private enterprise

An OECD report of 2013 confirmed the magnitude of the problem with inefficient and excessive regulation in Greece. It identified administrative burdens of €3.28bn and total administrative costs of €4.08bn in 13 key sectors of the Greek economy (OECD, 2013). This is in line with a 2007 EU study, which found that bureaucracy cost €15bn, or 6.8% of 2007 GDP, against an EU average of 3.5% (see Gritzalis et al., 2014).

However, this may be a misleadingly low figure for Greece, because it only captures the “cost of paperwork” and neglects the many other frictional costs that firms incur in meeting their substantive regulatory obligation – time, resources, and capital equipment (let alone opportunity cost). More important, it ignores all the dynamic costs and inefficiencies imposed on firms. As such, it underestimates stagnation resulting from the inability of efficient firms to grow, the costs to exit, and barriers to entry imposed by bureaucracy and/or protectionism.

While this point holds true in any country, it is particularly important in the Greek context, given the state’s role in the economy and the inefficiencies of the administration. As Figure 4 shows, the Greek regulatory environment is opaque, and there has been a longstanding problem in terms of the framework provided for private enterprise – as also evidenced by Greece’s very low ratings for the ease of doing business. To this we should add the fiendishly complicated – and remarkably volatile – tax environment (documented at greater length elsewhere; see, e.g., Bank of Greece (2010: 5), IMF (2013: 32), OECD (2013: 2)).
Sheer legislative and administrative complexity also causes confusion within the administration itself, calling for "administrative intervention" to clarify matters. In each of the last five years, the Greek parliament has passed around 120 pieces of legislation, comprising 3,500 pages of laws per annum. However, this represents just 2% of the total regulatory production. Subsequently, the executive branch generates an avalanche of decrees, clarifying text, and other stipulations delimiting what companies can do.\textsuperscript{15} This fragmentation, along with a lack of codification and rationalization, makes doing or growing business legally in Greece very hard. Ironically, growing a business illegally (e.g. adding extra seating space in a restaurant/bar by covering unbuilt areas, or selling contraband a few blocks away from the Ministry of Finance) is apparently remarkably easy, and rendered more likely as a result of administrative failures, as evidenced by the significant "shadow" (i.e. unregulated and untaxed) economy in Greece. According to Schneider & Buehn's (2012) cross-country study, the shadow economy in Greece during 1999–2010 accounted for around 27% of GDP, compared to an OECD average of 20.2% (IMF country report, May 21, 2013). Greece also had a sizeable amount of undeclared work (see http://ec.europa.eu/europe2020/pdf/themes/07_shadow_economy.pdf).

Administrative complexity has also increased protectionism, both explicitly and indirectly (see Katsoulakos, Genakos & Houpis, 2016). A host of professions and practices are protected by law, and stipulations for ad hoc protectionism are often interspersed in whatever (entirely irrelevant) legislation is currently being introduced, making it hard to even understand the rules. Complexity then begets corruption, as officials at several levels of government can use their judgment on how such complicated stipulations are to be observed by particular businesses or individuals. These problems are amplified by issues with the judiciary, detailed in Papaioannou & Karatza (2016). According to the Doing Business Indicators of the World Bank, it takes 1580 days to enforce a contract in Greece, compared to an OECD average of 539 days.

As a result, the latent potential of the Greek economy cannot be realized. The problem isn't just the size of the state, but how it operates: specifically, the way it shapes inefficient, potentially corrupt supply chains and hampers the redeployment of productive resources, rewarding rent-seekers who know how to work the system, and individuals and small, probably uncompetitive

\textsuperscript{15} The years from 1975 to 2005, for instance, have seen 3430 laws, 20,580 presidential decrees, 114,905 ministerial decisions, 24,010 regional decisions, and 8,575 prefectural decisions.
firms who can hide in the shadow economy. This also inhibits the entry of new types of firms in new markets, hampers larger organizations whose rigorous systems make transgressions more conspicuous, and prevents productive firms from growing with a slew of over-regulation.
4 From symptoms to causes: understanding how the administration is structured

The sobering picture we have painted so far makes it vital to understand the pathologies behind the inefficiencies. To start unraveling the chain of causation, we look inside the “black box” of the administration (which many, including most in the Troika, have so far regarded merely as a cost item), moving from the measurable to the qualitative. Some of these topics are further analyzed in another chapter in this volume (Karkatsoulis and Stefopoulou 2016).

4.1 Demographics of public servants and HR practices

Reviewing early evidence on the public sector on the basis of their own data analysis, Karkatsoulis & Stefopoulou (2016) show that growth of the civil service was particularly large during the 1980s. Figure 11 reports data gathered from the Hellenic Statistical Agency ELSTAT and dating back to 1987. The figure shows that the public sector population grew from the late 1980’s to the late 2000’s, with a noticeable acceleration during 2004-2007. After the recent crisis hit, civil servant numbers started decreasing, particularly after 2010, when Greece was shut off from the markets and leaned on the Troika, initiating a series of bailout agreements.

It is interesting to note that, especially prior to 2010, evidence on the exact number of civil servants is patchy, leading to diverging estimates, as there had not been an independently verified number of public sector employees. Interestingly, at the beginning of the Troika programme in 2010, one of the things that became apparent was that Greece did not have a reliable registry of civil servants, as the key ELSTAT numbers provided in Figure 11 were not fully reliable. To rectify this the Greek government instituting a web-based civil servant census project. In principle, this was a program to fully account for all public-sector employees. In practice, however, the lack of enforcement and controls regarding the participation in census may have overcounted people who mistakenly believed they were civil service employees (e.g. people working on fixed term contracts) and undercounted those who refused or were unable to participate. In addition, no mechanisms were set in place to update the data fully in real time. Figure 11 provides the (still patchy) data from the census project alongside the main ELSTAT results, to provide further calibration on civil servant numbers and also note the lack of transparency of the Greek state even in terms of its own employee population.
Figure 11: Number of civil servants, 1987–2014.16

*1987–1997 ELSTAT figures regard the second quarter, and not the average of the quarters of each year

Sources: ELSTAT Labor Force Survey – Apografi.gov.gr

The hiring boom of the 1980s and early 1990s also distorted the civil service's age distribution. In 2009, 38% of central government civil servants were 50 or older, compared to 23% in 2000. Almost 60% had been working for the government for more than 20 years, although this issue has been attenuated by mass early retirement during the crisis (see Karkatsoulis & Stefopoulou, 2016: X). Figure 12 illustrates.

16 Data on civil servants from ELSTAT are derived from their distribution by tenure status of the business/employer according to the sample-based results of the Labor Force Survey. Thus, they are not census information. One needs to exercise caution in interpreting these figures, as we must assume that the data reflect accurate tracking of government entities, which should not be taken for granted. Data from Apografi.gov.gr were initially based on the 2010 census of civil servants. At that time, all those paid by the States were asked to electronically submit their data (job position, public service/entity of employment etc.) to an electronic platform created for this self-reporting procedure. Since 2010, Apografi has been able to track departures, as retirees provided their information on retirement, and new hires were meant to update their information. Finally, data from Apografi.gov.gr regard end-year employment, whereas these from ELSTAT are based on each year’s average of quarterly figures.
What this figure does not reflect is the severe mismatch between the skills needed to operate a government and those of public servants. For example, in 2012, out of more than 1,000 employees in the most crucial part of the Secretariat General for Information Technology of the Ministry of Finance (which collects taxes), just seven were commissioned to write programming code. This, according to a former Secretary General for IT, was the combined result of personnel misallocation, strategic preference for outsourcing rather than in-house development, and lack of continuous education, as opposed to lack of skills per se – suggesting a multi-layered Human Resources (HR) and organizational challenge even in the most sensitive government areas. The issue is that the government has an overabundance of middle managers with no particular practical, managerial or technical skills, adept at focusing on procedures, rules, and processes, as opposed to outputs. To this, we should add the fact that there are no revolving doors between the public and private sectors, making career progression in the public sector insular and rigid, with little scope for renewal.

HR practices also play a role. In the narrow public sector (i.e. ministries, local governments, and all entities that operate under public law), public servants are protected under the Constitution of Greece (Article 103), which guarantees permanent employment.

The Greek public recruitment system is exceptionally rigid, as Karkatsoulis & Stefopoulou (2016: 2) note: While initial entry is through a competitive examination, progression focuses on
existing civil servants, with little mobility between parts of the administration and virtually no posts open to external recruitment – not even from civil servants at other ministries. As for executive development and leadership training, they are virtually unheard of.

In the wider public sector (including all entities supervised by the state but operating under private law), criteria are much more ambiguous, and salaries can be much more lucrative. Exploiting the various employment contracts permitted under private law, these public entities were used as hiring hubs for partisan clientele by the ministers who supervised them. This created a bloated and inefficient set of DEKOs (National Companies of Public Interest; see section 2.7) and other enterprises linked to the public sector, with very high pay and strong unions that have, unsurprisingly, ardently defended their members’ privileges. Also, the fact that each DEKO has historically had its own privileged pension fund severely restricts any incentive to move, not only out of DEKOs but even between them, for fear of losing these benefits.

Not all public servants enjoy the same advantages, and there is significant heterogeneity in pay. This leads, on average, to a more attractive proposition than one might expect, especially in an international context. Figure 13 below shows that, at least pre-crisis, public-sector pay was higher than that of the private sector on a non-adjusted basis.¹⁷

Figure 13: General Government Employees: Share of total employees and compensation as share of total compensation (2007)

¹⁷ Note that this figure clearly collapses a very heterogeneous population, as in the narrow public service non-political appointees and advisors tend to have lower pay, whereas those in the broader public sector can enjoy remarkable benefits. Also, this does not take into account educational and other differences that can explain pay differentials.
In terms of the expectations for time worked, the largest employer in Greece, the Ministry of Education, apparently expects of its teachers far less than the OECD average, and the second lowest in all countries surveyed – this against a post-crisis backdrop of teaching-post gaps.\textsuperscript{18}

\textbf{Figure 14: Number of teaching hours per year, by level of education (2012)*}

\textsuperscript{18} Note that the figure below may Understate the true requirements, as teachers are exempt from the full load when working, e.g., in a minister’s office or working, on paid time, for their union.
*Net statutory contact time in public institutions

1. Year of reference
2. Actual teaching time

Countries are ranked in descending order of the number of teaching hours per year in upper secondary education

Source: Education at a Glance 2014, OECD

Relatively, when comparing the private and public sectors overall, Greece appears to offer public servants a favorable deal in terms of hours worked, as Figure 15 suggests:

Figure 15: Ratio of working hours in government to private sector
4.2 Incentives, motivation, and penalties in the public administration

As in other countries, Greek civil servants enjoy greater (mostly, absolute) job security than their private-sector counterparts, but face flatter pay conditions and slower career progression. Yet they differ from other countries in how little their performance affects their careers, and also in terms of the very limited and crude measures used to gauge that performance.

In the narrow public sector, public servants are promoted according to pay and grading schemes defined by law. Performance assessment is mandatory for almost all, and takes the form of annual written feedback from a hierarchical superior within the organization. However, this has become perfunctory, with most ratings being 9 or 10 out of 10. The lack of KPIs has been both a cause and an effect of this system: Only a handful of performance criteria are used, including activities undertaken; values, disciplines, and inputs; and interpersonal skills. However, as there are no detailed organizational charts, job descriptions, or performance criteria, it is virtually impossible to evaluate civil servants, since there is no sense of their expected output (Psarakis & Rigopoulos, 2014.)

Remuneration is non-negotiable, since base salary and bonuses are set by an independent examining committee. Promotions among top and middle managers are assessed on years of experience, performance appraisals by line managers, and objective qualifications (e.g., education). While recent legislation is supposed to have introduced some merit-based career progression, in practice there is little evidence this has taken place.
Since the 1980s, the appointment of senior civil servants had become highly politicized, denting the administration’s efficiency, nullifying the role of potentially nodal posts (especially General Directors), and promoting party loyalists over competent administrators. Law 3839/2010 (the “Rangousis law”) aimed to tackle this, by instituting a Special Council for the selection of senior personnel as part of the ASEP. While the law did pass, the Special Council was never constituted, and old practices remained. Only the law’s most transitory arrangements were enacted in practice, illustrating the resilience of the political system’s grip on the administration, as well as the power of implementation procedures to defeat even well-intentioned and sensible laws.

Relatedly, disciplinary procedures, especially those related to corruption, had long been rather limited, amplifying the sense of impunity. Especially from the 1980s onwards, a very lenient set of rules on corruption was further weakened by weak implementation. Essentially, no corruption was investigated unless there was a specific accusation; and sanctions were hardly more than a slap on the wrist: even for the most serious offences, the maximum punishment was a demotion by a single administrative grade. Many offences were written off within only two years. Worse still, the judging panels were appointed by ministers, with no accountability and no requirements in terms of composition, allowing union representatives to move in. As Stavropoulos (2015) explains, this cultivated an ambient sense of acceptance and normalization about corruption and inefficiency, at least until the 2012 reforms. Penal courts, when used, also tended to show surprising leniency, and punishments were generally very light. The long, drawn-out legal process offered cover even to those convicted in the first instance, while the appeal process could last several years.

A 2012 reform (through law 4057/12) aimed to abolish this process and get tough on those convicted, and also changed the composition of the judging panels as well as the ability of those convicted to stay in their jobs. Even after the law was passed, however, it took a full year and a new MAREG minister for its provisions to be implemented in practice. More important, significant parts of the legislation were overturned by the first SYRIZA government in 2015 – despite its professed desire to tackle corruption, as we explain in Section 5.

The development of the Inspectors-Controllers Body for Public Administration (SEEDD) (Law 2477/1997, www.seedd.gr), and to a lesser extent the creation of the Office of the Ombudsman (www.synigoros.gr), have eased these pressures by creating greater transparency and accountability. However, as SEEDD’s recent reports suggest, while accusations of corruption have increased, control percentage has decreased, partly as a result of fewer resources being at the inspectors’ disposal.
Finally, political interference has also been an issue, with civil servants proving unable or unwilling to fend off political pressure for fear of receiving unfavorable postings. Conversely, it is considered commonplace to expect political interference in a career in the civil service (Spanou, 2008). This makes the state more liable to political pressure.

4.3 Organizational structure, complexity, and (lack of) coordination

To fully understand what drives the inefficiency of the state, we need to understand the inefficiencies of its structure – in terms of both the composition and nature of units, and the ways in which they collaborate.

Starting with the demographic analysis of unit size, as Karkatsoulis & Stefopoulou (2016: Z) report, a remarkable 20% of Departments have a head but no employees! This is because remuneration depends on rank, so if someone is to be paid above a certain level, they must be made a Director. To facilitate these promotions, departments proliferate – regardless of duplication, inefficient division of labor, or complicated and even conflicting internal structures (439, on average, in each ministry, as the OECD review attested). Worse still, as more civil servants graduate to managerial positions, a problem arises of “too many heads, not enough hands,” as well as “ghost departments” that only exist on paper.

Corroborating these concerns, the analysis of the span of control reveals a steep hierarchical structure, which leads to hierarchical distortions. In 2011, there were, on average, five general secretariats per ministry; two general directorates per general secretariat; six directorates per general directorate; and four departments per directorate (Gritzalis et al, 2014). This is the absolute antithesis of the contemporary ideal of agile, lean government (WEF, 2014).

This problem is compounded by ministries’ tendency to build ever more complex structures over time, untroubled by the periodic shakedowns that simplify and streamline private-sector firms. Observing Parkinson’s Law (Parkinson, 1958) that “work expands to fill the time available,” the Greek administration has proved adept at creating structures, committees, and subcommittees with overlapping responsibilities. Unsurprisingly, lines of command and communication are unclear, making coordination between these units another major challenge.

To add insult to injury, each new government (that is, following a reshuffle rather than an election) reconfigures the administration, with politicians appointing party grandees to ministerial and deputy ministerial positions as well as special and general secretariats. This perpetuates an inefficient merry-go-round of responsibilities and authority, and political
tensions stymie inter-departmental communication, since the key players are (transient) politicians rather than career civil-service managers.

Such structural inflation and complexity is not confined to ministerial departments. Many agencies and public entities were created primarily to accommodate party-political operators. As there are few indications in terms of either output (and, as such, the benefits they create) or cost (direct or indirect), it is hard to assess their value.19

4.4 Formalism and the role of so-called “competences”

Stepping back along the chain of causation brings us to what lies behind this inefficient, malfunctioning, and wasteful edifice. To comprehend it, we must appreciate that it is pervaded by procedural, not substantive rationality (see Simon & March, 1958; Olsen, 2006); that is, it only makes sense on its own terms. The Greek state was built, in a path-dependent manner, on principles of formalism (Spanou, 2008; Spanou & Sotiropoulos, 2011). Such an ethos dovetailed nicely with the political economy of clientelism, as appointees would not have to worry about their substantive output.

As the OECD (2011) functional review comments:

All the areas covered by this review – from HR management to budget processes – reflect a massive issue of “legal formalism” which stands in the way of effective and efficient governance. Legal formalism is partly the by-product of a legal system based on civil law, which traditionally emphasizes the need for a comprehensive and detailed structure of laws and regulations to cover all issues... Legal formalism also reflects the excessive use of internal administrative processes to frame the work of the administration, so that more attention is paid to these processes than to underlying policy work... Legal formalism has generated a culture and legal framework which provides no incentives for initiative on the part of civil servants, discourages any policy actions which are not accompanied by a legal text, privileges the observance (and

19 The same goes for ad hoc advisors, generally appointed on political criteria and often with scant reference to the portfolios involved. At best, advisors with knowledge, desire to make a change, and capacity can help remedy skill gaps in the administration. At worst, they add another layer of complexity, and remove permanent civil servants’ incentive to take ownership and accountability for their portfolios, imposing a system-wide cost (see Karkatsounis & Stefopoulou, 2015, for a pointed critique).
Excessive legal formalism is the cause of a range of dysfunctions and inefficiencies, and leads to an extremely kludgy structure that finds it hard to adapt while justifying and maintaining inefficient silos (see Karkatsoulis & Stefopoulou, 2016). It also widens the disconnect between formal structures (as reflected in e.g. organizational charts) and reality, making it harder for citizens and businesses to deal with government (OECD, 2011: 51–52).

This formalism is evident when we look at what the Greek central administration actually produces. As Figure 17 shows, while most outputs are laws, decrees, and circulars, action plans round down neatly to 0%, since they represent a mere 0.1% of the total number (let alone volume) of articles produced.

**Figure 16: Output of general directorates in 2010**

- Studies contracted out, 10%
- Studies elaborated, 25%
- Briefing notes, 32%
- Impact of performance assessments, 2%
- Working groups, 1%
- Action plans, 0%
- Manuals, 1%
- Circulars, decrees, laws, ministerial decisions, 29%

Note: This figure covers the output of the general directorates with executive competencies and excludes the output of general directorates

Source: Greece: Review of Central Administration, OECD (2011)

A specific issue that vividly illustrates formalism’s corrosive effects is the role of "competencies." As the OECD Review notes (2011: 50–51), "It is virtually impossible to take a significant policy or administrative decision, at any level of government, if it does not fall within the scope of a legally provided competence." So, when a new need emerges that doesn’t quite fall
within the scope of a pre-existing competency, “any change in the organization or competencies of a structure entails the adoption of a new law, presidential decree or ministerial decision... In other words, a ministerial or high-level reshuffle of responsibilities cannot be carried out until the corresponding legal change has been enacted. But even day-to-day decisions regarding a unit’s staff numbers or composition have to conform to the specific provisions of the law.”

If competencies were broad enough, this would perhaps be less of an issue. Yet, as Figure 18 shows, they have actually proliferated and narrowed, leading to ever-greater organizational and administrative complexity and rigidity, and adding an extra layer that clearly slows things down and absorbs disproportionate resources without any clear benefit.

**Figure 17: Number of government competencies defined through legal texts per year**

![Graph showing number of government competencies defined through legal texts per year](image)

Source: Greece: Review of Central Administration, OECD (2011)

Finally, formalism in HR policies prevents the efficient use of resources. An arch-culprit is the principle of “branches,” which define what each civil servant is expected to do throughout their career. On the supply side, once assigned to a “branch,” civil servants are limited in both what they can do and where they can go. On the demand side, ministries looking to recruit must stick to their own pre-specified “branch attributes,” rather than sourcing the best people for the job from within the public service. This means that even though both the ministry and the civil servant they need might agree that a posting would be appropriate, the opening could still be in the wrong branch (i.e. it doesn’t match the civil servant’s own branch assignment), in which case the appointment falls through. This leads to substantial inefficiencies and lack of flexibility (OECD, 2011: 78).
5 Efforts to change the administration, before and during the crisis

Before asking why these problems arise, it is instructive to consider one last area of evidence: efforts to change the administration, and the stumbling blocks they have encountered. This will allow us to better comprehend the pathologies of the administration by looking into the sources of resistance to change.

5.1 Background, and the unhappy fate of pre-crisis reforms

There have been a number of isolated attempts to effect change – partly to fix particular issues identified within Greece, or by international organizations such as the OECD, and partly as an effort to modernize the Greek state (Spanou, 2008). In particular, there have been efforts to privatize, at least partly, key state-owned enterprises (including Olympic Airways, notorious for its excessive losses, plush working conditions, and hiring via political patronage), especially under the 1991–1993 New Democracy government. To some extent, this trend resumed after 1997, especially with the prospect of joining the EMU (Pagoulatos, 2005).

Privatization, both as a means to increase public revenue and as a way of replacing ostensibly inefficient structures with presumably more efficient market-driven participants, has been adopted as a target by most Greek governments over the last two decades, yet has progressed extremely slowly. There are success stories, including the deregulation of telephony and the subsequent metamorphosis of former state monopoly OTE from sleepy also-ran to market leader in both fixed-line and mobile telephony, co-owned by Deutsche Telekom (see Pagoulatos & Zahariadis, 2011). Also, the demise of Olympic Airways, a massive black hole for state funds for decades, eventually allowed Aegean Airlines, a profitable and dynamic competitor, to emerge and eventually take over the remains of the former state monopoly, leading to state revenues from taxes, as opposed to subsidy costs.

Overall, though, there has been significant resistance to privatization. This has been supported by a generalized distrust of “the market,” and the view – widely held in the media and by many politicians – that Greece was becoming an “extreme neoliberal economy,” when in reality it remains statist and over-regulated, with a long arm for the government and its friends. The efforts of the Troika to privatize have been repeatedly faced down, but at least there is now a better register of what the state owns, partly at the insistence of Greece’s creditors.
The Greek administration itself has mostly changed in terms of centralization, partly in response to the European Union’s emphasis on regions. During the 1990s, there was a push towards greater local autonomy, through upgrading the role of regions, creating elected (as opposed to appointed) prefects, and rationalizing municipality structures, which were often merged to create stronger local units (Hlepas, 1999; Spanou, 2008); the Kapodistrias project (1997) was pivotal in this regard. This also allowed local government to have a say in various policy areas – which has had, as we have seen, the side-effect of increasing regulatory complexity and compliance burdens, given the poor coordination between central and local government (OECD, 2011; 2013.) Despite the nominal authority of local government, though, neither fiscal authority nor real independence has been granted in practice, leading to concerns of administrative duplication and inefficiency, as well as limited local voice (IMF, 2006).20

More important, progress on rationalizing the Greek state has been limited to date, with a handful of exceptions in the form of projects such as Kapodistrias, which set up the local authorities; Kallikratis, aimed at rationalizing them (Law No 3852/2010); and Di@vgeia, the most important project on transparency in the public sector. Tools that have become known in the literature as “New Public Management” (Lane, 2000), which have underpinned the transformation of administrations including those of the UK (Andrews et al., 2013, Accenture, 2008) and the Netherlands (Jilke et al., 2013), have fallen on stony ground in Greece (Spanou, 2008; Ladi, 2014; Featherstone, 2015). New Public Management focuses on incentives, principal-agent relationships, measurement, and resource allocation on the basis of efficiency – elements that would be familiar to any economist. But its principles of considering citizens as customers, the use of contract providers as alternatives to public employees, focusing on output, and total quality management have proven anathema to Greek unions and the body politic of the administration, not to mention those in the political system (and public service) who feel threatened by them. The alternative “approach” to reforming the administration, dubbed the “Neo-Weberian State” (Pollitt & Bouckaert, 2011: 118–19; Featherstone, 2015: 6), which focuses on the preservation of the state’s unique status and culture (and, presumably, power and benefits) but attempts to foment a shift from “bureaucratic rule-following” towards “a

20 There have been calls to transform the government through greater local authority in both establishing the level of taxes, and collecting taxes at the local level, – as is, for instance, done in the UK, the US, and many European countries. Such proposals, as, e.g., aired by former minister Stefanos Manos, have unfortunately fallen on deaf ears.
professional culture of quality and service," might be more apposite for Greece, but probably overestimates the odds of change on the ground.

In some quarters, there has been interest in the creation of a more transparent system with greater public participation (see Osborne, 2006), which has mostly manifested itself in e-governance initiatives just before and during the crisis. Yet progress here has been limited, as both politicians and the administration itself have not, on the whole, been supporters of change. While some reform efforts have been more successful than others, all have been piecemeal and beset by significant implementation problems (Spanou & Sotiropoulos, 2011). As a result, there is a widespread sense that reforms in Greece’s public administration, leading up to the crisis, have been either transient or generally ineffective (Pelagidis, 2005).

From the late 1980s on, the Greek administration faced increasing challenges of navigating a more complex economic environment, with greater responsibilities vis-à-vis the EU, and an economy making increasing use of network industries and sophisticated capital markets. Its response was the trend dubbed “agencification” (Spanou, 2008) – that is, the creation of independent entities that helped it meet particular objectives, circumventing the rigid structures and hiring (or salary) limitations of the public sector. These included the Office of the Ombudsman and the Data Protection Agency (created in 1997); the National Broadcasting Council (1989); the Independent Authority for the Selection of Personnel (1994); and other institutions that, among others, helped strengthen accountability and the rule of law (Eleftheriadis, 2005, p. 332).

Finally, one of the few important innovations was the institution, in 2000, of “one-stop shops” for handling citizens’ requests to the government (known as KEP, or Centers for Citizen Support). This bottom-up initiative achieved significant success, significantly easing people’s relationships with the state. It also instilled the idea that citizens should be served by the state, and not just beholden to it. This came at the same time that citizens’ rights became codified in law, even though their de facto protection remains uncertain.

Overall, reform in the administration was proclaimed more often than it was progressed. For instance, Law 3032/04 could have facilitated organizational rationalization in the government, as it allowed administrative departments or agencies to set their own goals and evaluate results. Despite being passed, however, it was never implemented, since the steps required for it to work (i.e. creating job profiles; identifying and standardizing procedures; setting up appraisals) were never taken (see Karkatsoulis & Stefopoulou, 2016, for a discussion). Other initiatives
withered on the vine due to political opposition: One such was the attempt to link budgetary expenditures to policy areas, attempted with OECD support between 2007–10 and finally abandoned (Emery, Bergvall, Hawkesworth, & Wehner, 2008).

That said, just prior to the crisis and during its onset, reform did gather some momentum. The Di@vgeia project and Kallikratis provided much-needed transparency, and some accountability, for all levels of government; prior to that, the opengov.gr initiative had also introduced the principle of open calls for senior governmental posts.21

Despite such positive efforts, though, change in the body politic of the state was limited. Just before and during the crisis, the significant funds set aside for modernization went almost entirely unspent; in 2010 and 2011, the government had to negotiate with the EU for an extraordinary permission to use these strictly earmarked funds to support its cash needs for social payments instead. Regrettably, the appetite and capacity for change just wasn’t there (Gritzalis et al, 2014; Kalyvas et al, 2013).

5.2 Assessing the progress of reform under the Troika MoU

While the record of administrative reforms in Greece may appear disheartening – not only before the crisis, but also during it – this was not an area neglected by Greece’s creditors, and in particular the Troika. As Featherstone (2015) notes, “administrative measures represented approximately 40 per cent (282) of the total number of reforms (706) required of Greece under the terms of the two bail-out Memoranda of Understanding (MoU). Clearly, there was the recognition that reforming the Greek state administration would be crucial to the ability of the country to adapt to the requirements of the Eurozone.” It is also important to note that the Troika’s emphasis, while it shifted over time (with the increasing understanding of the nature and the magnitude of the program), was distinctly different from that of Greece, and focused on some key areas of deficiency within the country.
Figures 19 and 20 below show the reforms by category. Figure 19 illustrates all the reforms that were included in the MoU, whereas Figure 20 shows the reforms that were initiated by the Greek state. Comparing and contrasting these two figures is instructive.

**Figure 18: Administrative reforms in Greece post-MoU (2010–13) by subject category**

Source: Featherstone (2015: 9.) Data taken from Troika reports, differentiated according to the typology proposed by Ongaro (2009).

**Figure 19: Administrative reforms initiated by the Greek Government by subject category**

Source: Featherstone (2015). Data from website of Ministry for Administrative Reform, Greece, and differentiated according to the typology proposed by Ongaro (2009).
The absence of audit and performance from the Greek administration agenda is a clear symptom of the lack of drive for accountability that pervades Greek public service. As Featherstone (2015: 9) notes, "the focus of the reforms shows a major shift from the pre-existing domestic pattern detailed above. Measures concerned with the audit and performance of the public administration now loomed large on the Troika’s radar; indeed, the list of required reforms here was three times the level sustained before their arrival. A further major difference was the attention given to financial management, which became a very prominent concern (consistently in the top three). Performance and delivery, as well as budget discipline, were of central concern to Greece’s creditors, and the differences in the patterns of reform actions are indicative of contrasting (external and domestic) agendas."  

The Troika reform project, as Featherstone (2015: 11) notes, was focused on five pillars, which, if successfully achieved, could have transformed the public sector:

1. The need to increase operational efficiency; enhance the quality of available data; the better use of information technology (IT); and more effective coordination between state organizations;
2. The strengthening of the autonomy of key parts of the administration from political manipulation and from corruption (e.g., in the tax revenue administration);
3. The shedding of posts, the introduction of performance management, and the development of a human resources strategy;
4. The review of current state provisions in certain key areas with the purpose of evaluating performance outcomes in relation to resource commitments;
5. The opening-up of the administration to external review and technical advice and support (Economic Adjustment Programmes for Greece 2010–13)

22 Note that these categories, taken from Featherstone (2015), reflect the template provided by Ongaro. See Ongaro (2009) for further details on each of these categories.
Progress vis-à-vis these objectives has been limited, and focused on critical areas for Greece’s finances – such as tax collection, where the office of a Permanent Secretary for Public Revenue was instituted, intended to be independent from political interference.23

Beyond tax, however, only limited progress has been made. The Troika frequently signed off failures to meet structural targets (Ladi, 2014), even though it had stood firm on fiscal targets (Jacobides, 2012). In practical terms, this meant reducing salaries (albeit less harshly than in the private sector); and reducing the workforce through early retirement.24 Structural issues and reforming the administration might be important on paper, but there was neither the sustained pressure, nor the skill, to see them through. Reforms were undermined by Greek politicians, unions, and others, while those who did want reform neither understood the context fully, nor were in a position to invest in making it a success (see Featherstone, 2015, for a detailed discussion).

The fact that almost all opposition parties saw the MoU as an “imposition” by “foreign powers” (only to change their views when they came to government) legitimated resistance to change. Politicians of many stripes, as well as the unions (ADEDY in particular), mobilized resistance around the idea that potential public-sector layoffs were an assault on Greek democracy. The fact that this was a crumbling, unsustainable system did not enter the discussion.

Reforms were neither budget- nor output-focused; they were not directed to results; there was little accountability; and the various strands soon slowed to a crawl – or ground to a halt. To wit, the “Delos” system (created by the government to track the progress of reform and report back

23 Ironically, the first Permanent Secretary was dismissed after the European elections of 2014 by PM Samaras, marking the end of the New Democracy-led coalition appetite for reforms, and the eventual collapse of the Government and rise to power of SYRIZA.

24 As salaries for the top civil servants plummeted, many skilled executives rushed for whatever pension scheme was available. That said, it is important to note that in relative terms, civil servants were the least hit employee population. According to Bank of Greece figures, salaries in the civil service were reduced by around 14% on average during 2010–2014, in comparison to more than 23% for wages in the private sector and 29% for DEKOs. This belies significant changes within the civil service, with top jobs and top salaries being hit the hardest. It also belies significant scope for wage compression in some of the DEKO. While it is hard to obtain full detail, it may be worth pointing out that after combining ELSTAT figures on 2008 average annual earnings with their percentage changes since then (BoG), it emerges that in 2014 the average manufacturing salary was €17,400, while in electricity and gas supply – activities controlled by DEKOs – average salaries were almost double that (€34,250). Thus, even after a sizeable wage reduction, sectors where the State dominates appear to be significantly better off.
to the Troika) didn’t focus on the percentage of reforms that were completed, as seen from the perspective of the individual citizen or business. Rather, it focused on administrative steps completed towards a goal – so that, e.g., a 99% completed reform, as far as the citizen was concerned, would look identical to one that never happened at all. It seemed that the reforms themselves needed reforming before they could achieve reform.

The lack of attention to process management, and the inherent difficulty of the massive reform process, also limited success. Take civil servant evaluation: Given the publically stated need to reduce headcount, civil servants understandably suspected that evaluation would lead to downsizing by the back door. Similar concerns were raised about the role of mobility, and this idea too soon became politicized, increasing retrenchment and resistance to change.

One of the key factors holding back reform has been the lack of buy-in (Featherstone, 2015). As we know from other cases, including those in Central Europe (Drazen, 2002; Haughton, 2007), local ownership is a determining factor for the success of a reform project. As Featherstone (2015) notes, in the 2006 EU-Turkey negotiations, Turkey’s Prime Minister Erdogan renamed the EU’s conditions for his country’s accession the “Ankara criteria,” proclaiming that they were in the national interest anyway (Cengiz & Hoffmann, 2013). Whether out of convenience or malice, Greek politicians did the exact inverse – and the reform process, which nominally had supporters across the political spectrum, was duly orphaned.

These issues are illustrated by the sad fate of an important initiative: Law 4048/2012 (on Better Regulation), intended to stem the tide of overregulation. In practice, its provisions – that legislation should consider impacts on business ahead of time – are not met, as Karkatsoulis & Stefopoulou (2016: Z) report. Likewise, the effort to identify administrative burdens met with concerted resistance. Ostensibly, the concern was that launching major projects for the detailed recording, analysis, and reduction of administrative burdens was far too costly and time-consuming.25

25 Likewise, Greece established the General Secretariat for Coordination through Law 4109/2013 to improve its government structure. Despite the good intentions, implementation has been lukewarm and coordination remains a challenge.
In this regard, the magnitude of legislative change imposed by the MoU led to a notable side-effect. Greece had to legislate extensively to meet obligations in the MoU – often using multi-purpose, bumper legislation considered to a very tight timetable in Parliament. This de facto precluded the conduct of rigorous ex ante assessment of regulatory impact, or indeed sufficient consideration of how the laws could be effectively implemented in such an administratively inefficient system. There was no mechanism to ensure that the regulations imposed as a result of the MoU would not actually compound regulatory complexity and bureaucracy, even if they allegedly met their primary reform aims; neither was there any initiative to eliminate older, outdated, and potentially conflicting provisions in prior law or practice.

As for the law on simpler business licensing (Law 3853/2010), it advanced with difficulty, with the government presumably having to consider pressures from vested interests. The General Commercial Register (GEMI26), a step towards strengthening the regulatory environment for businesses, has yet to emerge fully from the pilot phase.

5.3 Reforming the public administration and the role of MAREG

The role of ownership, as well as leadership, is well illustrated by the impact of a ministerial change in June, 2013 in the Ministry of Administrative Reform and Electronic Governance (ΥΔΜΗΔ/MAREG). Following the change of guard, Troika reports began to sound much more upbeat, as targets began to be met. In the EU, the mood became more positive, leading to some momentum for change, despite significant resistance.

An important element of the June 2013–December 2014 MAREG activities was to implement the new, tighter rules on the civil servants’ penal code (Law 4057/12). Previously, even those rare prosecutions that led to a conviction were not considered final until the last appeal was finalized, often six or seven years post-conviction (and possibly well over a decade after the crime). Meanwhile, the culprit would receive full benefits, progress unimpeded in their career, and receive their full pension – with no claw-back even if the conviction was finally upheld. This was changed to immediate dismissal after the initial conviction (but with the possibility of reinstatement should an appeal be successful). More important, the law (described in Stavropoulos, 2015) provided for a new composition of judging panels, which had to be chaired

by a judge and include one representative of the Legal Council of the State, as well as a senior
civil servant who would have to come from a different ministry than the accused’s, after a
random draw process organized by the Legal Council of the State to ensure impartiality. This
was in sharp contrast with the old system, where the local ADEDY union representative and
other ministerial appointees populated the panels. But it met with fierce resistance, and it was
only in 2013, with a new MAREG, that it was finally possible to push through implementation.
(The previous MAREG had preferred to circumvent the law and stick with the status quo ante.)
There were also further changes in the nature and magnitude of punishments, as well as in the
appeals process, focused on keeping those convicted in the first instance from returning to their
jobs – which would raise issues of them covering their tracks.

We should also add the revamped role of an independent permanent monitoring mechanism for
disciplinary cases, the Body of Inspectors of Public Administration (SEEDD), and upgraded and
strengthened audit bodies. Disciplinary boards were to be constituted only of judges, and there
was a crackdown on false certificates being used for public-sector appointments and
promotions.

At the same time, though, excessive zeal in terms of taking a hard line on civil-servant
misdemeanor might have created unwanted side-effects, described by Stavropoulos (2015).
Laws 4093/2012, 4111/2013, and 4210/2013 altered the process, reducing the authority of the
judging panel (making it advisory, rather than executive) and pushing more cases on to the
courts. The problem is that the list of sacking offences lengthened dramatically to include
relatively minor misdemeanors such as abusing equipment belonging to the state, poor
timekeeping, and so on. This could potentially unleash a torrent of abusive claims, since citizens
(or other civil servants) could threaten to make accusations on the flimsiest grounds.

As it turned out, many of the more sensible provisions were reversed in 2015 by the new
SYRIZA/ANEL government, which also reinstated members of the Civil Servant Union (ADEDY)
in disciplinary boards. The new law also afforded a remarkable de facto impunity to union
members accused of embezzlement (Stavropoulos, 2015: 11). The fact that a left-wing
government would herald softer sanctions for bribery, embezzlement, or gross negligence as a
"democratic reform" indicates the depth of the Greek malaise – and the importance of rent-
seeking, to which we will return in the next section.

The second part of the 2013 MAREG plan covered the evaluation of civil servants. Amid
concerns that this would be a vehicle for layoffs, this measure was bitterly contested, both by
unions and the civil service. The issue was further exacerbated by the lack of clear basis for evaluation (Psarakis & Rigopoulos, 2014). Finally, the PASOK Deputy Prime Minister requested that low performers be protected – for transparently political reasons. Then, elections intervened, and since the law had not yet passed, it was shelved by the SYRIZA/ANEL 2015 government. However, a system for evaluating civil servants and linking performance and reward (at the individual or collective level) remains a key requirement of Greece’s creditors, and the last SYRIZA MAREG has suggested he would push for it – although elections due for September 20, 2015 derailed that timetable, and left the question of evaluation open. SYRIZA has opposed evaluation on principle: In education, the only area where some evaluations had been instituted, they were abolished, since the education minister regarded excellence as a “social stigma” and evaluations as “scaremongering” and “antidemocratic.”

Evaluations, which might seem simple to design, have proven hard to implement since most civil servants still do not have job descriptions (Psarakis & Rigopoulos, 2014). So a proper mapping of the activities in the public service must precede the evaluation, and this will require significant effort. It will also involve a rethink of which activities should be evaluated and rewarded, making this a thorny issue. The political economy of entrenched actors in the system who will fight, tooth and nail, to preserve the status quo is another formidable obstacle. Finally, politicians would also lose their ability to influence the state, which would be anathema to the political establishment of any stripe.27

5.4 Implementing reforms and monitoring the public administration during the crisis

Before going into the issues behind the limited progress in fixing the administration, it is worth looking at issues relating to implementation, and review the records of the EU Task Force for Greece and Greek public-sector watchdogs in identifying and pursuing offenders.

27 The unabashed hold that politicians have over the civil service can be seen through an incident in August 2015 involving the Alternate Minister of Infrastructure (Christos Spirtzis), who demoted one of the ministry’s directors. The reason was that the civil servant had implemented a legal decision to shut a particular business’s parking area, “without consulting the political leadership of the ministry,” which the minister wanted to overrule, without due authority to do so. What was remarkable wasn’t the practice of intervening against the rules, but openly demoting a senior public servant for following the rules and his job description, rather than caving in to a politician’s request. See http://www.kathimerini.gr/828526/article/epikairothta/ellada/ton-vpovivase-o-spirtzhs-giati-eldelise-mpares
With the Greek administration unwilling to tackle the challenge, the EU set up the Task Force for Greece (TFGR) in July 2011, charging it with supporting the change process and providing technical assistance. Overall, the TFGR’s success is an issue of debate. A report prepared for the Commission by Alvarez & Marsal (2014) and Adam Smith International offers a positive assessment, noting that those interviewed considered that changes could not have happened without the support of TFGR, given the limited administrative capacity in Greece. (See also the Task Force’s own quarterly reports at http://ec.europa.eu/about/taskforce-greece/reports/index_en.htm.)

However, others feel that change has been limited (Featherstone, 2015), and discussions on the ground seem to confirm this. The challenge here is that TFGR had neither the mandate to be a real change manager and catalyst in the process, nor the skills to engage in such a massive reform process – such as the ability to transcend language barriers (see Alvarez & Marsal, 2014). TFGR was composed of bureaucrats, not change managers. Crucially, change management, as a process, did not have any ownership, beyond compliance with the requirements of the MoU. Neither TFGR nor the IMF – or, indeed, any other institution – had the capacity, manpower, or skill to drive through this massive transformation process, which in the best of all possible cases would have required sustained attention and effort directed by highly skilled and competent leaders (inside) and advisors (outside). There was no real focus on issues of process, or understanding of the organizational implications of change management (see Kotter, 1996; Fernandez & Rainey, 2006; BCG, 2012).28

Beyond Troika and EU efforts, it is also worth looking at the evolution of controls from the bodies responsible for the monitoring of the state and its employees. Sadly, despite stronger independent bodies, there has been little progress in cracking down on inappropriate behavior. Looking at the Annual Reports of the General Commissioner for Public Administration from 2008 to 2014, we have constructed figures for denouncements, as well as audits in major categories. Figure 21 shows some increase in controls, mostly in “Financial Administration” (ie, issues with mismanagement of public finances), but still only reaching 1,565 cases at peak.

28 To provide a point for reflection, the advisors on administrative redesign for Greece were a small team of French officials – perhaps unexpected, as France has an administration that is plagued by similar problems to those Greece has faced, and whose reform processes had been patchy at best (see Rouban, 2008). This could be contrasted with the more radical change programs in the UK or the Netherlands.
Figure 22 shows the more disconcerting figures for complaints to the Body of Inspectors of Public Administration (BIPA) and cases checked over a similar period. While denouncements increased, the actual number of cases checked fell, and the ratio of cases checked when denounced significantly worsened. This may be the joint effect of fewer resources and a lack of real drive to control. Only the Labor Inspectorate Unit increased its controls and fines, but with a total of 14,069 sanctions and fines of €43.1M, this represents a very small amount, given the widespread shadow labor market in Greece. Together, these figures suggest little change in terms of tightening up controls. They are also consistent with the disappointing figures from the Ministry of Finance, which show potential tax-fraud cases skyrocketing: over 377,000 cases were eligible for closer scrutiny in 2011 (see http://www.webcitation.org/6HfWwq87N), but have not yet been examined due to a lack of resources, focus, and skill. Given the public pronouncements on combatting tax evasion and improving the administration, such evidence is alarming.

Figure 22: Denouncements and cases checked by the Body of Inspectors of Public Administration
All in all, it is clear that during the crisis, there was limited push for real reform, and that the crackdown on inappropriate behaviour was limited, despite expectations to the contrary. This leads us to consider the real upstream drivers of this lax performance by Greek authorities, and the inability of the creditors, the Troika, and TFGR to usher in change.
6 From proximate to deeper causes: getting to the “why” of the Greek administrative malaise

In many respects, the story of the Greek public administration is a textbook case of organizational pathology: a co-dependent ecosystem of powerful vested interests determined to preserve a deteriorating equilibrium. While causes and symptoms often overlap, there are a few clear attributes that seem to be at the root of the malaise.

6.1 The historical context: The political economy of the failures in Greek public administration

First, an aggressive expansionary policy, associated with a rapid increase in public debt, and a wholesale replacement of senior public servants with party officials (a practice that has continued unabated) allowed Greek governments from the 1980s onwards to use public appointments as a means of political control. Once this trend had been cemented by PASOK, most other governments followed suit. The few brief exceptions were mostly forced by near-bankruptcy, a more moderate fiscal view (e.g., 1991–93), or the prospect of joining the Euro (1996–2000).

The boom years saw Greece increasing its indebtedness and allowing its public administration to decline even further, as tax evasion increased and layers of additional cost were added to an already inefficient state apparatus. The ready availability of funding, especially following Euro entry, allowed the state to throw money at the administration’s problems instead of trying to solve them.

Early warning signals of financial and operational shortcomings were ignored by all concerned. The political system relied on the electorate for support, in return for jobs and favors; politicians and administrators operated within a political economy of vested interests; and public- and private-sector actors benefitted from state largesse, lack of transparency, and limited competition. The power bestowed by political connections to navigate an inefficient bureaucracy suited both politicians and the businesspeople associated with them – as well as other rent-seeking groups, including unions, which secured remarkable privileges for their members. State inefficiency, in other words, became part and parcel of a system that enabled economic and structural inefficiency to grow. Nobody needed or wanted objective measures;
rewards flowed to those who could “work the system” (Featherstone & Papadimitriou, 2008; IMF, 2010).²⁹

The challenge is, of course, that the existing system had clear beneficiaries. Whether in the public sector, the political or media system, or the private sector, substantial rent-seeking had combined with inertia – a natural process in any system, especially if it is large and complicated. Rent-seeking wasn’t the preserve of wily entrepreneurs or corrupt officials; it became institutionalized, such that all groups sought special rights and protections. The problem affected everyone, from unions (such as PPC) gaining astonishing benefits for their members, and professional groups such as lawyers and pharmacists being sheltered from competition, to industries such as transport and haulage, where protection and complexity became normalized.

Even when the system started crumbling under its own weight, collective inefficiencies were not enough to drive change. In the words of Niccolo Machiavelli, “it must be remembered that there is nothing more difficult to plan, more doubtful of success, nor more dangerous to manage, than the creation of a new system. For the initiator has the enmity of all who would profit by the preservation of the old institutions and merely lukewarm defenders in those who would gain by the new ones” (Machiavelli, 1532).

Those within the system see objective criteria as threats to their power, while the outside beneficiaries of the system (procurers to the state, or other beneficiaries of state largesse and protectionism) have even more to lose from greater transparency. Regrettably, those who

²⁹ The root of this malaise goes back in history. Kostis (2013), going back to function of Greece as a province of the Ottoman empire in the 18th century, explains the pathologies of the political economy still evident today. He provides a damning account of the cycles of indebtedness, irresponsible management, hesitant reform after its independence in 1821. Common themes from his work include the reliance on “foreign powers”, problematic political leadership, rent-seeking and opportunism. To balance this important historical background, it may be worth pointing out the aggregate growth of Greece, which moved from abject poverty into one of the world’s richer countries, and acknowledge that several of the issues pointed out as uniquely Greek features are an unfortunate part and parcel of any organized society. Kalyvas (2015) provides a somewhat more optimistic, if sanguine account of Greece’s triumphs and disasters, and the role of entrenched political economies. The arduous and hesitant progress of the reform agenda in Greece also comes out from the collected essays in Kalyvas, Pagoulatos & Tsoukas (2013), which focus on more recent history, and show why reforms, post crisis, were met with such enmity. Doxiadis (2013) provides an example of more recent structural problems led to today’s financial mess, focusing on business structures. Pappas (2015), taking a political science angle, describes how the military dictatorship of 1976-1974 set the grounds for the growth of populism, and how populism grew into a stranglehold. It is useful to keep in mind, though, that this shift started having a real impact to the economy when political parties institutionalized their role as providers of employment via positions in the civil service or brokers for deals and protection to a host of special interests, especially from the 1980’s to the 1990’s, then in the mid-1990’s, and then after Greece joined the Euro.
would benefit from change have interests that are simply too loose and diffuse to react with equal vigor. The lack of understanding, the lack of true willingness to engage, and the limited progress on reforms documented in the previous section complete this depressing picture.

This downward spiral was further accentuated by the political process, and by the role of the media. In public discussions, it is remarkable how rarely one hears of evaluating a minister’s tenure using metrics in their area of competence. Without clear metrics to be evaluated by (e.g., waiting time for operations; learning outcomes for education; crime statistics per area; efficiency of public-resource usage), politicians have no reason to press for efficiency in the state apparatus, as it is not their primary target. They have focused instead on media appearances, public pronouncements (as opposed to saying whether their previous pronouncements have been followed through), and finding ways of rewarding loyal party clientele and their own political apparatus. Without a change in the criteria and data by which politicians are evaluated, it would be absurd to expect them to change this system.

Given media ownership by major contractors – part of the system known as *diaploki* (intertwining of the private and public sector) – it is not surprising that Greece has no tradition of investigative journalism, and that the Greek media are deafeningly silent in terms of quantifying and assessing the efficiency of government. By focusing on short-term stories, they deprive their audiences of the evidence and data needed to hold power to account. This has facilitated the survival and resilience of political parties in what is, in essence, a statist economy, with very inefficient centralized economic control. It is remarkable that there has been such scant coverage from the press – and even less from TV and radio channels – of the astonishing and often ghastly evidence that emerges from the MoU progress reports. Rather than unearthing the underlying problems, the media have focused on the ephemera and micropolitical tensions of those “for” and “against” the memorandum. This obfuscates what is really happening on the ground, and sustains abstract, vacuous, and frequently hypocritical discussions on “the politics of the memorandum,” neoliberalism, or the “attack from market extremists.”

30 It is interesting to note that in September 2015, ahead of the elections, one of the biggest investors in Greek Government Debt, Japonica Partners, mounted a campaign in the Greek and international press asking for better accounting, measurable success, a focus on metrics, and a turnaround mentality for the (new) Greek Finance Minister. There is much truth to the claims of backwardness in Greek state financial information, lack of measurable KPIs and
6.2 Inertia and the difficulty of change

The Greek woes, however, are not only due to the unhealthy political economy that has coalesced around these public-sector inefficiencies and the rent-seeking opportunities they provide. In the Greek public administration, the status quo is preserved by the interaction of inertia, routines, habits, and culture (March & Simon, 1958; Olsen, 2006).

The substantial inertia in the administration has gifted an alibi to those implicated – and cultivated the widespread popular view of an irrevocably broken system that can never change. However, such unconditional defeatism belies the possibility of progress. The example of KEP (described in Section 5) gives cause for optimism, and the implementation of the TAXIS system, which allows for online tax submission, has been a boon to both individuals and businesses. Also, for all of their shortcomings, several initiatives over the last few years have managed to improve the way the state operates (Featherstone, 2015; Alvarez & Marsal, 2014). Moreover, history suggests that even highly inert systems can change – provided we take the sources of inertia seriously, and address them systematically (see Fernandez & Rainey, 2006), which is precisely the area of concern in Greece. It is worth emphasizing that there has been precious little effort to understand organizational issues, whether by Greece’s politicians or its creditors. That said, there has been growing interest in rethinking the structure of the administration (e.g. Jacobides, Portes, & Vayanos, 2011).

This potential for change, though, seems consistently belied by strong forces working against it. The root causes of the administration’s problems are both structural and evolutionary. Its structure provides the wrong incentives, hampers well-meaning agents, and channels energies in inefficient ways. The issues are rooted in a longstanding and resilient heritage of formalism, and a battery of processes and routines that can only change gradually. The structure determines what is rewarded – often inefficiency – and what is disregarded, and shapes the administration’s evolutionary trajectory and dynamics. Worse, this system is often poorly understood by outsiders, and deliberately misrepresented by insiders who want to preserve it. To change it, piecemeal interventions or fiscal policies alone will prove woefully inadequate.

outputs, and the lack of transparency, and also on the very limited progress (MoU notwithstanding) on turning the administration around. See www.mostimportantreform.info for background and some recommended “tools.”
What is needed is a systematic, holistic rethink – not only of where we want to go, but how we get there from where we are today.

### 6.3 The lack of a real reform agenda and change management

Summarizing the literature and the evidence on successful public-sector change, Fernandez & Rainey (2006) identify eight factors that drive successful public sector change: ensuring the need; providing a plan; building internal support for change and overcoming organizational resistance; ensuring top management support and commitment; building external support; providing resources; institutionalizing change; and pursuing comprehensive change. It is remarkable that in the case of Greece, other than the establishment of a clear need and endless lip service paid to the idea of reform, almost none of these steps has been taken seriously. Even in the most recent reform efforts, and despite a context of the largest bailout in global history, there was practically no capacity, scant resources (if any), and almost no process management. Unless and until both Greece and, currently, its creditors decide to take this process seriously, and get down to designing a proper change management program, with a keen understanding of the political economy within the administration and across society, and until they endow it with resources and leadership, and incentives to change, little will change in the Greek economy and polity. Conversely, there is a huge potential upside from reorganizing the administration and from changing the way the state interacts with citizens and with businesses. The task is not impossible, and we can surely learn from both successes and failures of similar large-scale change, including in Central Europe, or, more recently, in the Baltics (Estonia: OECD (2011c), Latvia: World Bank (2013), World Bank (2006)). It is encouraging that some of the investors in Greek government debt are starting to push for these reforms, highlighting the turnaround angle (www.mostimportantreform.info).

As we consider how to improve the process and ownership of the change agenda, we must also think carefully about the conditionalities of the massive current loan arrangement, which are a powerful tool for the Greek public administration over the next few years. They should provide not just a stick, but also a carrot that will motivate the country to improve (Drazen, 2002). In doing so, capacity support and focused resources are absolutely essential: From combating tax evasion to improving the monitoring of the public sector; from the use of IT to changes in business processes and organizational structure; there is ample room for helping improve the Greek administration, state, and economy, and to address all three points of the “tragic trident” that has punctured Greece’s productive potential, sending it into an entirely avoidable tailspin.
7 Priorities looking ahead

This is a challenging time for governments and public administrations the world over. Social, demographic, economic, and technological changes are transforming our expectations of what a state should provide, and how it should be structured (e.g. WEF, 2014). In this context, Greece’s antiquated, inefficient state, which has severely restrained its economy and reduced its citizens’ quality of life, appears truly remarkable. Clearly, there is a lot to do, and much that should have been done already.

That said, there is reason to believe that this crisis would not be fully wasted. The scale and root causes of the problem are much better understood now than they were a few years ago. Moreover, the political process in Greece has run its course; the final set of promises to maintain the status quo was quashed when the SYRIZA/ANEL government signed the MoU in August 2015, agreeing to transform both the country’s economy and its administration. New technologies and the possibility of a massive Business Process Redesign could help the Greek state rationalize its structure while taking advantage of the opportunities offered by IT,31 if only government were bold enough to address not only the symptoms of its decline, but also its underlying causes. Of course, against this promise lies the deeply entrenched political economy in the public and private sector, and, crucially, in the political class. What can be done to help tilt the balance in favor of reform?

7.1 Redesign performance measures and incentives for and in the administration

The most obvious area for improvement is measures of performance and corresponding incentives in the public sector. First, a reform-minded movement must make sure that it provides both a stick and a carrot, in terms of the way that individuals (within units), units (within organizations), and organizations (within the state apparatus) perform. While a few tentative steps have been made, we are very far from having even a rudimentary evaluation of effectiveness at each level. As a result, good performance is not adequately recognized – not

31 The use of IT in the Greek state has sadly been as inefficient as the state itself, as Karkatsoulis & Stefopoulou (2015) explain in this volume, with many IT expenditures focused on hardware with minimal leverage and interoperability, let alone a focus on business transformation or reform.
even symbolically. It is important to stress that an appropriate measurement system can exert a positive influence even if it is only loosely linked to compensation; a broad connection between output achieved and career progression, as well as the symbolic impact of recognizing good performance, can have significant effects – even in the absence of direct pecuniary rewards (Perry et al, 2006).

Second, it is important to consider the incentives in place, and the perverse outcomes that they generate. In this regard, disciplinary procedures towards civil servants appear deeply flawed, and even some of the recent changes are misdirected. The problem is that real malfeasance (embezzlement, gross negligence, etc), is written off by statute after an excessively short period of time, and that the legal process for investigating malfeasance renders its punishment inefficient. Unfortunately, rather than improving the policing of inappropriate behavior, extending the statutes of limitation, and speeding up the process or shortening the time for appeals, the emphasis has instead been on cracking down on even the most minor transgressions; that is, the proportionality between the punishment and the crime has been removed (Stavropoulos, 2015), while the process remains problematic. Such ostensible “toughening up” can seriously backfire, since it opens up the possibility of conscientious civil servants being open to abusive claims and lawsuits from those whose interests are threatened.

A balance must be struck. It is important to be tough on abusive behavior by civil servants, and get better at going after those who benefit from it. At the same time, however, it is also important to protect those who are making difficult judgment calls on behalf of the state. The current system, which makes no allowance for performance management, and looks at legal formalism as opposed to substance, perversely favors obstruction and inaction over initiative: civil servants can suffer severe repercussions (including criminal ones) if their handling of a case is deemed to have harmed the state's interests, but almost no penalty if they burden citizens, businesses, and other departments with heaps of onerous bureaucracy. For example, it is common practice for the administration to appeal all legal cases (even hopeless ones) to the highest level, in order to avoid the risk of getting accused of mishandling the state's interests. Similarly, and for the same reasons, prosecutors send all cases to trial (even ones with no merit), increasing the burden for the litigants and the legal system. Changing the upsides and downsides of actions by civil servants will allow them to be much more effective, and may promote bottom-up innovation.

In designing incentive systems, the devil will be in the detail, but it is clear that performance KPIs need to be aggressively pursued, while at the same time considering how to both protect
and audit civil servants as substantively as possible. The abuse of lawsuits in Greece, and the intimidation by threat of lawsuit of those trying to perform their duties, should be taken seriously.

More daringly, perhaps, there is a need to challenge taboos including life employment for public servants; such practices, originally intended to protect civil servants from political interference, could be substituted by a greater reliance on the outcome that leaders in the administration are able to achieve.

7.2 Impose transparency and use the power of crowdsourcing

The best defense against abusive lawsuits, inefficient incentives, and people taking advantage of the system is transparency. The growth of Di@vgeia was a crucial development in this respect; it has already been built on, and should be developed further. The recent availability of data, and the creation of repositories such as publicspending.gr, can help expose inappropriate practices, and also identify areas of weakness or strength in the state apparatus. It would also be very helpful for a culture of investigative journalism to take root in Greece, especially in terms of probing the links between politicians, entrepreneurs, and the state, on the basis of the increasingly available data.

To ensure that the administration focuses on outputs, it is crucial to ensure that whatever KPIs are chosen for each part of the government are made public. They should be visible to all, through a mandatory platform analogous to Di@vgeia, and exist at the level of the unit, the agency, and the ministry, so that each public official, whether appointed or elected, can be assessed on the progress made in their area of responsibility in real time. If Ministries reported the aggregate evolution of metrics in their own areas, so that there can be a focus on how effective ministers and politicians are in terms of their progress, significant change of behavior could ensue. Ministerial and governmental pronouncements and pledges should also be tracked, and their realization checked with data – either centrally, or through collaborative media (such as a wiki for public work). This will allow promises to be followed up, and public spending analyzed. As we design the reform process, it is crucial to think about how to co-opt politicians, or make it difficult for those who are part of the old system to remain undetected. This requires engagement with the press and, more plausibly, social pressure and the use of social media.

The effort to push for greater accountability and control (of the administration and politicians alike) will depend on the availability of data. The law passed on 31/12/2014 on making government data public by default (unless there is a reason it should remain private) was a
welcome development, provided it does not perish in practice through implementation failure, as has happened in the past. This should be strengthened further, along with the Di@vgeia project, to help scrutinize the operation of the administration. It is important to help groups such as publicspending.gr, transparency.gr, and other bottom-up initiatives aimed at fighting corruption, since they appear to be struggling, or retreating from their original goals.  

Finally, transparency should be used to strengthen the leadership of the administration. The recent government appears to be relapsing into old practices of appointing close political allies throughout the administration, which can undermine credibility and morale while reducing operational abilities in critical parts of the state apparatus. The recent record of the Greek government appears appalling in this regard, and it is entirely possible that the administration, and, sadly, the country may collapse as a result of its administrative inefficiency and managerial incompetence. It is crucial to end such practices and focus instead on the expansion of open recruitment platforms such as opengov.gov.gr, where all major public-sector posts should be advertised.

With transparency and accountability should also come a change in the compensation structure, where we may want to accept targeted increases, with salary for top posts made commensurate with skill and responsibility – provided the information and rationale are also made public. Focusing on meritocracy is absolutely crucial, and openness should complement it. Greece could take a leaf out of the City of Chicago’s book, which publishes the compensation details of every employee or contractor, to ensure transparency and fairness. Selection processes should be more transparent; candidates’ CVs must be public; and we should invite executives from the private sector to help staff the administration, potentially on shorter contracts.

32 It is sobering to see that such efforts, e.g. publicspending.gr, aimed at analyzing the use of public funds, have been shunned by the system. Publicspending.gr was denied access to the servers of the Athens Technical University, and had to resort to being hosted outside Greece. As for http://www.transparency.gr/diafaneiatora/ (an initiative that included a hotline to denounce bribes in Greece, aimed at both creating social pressure and potentially raising complaints), it appears to have been “successfully completed,” according to the latest website announcement (accessed on 19/9/2015.) This seems rather ironic given the scope and depth of these problems. Rather than limiting such initiatives’ scope and funding, we should instead try to support them as much as possible, engaging citizens in the work of monitoring government progress.
7.3 Redesign organizational structure and business processes

In addition to redesigning KPIs, measures, and incentives at the individual level, there is a great opportunity to drastically rework inefficient, antiquated, formalistic procedures, which protect those who are inefficient or even corrupt, with the help of automation, information provision, and a rational business process redesign. There is great scope for improving operational efficiency – though we must measure it both before and afterwards, and share our findings too.

Likewise, there is huge potential in rethinking the basic principles of organization design and HR development. Given the massive inefficiencies and inherent problems in hierarchical organizations, we may want to start by addressing the issues of the centralized control of the state over its ministries and agencies. One could, for instance, give secretary-generals in each ministry the authority to organize their own units as they deem appropriate, rather than needing a Presidential Decree to do so. Senior managers should also be given tools to identify, select, promote, and motivate civil servants. This additional freedom should be combined with accountability in terms of outcomes, and longer contracts for senior positions, through a reactivation of the Rangousis law.

It is important to dispense with long-held practices that are clearly outdated. It is time to throw out “competencies” and bring in outcomes, and become more flexible in procurement, especially with regard to IT. Public spending should be revisited from a radical perspective, looking at return on investment – for example, by resourcing more areas within the Finance Ministry where skills and capital are needed, but deployments could easily pay for themselves within weeks.

More innovative practices could be a concrete tool for forcing organizational adjustment. They might include the potential centralization of back-office processing at different hospitals or local authorities, or other shared services that could be developed throughout the state apparatus. The potential gains from the thoughtful, flexible, and strategic application of IT (as opposed to blind faith in white-elephant mega-projects that are expected to resolve all public needs) can be bundled with organizational and process redesign as part and parcel of the change process.

Success will come more easily once it framed as an opportunity for the civil service, and not just a threat. One should be cognizant of deteriorating pay and conditions, the public discontent with civil servants, and the challenging conditions faced in the administration as we seek not only to curtail poor behavior but also to promote, motivate, excite, and engage those in the service who have the appetite and skill to produce. To do so, innovative practices must be fostered and it is
important to rethink the relationship between the private sector, the public sector, and civic society, as the RedesignGreece initiative showed was possible.\textsuperscript{33}

\section*{7.4 Focus on change management and ownership of the transformation process}

Last, but surely not least, it is critical to build a clear, compelling, and unifying narrative with the power to induce buy-in, highlight benefits, and guide the process of change. This massive change-management process cannot be driven by top-down pressure alone; it also depends on bottom-up support. To do so, the challenge must be seen from the perspectives of all stakeholders, and the challenge will be to find ways to motivate and coerce them. Continuity should also be promoted in government policies: Currently, civil servants view all change initiatives with a deep mistrust tempered with stoicism – since they know full well that in a few months another government will impose yet another set of changes.

As with any program of organizational transformation and change, strong leadership is essential. A few key, determined change agents will need to be identified and empowered. Such strong leaders would ideally have turnaround experience, with an understanding of how to manage complex organizations. They may need to be professionally established, or outside the day-to-day political fray, and as such able to take risks without fearing reprisals. They should create their own teams, where discretion will have to be irrevocably linked to medium-term results.

More generally, strong emphasis should be placed on managing the process of change. One of the key difficulties in Greece is that there has been almost no attention, skill, or resources

\textsuperscript{33} RedesignGreece was an initiative put together by faculty, students, and alumni of London Business School. It obtained the approval of the MAREG in September 2013 (although, like many other initiatives, became mired in implementation). It comprised a phase of “award stipulation,” with key ministries identifying areas where they would invite submissions for operational improvements or innovative ideas, and an evaluation phase, where an international panel of judges (not beholden to the local pressures within the administration) would identify the front-runners. Then the selected teams would receive support (including \textit{pro bono} assistance from top business schools, consultancies, and organizations) to improve their proposals, and the winning teams would both receive compensation from fundraising and crowdfunding, and be supported in implementing their plans. This would facilitate capacity building, the bypassing of inefficient structures, better public/private collaboration, and recognition of top civil-service talent. The plan was for the initiative to be complemented by a media campaign and a set of TEDx-style presentations, to improve the perception of the administration and create buy-in for the change process. See LBS (2013).
dedicated to change management. This needs to change if we are to have any hope of a strong outcome, and the conditionalities of the loan agreement should reflect this. Success will also require adequate financial resources and expertise, both inside and outside Greece, to be secured, in order to make change happen.

As we look at managing the change process, it is critical to learn from both international and domestic experience – both failures and successes. We need to engage those outside the administration in this process, but also build institutional capacity to absorb knowledge, and use it – as opposed to letting ideas float by. The fate of Greece rests on the efficiency of its implementation.

7.5 Reform the political process through social media and press

For any of these changes to take hold, however, political will must exist. The lack of meritocracy and transparency is not coincidental. It has served mediocre, oftentimes inefficient, and sometimes corrupt politicians that have been all too happy to wield their influence, and political parties that have been keen to keep their status. The new brooms on Greece's political scene – SYRIZA, and their partners ANEL – have proven to be even more politically old-school than their predecessors. The government's political rhetoric of October 2015 is dramatically different even from that of a few months ago – a frequent occurrence for Greek opposition parties, who perform a hasty volte-face when confronted with the harsh realities of government. Yet the appointment of party hacks to crucial administrative posts, the effort of the party to control the state, and the effort of the state to control the economy and the media are remarkable. Despite external pressure, progress at the structural level is limited, and in many fronts there has been a return to the most sinful practices of the 1980's- especially on education.

Without a change of tack from the politicians, it would be unreasonable to expect serious change in the administration. What can we expect? First, hope for some luck. The contrasting impact of different MAREG ministers demonstrates the role that personalities play in shaping the process: The progress between July 2013 and December 2014 contrasts sharply with the disastrous policies of January to July 2015, and the relatively sensible steps after September 2015. Second, one might hope that politicians will understand, before it is too late, that their own incentives have changed. They can no longer keep promises and grant favors. Moreover, they run the very real risk of being accused of presiding over an economic and civil collapse, which might motivate some action. But this will not happen without a keener understanding, monitoring, and evaluation of what politicians do. Inasmuch as politicians become truly accountable, via better
press coverage and social media, for the performance of their units or areas of responsibility, little will change. Sadly there is currently little curiosity about what politicians actually achieve, and much coverage of their “image.” This is where media, including social media, could play a transformative role. As it is unlikely that the established press will change its ways and disrupt the equilibrium that has supported it, we can only hope that the new-found availability of data and the emergence of groups willing to process it, in combination with the crisis, may change the way Greeks view their politicians. In that regard, reshaping the discourse and pushing on evidence is our best hope to help restore Greece's public administration, economy, and, ultimately, polity.

7.6. **Coda: Is any of this feasible?**

Given the sad story of the public administration so far, the question naturally arises: Is any of this feasible? Or is it just a litany of wishes that is doomed, like many others before it, never to see the light of day?

The answer has to be qualified. On the one hand, we face a powerful pre-history and an even stronger political economy, bolstered by entrenched routines and limited skills, that suggest little will change. On the other hand, the political economy that bred this monstrously inefficient system has collapsed. The platform, quite plainly, is on fire. Greece has entered a vicious circle of contraction, increased state involvement, and problem accumulation, which has left the politicians unable to promise jobs to their fans, contracts to their supporters, or even privileges to themselves. Yet poverty and scarcity alone are neither sufficient, nor indeed necessary, antecedents of such a major change.

The recent MoU, for all its shortcomings, may be useful in this regard. As creditors become more keenly aware of the importance of reforming of the administration, so the external pressure to change grows. While the track record of the Troika has been mixed at best, the existence of an outside imperative for change can provide an important push. This will only be effective, though, when political leadership emerges that dares to address the challenge. To succeed, Greece needs communicators who can state the problem clearly and simply; a new grass-roots movement willing to clash with the establishment; a realization among at least part of the business, political, and administrative elite that catastrophe is nigh, if Greece does not change; and strong leadership by a new type of politician. It will also need a small, dedicated team, motivated by the desire to change the country.
If this sounds overly idealist, it may be worth looking at the unexpected growth of entrepreneurial ventures throughout Greece, indicating the gradual transformation of a sleepy economy. Of course, change will not be easy; the current crisis is the reflection of deeper societal and moral problems, which coevolved with this inefficient system, and change needs to be pervasive (Doxiadis, 2013; Kalyvas et al, 2013; Kostis, 2013; Pappas, 2015). The old will coexist uncomfortably with the new, and nothing short of a cultural clash is needed to restore the administration, and the country. Greece has seen a number of cycles of growth and institutional failure (Kalyvas, 2015). Yet, daunting as these prospects are, change can happen. We are now at a low point, but turnaround is possible, however unlikely it might seem. Provided, that is, that we start with a solid understanding of causes, symptoms, and tools for change.
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