

# Debt crisis-infused political resistance in Greece<sup>1</sup>

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## Abstract

Adoption of the austerity measures had a profound effect on the socio-political landscape of Greece. Cuts in public spending impacted heavily on basic areas of public policy, like pension schemes and healthcare. Unemployment and poverty levels rose significantly and public outrage towards the government was expressed through mass demonstrations and crippling nation-wide strikes. The tumultuous state of Greek society has been reflected on the voting behaviour and the election results since 2010. The post-memorandum political setting in Greece has been characterised by three main developments: the serious blow to the Metapolitefsi system, which saw the severe weakening of the dominant parties, PASOK and ND; the creation of several parties which attempted to fill the vacuum created by the shrinking of PASOK and ND; and the rise of left wing SYRIZA and the neo-Nazi party of Golden Dawn. The main driver stipulating change has been the widespread sentiment that the voters' interests are not represented any longer by the current parties. This paper looks to find answers as to how and why confidence in the political system has been gradually lost over the span of more than a decade, from joining the Eurozone to adopting austerity measures, by considering the links between ill functioning institutions and regulations of the Greek state and improper application of the Maastricht criteria.

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## **Introduction**

The present paper examines the debt crisis infused political resistance in Greece after the adoption of the economic adjustment programmes. It analyses the inherent problems of the Greek state that led to the vulnerability of the country to the financial crisis and the demise of the Greek economy. Initially a discussion is conducted to present the inherent deficiencies of the Greek state and the bottlenecks that have led to the three-fold crisis that Greece was faced with, as well as, the inefficient control on the part of the European Commission and the EMU over countries like Greece with essential institutional deficits. In the second section there is analysis of the socio political crisis related to the debt crisis and the adoption of the austerity measures. Finally conclusions provide an overview of the main points discussed in the study.

## **The Inherent Predicaments of the Greek State**

The Greek state has a long history of inefficient public governance which starts immediately after the fight for the independence of Greece back in 1821. Different forms of corruption such as nepotism, favouritism and clientelism arose immediately after the independence of the country from the Ottoman Empire as the newly founded Greek state was in the midst of conflicts among the members of the opposition movement over acquiring control of the country. As has been noted in the existing literature, despite the fact that the Greek government has been interventionist in the domestic economic operations it also appears to be very inefficient and highly incapable of performing structural reforms without carefully weighing the political cost which would be associated with radical restructuring efforts (Featherstone, 2011; Spanou, 1996; Sotiropoulos, 1993).

All governments have been faced and have been nurturing throughout the years all the malpractices that have led Greece to the situation that it faces today. Tax evasion has been a plague for many Greek governments which cannot collect the adequate money to fund government spending. At the same time though, no Greek government has made a proper and complete effort to create a tax system that would be both effective and that people would accept as functional and equitable. No efforts have also been made to create a properly functioning tax collection mechanism that would face tax evasion.

Corruption has continued to play a significant role and it has also increased in size with the known form of clientelism and favouritism playing the more significant role in the economy. As reported by Featherstone (2011) and Transparency International (2010) Greece is in the worst position in terms of corruption compared to the other South European countries of the EU.

Public finances were mostly targeted towards preserving an inefficient public sector and they were not targeted and channelled towards infrastructure and other growth operations. The Athens Olympic Games is a prominent example of how funds spent in good use have not been capitalized further. Despite the fact that the country managed to pull through the successful organisation of the Games the vast majority of the infrastructure created for the Olympic Games perished without the state gaining nothing from further utilization of already created and state-of-the-art infrastructure.

As has been stressed by Featherstone (2011) based on Crozier (1964) the Greek case can be characterized as *une société bloquée*. The above inconsistencies in the functioning of the

government have created significant bottlenecks in the proper application of governmental policies. Moreover, and linking government with the proper operation of institutions, many studies have acknowledged the importance of institutions and regulations in the proper functioning of economic systems (Philippopoulos, 2013; Algan and Cahuc, 2010). These have the potential to increase entrepreneurship and innovation and most importantly the absorptive capacity of the domestic economy to inflows of foreign direct investment (FDI) (Gkasis et al., 2013; Desli et.al, 2012).

### **The Way to the Crisis**

There is an ongoing debate in the literature, which is associated with the issues of the Greek crisis, and it is mainly revolving around the binary of ill-functioning institutions and regulations of the Greek state, and improper application of the Maastricht Treaty terms (Featherstone, 2011). Turning to the second it would be useful to identify who bears the greater responsibility for the situation and how this evolved in Greece. To begin with, it is obvious that as identified by Featherstone (2011) there has been an obvious 'moral hazard' issue in the case of Greece which being in the safe harbour of the EMU led many Greek governments to be hesitant and unwilling to proceed with important and much needed structural reforms afraid of the political cost. The recession that the global economy entered after the collapse of Lehman Brothers and the choice of the US government not to intervene (at least in the beginning), which proved a lot more costlier afterwards, also played a significant role in the worsening and deepening of the Greek debt crisis (Rogers and Vasilopoulou 2012)

At the same time, the EMU and the European Commission failed to exert a proper level of monitoring and control over cases of states such as Greece, Spain, Portugal, Italy, Cyprus, and Ireland who had moved away from the Maastricht criteria and had loosened their fiscal policies. According to Featherstone (2011) the outbreak of the crises saw the EMU unable to respond to such a dire turn of events which could be also attributed to the lax and sluggishness of the bureaucratic form of the European Union.

There is an important question that comes up and has to do with the issue of why the European countries, especially those of Northern Europe which have performed in great discipline, should contribute to the bail out of Greece. The answer is somewhat obvious and has to do with the degree of exposure that financial institutions originating from these countries face. In a study conducted by Buiter and Rahbari (2010) having used data from the Bank for International Settlements, Eurozone countries' banks had significant degrees of exposure to Greece at the end of September 2009. According to Rogers and Vasilopoulou, (2012) this is "...US\$272.4bn' out of a total of US\$298.3 billion Greek liabilities. ...German banks were carrying 7.9 billion€ of Greek debt, of which 2.9 billion€ of exposure was held by Commerz Bank alone. For France, the total figure was 9.3 billion€, with BNP Paribas carrying 5 billions€ of exposure." This gives an accurate picture of why European states saw their participation in the Greek bail-out programme as imperative in the outbreak of the crisis. Additionally, the ECB was holding a large part of the Greek debt which also nurtured significantly the fear of contagion inside the EMU and the EU.

Following the significant degree of exposure of many European banks to Greece the issue of contagion was high in the agenda as many countries feared that a possible default of the Greek economy without their banking sectors being fully prepared could have devastating effects

for their financial sector. According to Mink and de Haan (2013) though, who have studied the issue of contagion of the Greek debt crisis trying to identify which banks were more exposed to contagion, it was mostly Greek banks that would face severe difficulties in case of a default since they were more interrelated with the domestic economy.

In the initial stages of the crisis the fear of contagion led to the first attempt to bail-out Greece and the decision that was made was to lead the Greek government towards an internal devaluation process that would make the Greek economy better able to compete with other peripheral economies of the world since the Greek economy was considered to be significantly overvalued. The latter point is not exactly correct though, since another similar case have been the countries of South-East Asia (also known as Asian Tigers) whose economies were also overvalued in the 1980s and 1990s due to the increased FDI inflows that they appeared to have as a result of targeted policies towards the attraction of these investments. These economies were also overvalued gradually but the outcome was not a forceful devaluation of their economy but a shift in the type of FDI inflows which instead of being labour-seeking became efficiency-seeking therefore paid at a higher value. Therefore, what is evident is that in the case of Greece it was more an issue of the structural deficiencies of the Greek institutions, laws and regulations around the business and economic operations rather than an overvalued economy that was not competitive. There was of course also the issue of Greece trying to fight these inefficiencies which did not happen in a proper fashion, while at the same time Europe along with Greece was lax in keeping up with the Maastricht criteria.

### **Backlash on the Current Socio-Political System**

As mentioned before, one of the main factors hindering the adoption of the measures necessary for the restructuring of the Greek economy has been the political cost and the backlash on the Greek society; a risk no government was willing to take (Featherstone, 2011; Spanou, 1996; Smaghi 2014). Thus, when the austerity measures, were in many ways, forced upon Greek society in a sudden manner, the socio-political setting of Greece was affected profoundly. The cuts in public spending impacted heavily on basic areas of public policy, like pension schemes and healthcare. Unemployment and poverty levels rose significantly and public outrage towards the government was expressed through mass demonstrations and crippling nation-wide strikes.

The social unrest linked to the Greek debt crisis took place in the background of the 2008-2010 social upheaval prompted by the shooting of a 15-year-old youth by a police officer on December 6 2008. His death triggered large protests and demonstrations which spread to other cities in Greece and abroad and turned into widespread rioting. While the trigger was the shooting incident, the social rioting that followed was perceived to have its roots in the commonly shared feeling of frustration, especially among the youth about the economic problems of the country, the high unemployment rates and the widespread corruption of the Greek state.

Further cuts in public spending prompted more demonstrations and strikes between 2010 and 2012 in order to comply with the austerity measures in accordance with the memorandum. On March 5 2010 the Parliament passed the cost-cutting Economy Protection Bill and on April 23 2010 the Greek government requested a bailout package by the EU and the International

IMF. The protests that followed were widespread and violent and escalated on May 5 and 6 2010. The memorandum signed between Greece and the IMF/EU became largely unpopular in Greece. Unemployment rates increased dramatically and serious talk on the Greek exit (Grexit) from the European Monetary Union (EMU) began.

The tumultuous state of Greek society has been reflected on the voting behaviour and the results of the elections since 2010. The post-memorandum political landscape in Greece has been characterised by three main developments: the serious blow to the Metapolitefsi system<sup>2</sup> after the adoption of the austerity measures, which saw the severe weakening of the dominant parties, PASOK and ND; the creation of several parties which attempted to fill the vacuum created by the shrinking of PASOK and ND; and the rise of left wing SYRIZA and the neo-Nazi party of Golden Dawn. The main driver stipulating change has been the widespread sentiment that the voters' interests, both individually and collectively, i.e. as in the sense of the Greek people as a whole, are not represented anymore by the current parties.

The May 2012 general elections were the first Parliamentary elections conducted after the Greek debt crisis and the implementation of the first wave of austerity measures. The system of representative democracy in Greece was already in crisis. The government of PASOK resigned in the autumn of 2011 under pressure from public unrest and as of November 2011 until the elections in May 2012, Greece had a non-elected government headed by Lukas Papadimos and supported by PASOK. The move to install a non-elected Prime Minister to head the Greek government shocked public opinion and created the necessity to have legislative elections immediately. Opinion polls conducted during April 2012, just before the May elections, with the opinion poll conducted by Kapa Research (To Vima 2012) for the newspaper 'Ta Nea' being the most frequently referred to, showed three tendencies: the first one was a strong preference towards a coalition government which reached 59%; the second one was the fact that 48.6% of the people felt that they were not being represented by the two dominant parties anymore, and the third one was that 45.2% of the people felt that no leader (kanenas) from the two dominant parties was fit to be the prime minister<sup>3</sup>.

The 2012 elections were unique in the electoral history of Greece in the sense that 42.60% of the respondents felt that they were deciding with their vote whether or not they would support the austerity measures imposed by the memorandum<sup>4</sup>, instead of supporting a

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<sup>2</sup> With the term Metapolitefsi we refer to the political transition which occurred in Greece after the end of the military junta in 1974 towards a system of representative democracy. The Metapolitefsi period has been characterised by the dominance of two parties, the centre-left socialist party (PASOK) and the centre-right neoliberal party New Democracy (ND). The 2012 elections brought about what has been largely regarded as the end of the Metapolitefsi. Despite the fact that the issue of whether or not the Metapolitefsi period has come to a definite end is still debatable, it is incontestable that the system received a serious blow which left PASOK into shambles and ND severely weakened.

<sup>3</sup> The popularity of the answer 'kanenas' for prime minister sparked a series of debates in the media about the degree to which the Greek people was still represented by the established two-party system and by the traditional parties as a whole.

<sup>4</sup> During that period, a dual narrative was created and reproduced around the political parties' electoral identity in favour or against passing harsh austerity measures in order to comply with the terms of the

political party ideology per se (see also Vasilopoulou and Halkiopoulou 2013) About 34.40% of the respondents felt that in the 2012 elections they were deciding with their vote whether or not Greece should stay in the Eurozone. Finally, 77.1% felt that they wanted the government to guarantee that Greece would remain in the Eurozone as opposed to a 13% wishing to return to the pre-euro Greek national currency, the drachma, and a 9.9% which had no opinion.

The Parliamentary elections of May 6 2012 failed to produce a majority government. Traditional political parties received historically low percentages of the vote and were not able to form a majority government. Table 1 below shows the stark difference between the May 2012 election results from the 2009 legislative elections<sup>5</sup>:

**Table 1. Parliamentary Elections Results 2009 and 2012**

| Name of Political Party   | Parliamentary Elections Year 2012 (May) | Parliamentary Elections Year 2009 |
|---------------------------|---|-----------------------------------|
| New Democracy             | 18.85% (1)                              | 33.47 (2)                         |
| SYRIZA                    | 16.78% (2)                              | 4.60% (4)                         |
| PASOK                     | 13.18% (3)                              | 43.92% (1)                        |
| Independent Greeks (ANEL) | 10.61% (4)                              | -----                             |
| The Communist Party (KKE) | 8.48% (5)                               | 7.54% (3)                         |
| Golden Dawn (Hrisi Avgi)  | 6.97% (6)                               | -----                             |
| Democratic Left (DIMAR)   | 6.11% (7)                               | -----                             |

Source: Electoral results figures are taken from the Greek Ministry for the Interior official website

The May 2012 elections demonstrated three tendencies; the growing gap between the traditional parties and their voters; the increase in abstaining from voting; and the unusually high percentage of votes in favour of smaller parties which did not make the 3% threshold in order to gain seats in the Parliament. Both ND and PASOK saw popular support for their parties to shrink dramatically, by around 50% in the case of ND and by about 60% in the case of PASOK. The decrease in popular support for the two dominant parties was in contrast to the support that voters showed for newly founded political parties like centre-left DIMAR and for parties which branded themselves as ‘anti-memorandum’, like SYRIZA and Golden Dawn. The rise of both parties deserves more attention, but for the purposes of this paper it is worth mentioning that left-wing SYRIZA (sometimes labelled as radical left, though this notion is

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memorandum. This pro-memorandum/anti-memorandum dichotomy proved to be decisive in the formation of the electoral result.

<sup>5</sup> These are parties holding seats in the Parliament

highly debatable), after years of receiving very low percentages of the vote, rose up to become the second political power in the Parliament going from 4.60% in 2009 to 16.78% in May 2012. The difference from the winning party of ND was only marginal.

Likewise, the phenomenon of the rise of the extreme-right, with the normally fringe neo-Nazi party Golden Dawn acquiring 6.97% of the votes, indicated the dissatisfaction of the voters towards the traditional two-party system, as well as, their heightened anti-memorandum sentiments<sup>6</sup>.

Finally there was an unusually high percentage of votes going to smaller parties which did not make the 3% threshold of gaining seats in the Parliament. This percentage accounted for the 19.02% of the votes and in combination with the unusually high number of abstaining from voting, which accounted for 35% of the registered voters in Greece, it shows a 54.02% of Greek voters who were not represented in the Parliament. Table 2 below compares the percentages of abstaining from voting from 1996 to 2012:

**Table 2. Abstaining from Voting in National Elections**

| Parliamentary Elections Year | Percentage of Abstaining from Voting |
|------------------------------|--------------------------------------|
| 1996                         | 23%                                  |
| 2000                         | 25%                                  |
| 2004                         | 23%                                  |
| 2009                         | 30%                                  |
| May 2012                     | 35%                                  |
| June 2012                    | 38%                                  |

Source: Figures taken from the Greek Ministry for the Interior official website

In the aftermath of the May elections the political parties were asked to form a coalition government. Failure to do so resulted in a temporary 1-month government comprised of technocrats and academics led by Panagiotis Pikramenos as the caretaker prime minister.

The ambiguous results of the May elections gave both other EU member states and the global markets reason for concern as to whether there could be a strong Greek government able to go through with the mandate of passing the tough austerity measures adhering with its bailout commitments. In this respect the June 2012 election campaign 'was framed along the lines of a pro- versus anti-euro division' (Vasilopoulou and Halkiopoulou 2013:538).

Greek voters therefore returned to the polls on 17 June 2012. Table 3 below shows the results:

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<sup>6</sup> It was quite usual during the May 2012 electoral period for 'anti-memorandum' indecisive voters to paradoxically claim that they were debating voting for either SYRIZA (a left-wing party, quite often referred to as radical left) or Golden Dawn (a neo-Nazi, right-wing party).

**Table 3. Parliamentary Elections Year 2012 (June)**

| Name of Political Party        | Parliamentary Elections Year 2012 (June) |
|--------------------------------|--|
| New Democracy                  | 29.66% (1)                               |
| SYRIZA                         | 26.89% (2)                               |
| PASOK                          | 12.28% (3)                               |
| Independent Greeks (ANEL)      | 7.51% (4)                                |
| Golden Dawn (Hrisi Avgi)       | 6.92% (5)                                |
| DIMAR                          | 6.25% (6)                                |
| The Communist Party (KKE)      | 4.50% (7)                                |
| Parties outside the Parliament | 5.98%                                    |

Source: Figures taken from the Greek Ministry for the Interior official website: <http://ekloges.ypes.gr/>

ND proceeded to form a coalition government together with left-centre PASOK and DIMAR. DIMAR left the coalition in June 2013 after the abrupt closing down of the national Greek broadcaster ERT by the government. This episode sparked a new wave of protests against the government both inside and outside Greece, destabilising even more the precarious coalition. Scenarios related to the achievement of a primary budget surplus momentarily showed a marginal lead of ND over SYRIZA in October 2013 (The Naftemporiki 2013a) which continued through to December 2013 (The Naftemporiki 2013b). In January 2014 pressure from the IMF/EU on the government to proceed with further restructuring of the public sector, job cuts, tax raise on private property and salary cuts, reversed the previous climate in favour of supporting the government (The Naftemporiki 2014).

The crisis of the political establishment was further aggregated by internal political party shifts and pressures as Greece was approaching the 2014 May double elections, as well as, by attempts by the coalition government to comply with the memorandum rules by passing harsher measures, like the multi-bill on March 31 2014. The further disintegration of mainly PASOK and to a lesser degree ND gave rise to new political parties and formations, like for example 'To Potami' and the 'ELIA', which attempted to persuade the indecisive voters that they represented a viable 'third way', to no avail.

The May 2014 double elections have been viewed as a *de facto referendum* by both the coalition government and the opposition. The two parties in power wished to optimally receive a clear mandate to continue with the reforms they began two years ago and the opposition was looking for popular support to demand early parliamentary elections. The message from the Greek electorate has been largely inconclusive. Although Syriza accomplished a clear victory over the coalition government, it was still not enough to legitimise a no-confidence motion against the government. In reality, both Syriza and ND saw their voting base shrinking.

Furthermore in the May 2014 elections we witnessed the concrete establishment of the neo-Nazi party of Golden Dawn as the third power in Greek politics despite imprisonment of many of its members. Ellinas (2013) observes that prior to the 2012 parliamentary elections Southern Europe had been largely viewed as being much more resistant to the rise of far-right parties than their counterparts in Western Europe, due to their recent experience with militant and authoritarian regimes. During the 2012 elections, the electoral success of Golden Dawn came as a surprise to most, with the dominant view being that the voters supporting the neo-Nazi party were punishing the government for the state of the Greek economy. Belief that the phenomenon was temporary and that Golden Dawn would return to its usual low percentages at election time was widely held, only to be proven wrong. On closer inspection it turns out that the resilience of Golden Dawn as a political force to be reckoned with has been mostly based on the fact that the votes it receives are austerity-driven rather than inside the logic of the politics of punishment. Its widening voters base, which at the present includes a range of social groups and a large geographical spread, showcases that it is not just an urban phenomenon created as a reaction to the inflow of immigrants in the Greek metropolitan centers, or a party which attracts voters from the lower earning social strata of Greek society (Ellinas 2013). The relatively high percentage they received in votes in the 2014 elections, while key party members were incarcerated, proves that. Being austerity driven, indicates that Golden Dawn will most probably continue to receive popular support as long as the Greek economy does not recover.

The coalition government lasted only until the Presidential elections at the end of 2014. New Democracy pushed for early elections by pushing for a Presidential election before the set date in February 2015. Failure to elect a President led to early general elections in February 2015. Greek Politics after years of evidencing a fragmented political landscape, displayed a clear support towards anti-austerity parties. Seven parties entered parliament, out of which four are anti-austerity (Syriza, Golden Dawn, the Greek Communist Party (KKE) and Independent Greeks (ANEL), representing 52.84% of the vote) and three are pro-bailout (New Democracy, The River (To Potami) and PASOK representing 38.54% of the vote). Below the results of the January 2015 General Election are compared to those of the June 2012 General Election:

| Political Party           | January 2015 | June 2012 |
|---------------------------|--------------|-----------|
| SYRIZA                    | 36,34%       | 26,89%    |
| New Democracy             | 27,81%       | 29,66%    |
| Golden Dawn               | 6,28%        | 6,92%     |
| To Potami                 | 6,05%        |           |
| The Greek Communist Party | 5,47%        | 4,50%     |
| ANEL                      | 4,75%        | 7,51%     |
| PASOK                     | 4,68%        | 12,28%    |

Basing its electoral campaign on an anti-austerity but pro-Euro stance, it seems that Syriza, without reducing New Democracy's electoral base, was able to attract votes from the disintegrating PASOK and Democratic Left (DIMAR), as well as from the undecided voters, although it was short of an outright majority. This forced Syriza to form a coalition government with the populist right party Independent Greeks (ANEL), whose percentage fell by 3% from the 2012 elections, on the grounds of a common anti-austerity stance. New Democracy managed to assert its control over the centre-right gaining more or less the same percentage of the vote as it did in 2012. Its electoral campaign based on alarmism has been blamed on a lot for this defeat, as it was obvious that the party tried to gain votes from the far right, including Golden Dawn, but failed in doing so.

Nonetheless it seems that the austerity-at-all-costs policies implemented in the past two years by the coalition government was a more critical factor in the creation of the decisive margin by which Syriza won. Despite the imprisonment of most of its members, including its leader, and the lack of a proper political campaign with barely any presence in the media, the extreme right party Golden Dawn managed to retain its percentage of the vote. This showcases clearly that anti-austerity fuelled wrath and anti-democratic sentiments are as strong as ever among a specific percentage of the Greek population. PASOK and the Democratic Left (DIMAR) were severely punished by the Greek electorate; the former because of its perceived role in the crisis and the latter because of its inability to choose sides. The River, a party formed in 2014 with a political campaign targeting the pro-bailout moderate middle classes, managed to enter the Parliament, as did the Greek Communist Party (KKE), which despite the unmistakable move of the voters towards supporting Left anti-austerity parties, it failed to gain any significant support.

Syriza showed its intentions from day one both inside and outside Greece. Internally many policies were reversed, like the redundancy of university administrators; the cancellation of laws governing the functioning of state universities; and the freezing of privatisation, to name but a few. Externally, the new Prime Minister, Mr Tsipras, already clashed with the EU Council over Russia and is contemplating posing a veto on new sanctions to the country, and Mr Varoufakis, the Minister for Finance, made it clear that the memorandum needs to be renegotiated. The question remains: Will the Syriza-led coalition government be able to lead transformation in Europe or will Greece have to face default by the end of 2015, and if that happens, will this unlikely union be able to survive?

## **Conclusions**

This paper attempted to look into the degree of the economic, political, and social impact that the Economic Adjustment Programmes have on Greece. Greece, as other members of the Eurozone did, took advantage of the low inflation rate and low interest rate policies employed by the European Central Bank at the beginning of 2000s and started over-borrowing. The myopic behaviour of over-borrowing led the country into a deep threefold crisis; a balance-of-payment crisis; a sovereign debt crisis; and a banking crisis. The inherent problems of the Greek state, i.e. tax evasion, corruption coupled with clientelism and favouritism, as well as, and the lack of political will from the various governments throughout the years, meant that the necessary measures to reform the economy in order to comply with the Maastricht criteria, like for example restructuring the public sector, were never implemented.

The global economic recession triggered by the collapse of the Lehman Brothers in the USA, hit Greece the hardest in the Eurozone. Fear of contagion for other member states led to the first bail-out leading Greece towards an internal devaluation process in order for the country's economy to become competitive. The move on the side of the EU/IMF to choose this specific solution instead of a Greek exit from the euro or an adoption by the Greek state of a dual-currency regime, might have seemed the best option for both Greece and the other Eurozone and EU members, as their financial institutions were exposed to the Greek economy, but that was neither without error nor without cost.

The Greek state is inherently weak due to its institutional, structural deficiencies, business laws and regulations. Therefore the country is more in need of structural reforms rather than making its economy more competitive. The 'one size fits all' mind-set of the IMF, together with the serious mistakes on the side of the Fund, like the fiscal multiplier used in the case of Greece, had a grave effect on the real economy, spiralling the continuous devaluation of the economy and augmenting unemployment. The later decision to actually implement structural reforms on Greece came at a point when social unrest triggered by the high rates of unemployment and causing in turn a profound political crisis, was already under way. The survival of the coalition government is questionable, especially after the passing of the multi-bill on March 31 2014, and with it the public support of the Economic Adjustment Programmes. It remains to be seen whether the example of Greece will act as pressure on the EU/IMF to improve its social model and Economic Adjustment Programmes in order to ensure economic, social and political stability in the Eurozone.

It is quite evident that the adoption of the austerity measures had a profound effect on the socio-political landscape of Greece. Vasilopoulou et al argue, that the basis for the collapse of the Metapolitefsi two-party system can be found in the paradox of the Greek case. The country had developed a sustainable system of democratic governance spanning over three decades while 'maintaining its deeply embedded and entrenched clientelistic structures', only to collapse under the pressure of the economic crisis (2014:4). Confidence in the political system was gradually lost over the span of a decade, from joining the Eurozone to adopting austerity measures in order to overcome the debt crisis. But more importantly, the delegitimation of the government was extended beyond the legislature and political parties to other institutions, like the justice system, the Church and the police. Therefore, it seems that the crisis of legitimacy has been rather 'all-embracing', affecting profoundly many pivotal sectors of modern day Greek society (Verney 2014:21-23). The link between the economy and the sociopolitical situation in the country indicates that any changes in one sector profoundly affects the other. Improvement of the Greek economy would facilitate normalization in the sociopolitical setting, leading to a more stable political system and re-legitimation of the state's institutions.

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