
The Greek Change

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It is a measure of the peculiarity of Greece's socialist experiment that when military transport trucks appeared in the streets of Athens last November, no one paid any special attention. The trucks were there on behalf of the government, not as a threat to it. They were filling in as public transportation during the six hours a day that streetcar drivers were on strike. This is not unusual in Athens—the trucks had appeared for the same purpose under the previous government and no one in the year-old government of the Panhellenic Socialist Movement (PASOK) considered it odd that they were engaged in what elsewhere might count as strikebreaking. The drivers are already well paid, they explain, they strike every year for even better wages, no one is sympathetic to them, and the instigators are communist trade unionists out to pester the socialists. Eventually the drivers returned to work, the trucks to their bases, and the same scenario is expected next year.

The continuity of Greek ways of doing things is one explanation for the appeal of PASOK's slogan in the 1981 legislative elections that brought them to power—*Allaghi* ("Change"). The socialist cadres believed in their slogan then, and still do. Sometimes they have gotten carried away with it. On the eve of the elections, at a massive rally in Syntagma Square, the main square in Athens in front of the parliament building, party leader Andreas Papandreou got so caught up with the idea that he reportedly promised every Athenian his or her own home. The Athenians in the crowd, who already live in a hopelessly congested city, went wild. Antonis Tritsis, the imaginative city planner who, as Minister of Physical Planning, is stuck with trying to do something about Athens's problems, fell victim to *Allaghi* too. At one point, he declared that the noxious cloud of pollution that hangs over the city was "political" and would disappear with socialism. The cloud is still there.

Critics claim that a new cloud is the one that has settled on the "third road," as PASOK calls its route to socialism. The socialists are committed to what they see as a specifically Greek form of socialism, but they are not always sure what that means. They are painfully aware of the weaknesses of the Greek economy, a constellation that they often summarize with the term "dependency." They point to the low yield of Greece's small farms, to the bloated rolls of the civil service, and to the fact that some 98.8 percent of Greek manufacturing units employ fifty people or less (85 percent of Greek manufacturing takes place in firms employing fewer than nine employees). They also point to the hundreds of ships lying empty at anchor off the port city of Piraeus, idled by a worldwide shipping slowdown, by the increasing tendency for countries to mandate that their

products be shipped in their own bottoms, and by the high insurance costs that Greek shippers run. (Greece's merchant fleet, the world's largest, is old, and that, together with the Greeks' willingness to sail outside the normal shipping routes, has landed the fleet an unenviable safety record.) The outlook for world shipping is so bad that some government officials seriously suggest that the country should go into the scrap metal business.

These economic conditions have not yet dampened the enthusiasm of PASOK activists. One official in the Ministry of Education, when asked how the government proposed to finance its elaborate plans for expanding and improving the country's dismal university system, replied: "To do this one needs a high level of fantasy." Fantasy it may be to think that the Greeks can find a path between the market commands of capitalism and the state *diktats* of communism, but there is a coherence to the government's actions so far that shows an attempt being made to turn the country's economic disadvantages into political capital. Contrary to what observers have come to expect of socialist or radical governments, the Greek experiment is one that avoids a frontal attack on the economy, relying instead on restructuring the existing economic institutions in order to meet the political goals of the movement for change.

It is probably true," Jane Kramer has written, "that only in conservative churchbound Greece would anyone call a program like Papandreou's revolutionary, or even Socialist. Certainly there is not much talk of nationalizing anything."¹ Indeed, when one considers that PASOK's first year in office was marked by legislation legalizing abortion, decriminalizing adultery, legalizing civil marriage (hitherto, only church marriages were legally recognized), and abolishing the dowry as a legal right, there is a great temptation to classify the Greek socialists as liberal, social democratic reformers dragging Greece into a secularized twentieth century. But while facts like these help to put the Greek situation into perspective, to emphasize some aspects of the country's archaic, Mediterranean culture, they also can obscure the originality of the PASOK experiment.

The key elements in PASOK's definition of socialism are decentralization and participation. Nationalization of the economy, traditionally the barometer of European socialism, is not an important factor in PASOK's plans. The historical experience of economic nationalization has been the increased power of the state, and in Greece, where some 60 percent of the economy is already under state control, the concentration of power in Athens is a problem, not a goal. Consequently, the government plans to take over, through conversion of debts owed the state-owned banks into shareholding, only those troubled companies that show prospects for future survival. Control over these companies will be shared

1 "Letter from Europe," *New Yorker*, May 24, 1982, p. 78.

by representatives of workers, government, and management in a schema called "socialization." But socialization is just one part of a program that aims at democratizing Greek institutions, and given the relatively small number of large firms, it is not going to be the decisive factor.

Nor will the enthusiasm of Giorgios Lianis, the new Minister of Research and Technology, for the development of a Greek high technology sector be of much help in economic revival. Lianis would like to encourage Greeks living abroad who have scientific and technical skills to return to Greece as the brain-power behind a government plan to leap into a postindustrial world of silicon chips. But even if he was not ignoring the fact of unemployed scientific personnel already in the country and the lack of domestic markets for such products (airline reservation offices are among the few places computer terminals are in everyday use in Athens), the far greater resources available to competitors—including socialist France, which has similar grandiose designs—would seal the fate of Lianis's proposal. The Greek socialists will have to give up this avenue soon, sparing themselves the technological mania that has gripped their French counterparts as they struggle to save their more orthodox socialist project. The new technology has its appeal for PASOK because its production is small-scale, consistent with the goal of decentralization, and not tied to an industrial base; but belief in technology as a cure-all will only deflect attention from more pressing and fundamental concerns.

Much more central than industrial or technological policies will be the success or failure in the areas of governmental reform, agriculture, and small business. Of these, the reform of governmental institutions has seen the greatest progress so far, in part because it is a relatively simple matter to change laws—the transformation of a centralist, passive mentality is another matter. The office of *nomarch*, mini-despots who ruled over Greece's fifty-four prefects by virtue of appointment from Athens, has been abolished and replaced by a prefectural council. These councils are also appointed by the government, from applications submitted by the public at large, but the councils will become elective in the next stage of legislation. The prefectural councils are particularly important because they play a central role in the development of the government's Five-Year Plan, which sets goals and establishes priorities for the national economy, a role the appointed councils have already played in the government's first plan.

Any mandated involvement by localities in the formation of national economic policy would be a major improvement over the situation as it has existed. Only now will government ministries even have offices at the regional level. Members of the nation's parliament, the *Vouli*, have served as brokers between their constituents and the ministries in Athens, though the fact that they have had no government-provided staffs (as of January 1, 1983, each member has one staff person), or offices, has meant that their role has been limited. Corrup-

tion—a national disease called *rousfeti*—has been a much more popular method of dealing with the ministries, and a much more effective one. There are no guarantees against the continuation of corruption beyond the effort to create good and workable laws buttressed by a new public mentality.

An important part of the *rousfeti* system has been the procurement of cushy civil service jobs for friends and family, accounting in large part for the size of government employment. With a freeze on civil service hiring, PASOK is stuck with the civil service it has got, one that hides from responsibility (most decisions are avoided by pushing them upwards, so that even trivial matters wind up on the minister's desk), and one in which pockets of bureaucratic power have built up, even if only with the power to delay. The government has had a law passed that allows for the transfer of people within the civil service in order to break up the cabals and to spread out the jobs better between ministries, but Greece is a long way from the typical, over-rationalized government bureaucracies of northern Europe. Thus the bureaucracy presents a formidable, if passive, obstacle to popular initiative.

The emphasis that the government put, in its first year, on making legislative changes is part of its gradualist approach to change, an approach made necessary by the ideological and attitudinal barriers to *Allaghi*. Decentralization cannot work without increased local participation, but since the National Resistance during the German occupation of 1941–44 and the civil war in Greece of 1946–49, there has been a very low level of popular political participation. The Communist party was outlawed, and the other Greek political parties operated as traditionalist parties do, by clustering around a few main personalities without establishing institutional party structures. National politics went on in Athens among a closed circle of politicians, and while there were plenty of arguments in the village coffee houses, and plenty of people in the streets for rallies and demonstrations, the population mostly played the part of spectators or cannon fodder. The period of military rule during the junta years (1967–74) did nothing to change this picture. The junta was not based on active popular support, but neither was there much active resistance. (This may be why the one massive act of resistance, the rebellion and subsequent slaughter of students at Athens's Polytechnic University in 1973, has such an emotional hold on the Greek left. On the anniversary of the uprising last November, hundreds of thousands of people turned out for a commemorative march through Athens from the Polytechnic to the American Embassy.) When the junta finally fell, it keeled over from its own inadequacy, with an assist from its bungled complicity in an anti-Makarios coup in Cyprus, rather than from an upsurge of popular opposition. So the government and party have been faced with the need to mobilize where there has been no ongoing mobilization, to create a participatory political system where there has been no thought of participation.

PASOK itself began as a resistance movement during the junta years, based

abroad but able to make the difficult transition from exile movement to repatriated party. In line with Greek tradition, it was almost solely the creation of Andreas Papandreou, who, as founder, is leader of the party and now head of government without ever being elected party leader. (A party congress that will meet sometime this year will establish the procedures for electing party leaders in the future.) But while the party's origins are typical, its growth and development are not. With more than 1500 party branches throughout the country—made up of “local committees” constituted by place and “branch committees” by occupation—PASOK is the first Greek political party to be so widely based in Greece's villages and towns, a testimonial to its ability to recast socialism in a Greek idiom. In large measure, the mobilization of the population will depend upon the mobilization of the party, since it is the only organizational structure in the country that is already positioned to support the government's long-term goals.

It is thus not surprising that PASOK has done well in elections to new representative bodies. It was the acknowledged leader in elections last year to neighborhood committees established in Athens, and has dominated elections to newly restructured agricultural cooperatives. Typically, its main competition in these contests is not the badly organized rightist parties but its unofficial ally, the Moscow-oriented Communist Party of the Exterior (KKE), so called to distinguish it from the eurocommunist Communist Party of the Interior, a small group dominated by intellectuals that is formally allied with PASOK and that has mostly disappeared into it. In an effort aimed at stabilizing Greece's politics the Communists were legalized in 1974 by post-junta Premier Constantine Caramanlis. Papandreou's government has completed the KKE's rehabilitation by formally recognizing the party's important role in the Resistance and by acting to repatriate the Greeks who fled to the Soviet Union and Western Europe after the civil war. By reabsorbing the Communists into the mainstream of political life, the party's aura as an outsider has been dimmed, an aura that it has exploited well. Representative of an orthodox approach to socialism and a pro-Soviet foreign policy, the party is strong in Athens and other cities with significant industrial working-class populations, but deprived of its romance, it is not likely to grow much beyond that base. So far, it has prodded PASOK to move it away from its decentralist path and toward nationalization and industrial development. On the whole, however, the KKE has adopted a policy of irritation rather than opposition. Publicly, PASOK includes the KKE in its list of “progressive forces,” but privately socialists complain of Communist nuisances and admit that the KKE is not a contributor to change.

Though the Communists may castigate PASOK for forgetting the industrial workers, the future of Greece's decentralist experiment will be decided in the countryside. With a quarter of the population engaged in agriculture, the

demographics of decentralization depend on keeping farmers and their families on the land. The rate of demographic shift from rural areas into Athens and Salonica has slowed considerably, but there is still movement toward regional towns, a movement in search of employment and higher income.

The basic problem of Greek agriculture is its low productivity resulting primarily from its peculiar pattern of landholding. Typically, farmers own several small plots separated from each other by some distance. This fragmented pattern makes the use of farm machinery almost impossible. Past efforts at land reform aimed at redistributing the holdings within a given area so that each farmer would have as much land as before, but now have it consolidated. Farmers would not accept that kind of reform, however, since they squabbled over the relative fertility of the land they had versus the land they would get. PASOK sees only one possible long-term solution to this basic problem: the establishment of agricultural-industrial cooperatives.

Agricultural cooperatives were already in existence before the 1981 elections, and almost 80 percent of Greek farmers belonged to them. But these cooperatives functioned merely as extensions of the country's agricultural banks, collecting data on their members for the purpose of credit applications to the banks. With 7,000 local cooperatives in the country, however, averaging around 100 members per co-op, their existence gives the government a system of popular, local institutions upon which to build. The cooperatives were already organized into a pyramidal structure called the Pan-Hellenic Confederation of Agricultural Cooperatives, but a system of weighted voting gave larger landholders a disproportionate voice in the cooperatives, preventing them from becoming important organs of change, and allowing joint-stock companies, uncontrolled by the co-ops, to take over marketing functions previously under the direction of the cooperatives.

New legislation has been passed governing the election of representatives to cooperative councils. Elections held in November 1982 to local co-ops were followed in December with election to regional councils. Elections to the Confederation completed the process in January 1983. These elections were based on proportional representation employing candidate lists, ensuring the representation of opposition slates. PASOK, the KKE, and other parties backed different slates, with PASOK-supported candidates receiving the largest share. These newly reconstituted cooperatives now give farmers the opportunity to participate in the formation of the national plan—the old co-ops were passed over in favor of the regional councils in preparation of the first plan—and to take local economic initiatives. With disguised unemployment a chronic problem in agricultural areas as a result of seasonal farm labor, it is hoped that cooperatives will be able to establish their own processing and marketing businesses to provide jobs and boost income. Ultimately, though no one thinks it will happen soon, the goal is to have

cooperative production with land ownership remaining in private hands and accompanied by weighted shares of the produce based on the amount of land owned and its fertility. That, in the view of PASOK activists, is the only long-range solution for Greek agriculture. It is a vision that includes higher productivity, but only in a framework that does not violate traditional agricultural patterns.

The government has also moved to make credit available to the co-ops and, as part of its new investment law, to aid in drawing outside capital into rural areas to establish processing industries. More immediately, it has opted for income subsidies to farmers to redress the imbalance between farm incomes and incomes in other sectors, as against price supports, which disproportionately aid larger farms. These programs, too, are intended to keep Greek farming small-scale and populous. PASOK has the advantage of strong local party organizations and control of the vast majority of local governments to help support its programs, but the major threat to the success of this project is not domestic. It comes instead from the force of the international economy.

When tourists sit down to a Greek salad in Athens, there is now a good chance that the cheese they find in it is not Greek feta, made from goat's milk, but a tasteless Danish import made from cow's milk. The explanation for what some Greeks see as a national disgrace is that with the free trade rules that accompanied Greek accession to the European Economic Community (EEC) came a variety of agricultural and manufactured goods that are able to undersell domestically-produced commodities. Because of Greece's small-scale production and inefficient marketing system, Greek producers cannot compete. The EEC's technical experts are willing to help Greek producers, but only within the Community's rules and the ideology of development they codify. For example, income supports violate EEC rules, so no Common Market funds can go there, though some price supports are sanctioned. On the most general level, the EEC solution to Greece's agricultural problems is to build up an industrial sector to draw off the excess rural population, a policy that would completely destroy PASOK's program. Unable to protect its markets within EEC rules, Greece is expected to open itself to bombardment by cheaper goods from the EEC and countries that have special "third country" agreements with it. (The greatest humiliation so far was the discovery that oranges, believed to be from the Turkish-occupied area of Cyprus, were making their way into Greece via Germany, a result of Turkey's special relationship with the Common Market.) After suffering a \$2.5 billion deficit in its trade with Community nations—\$295 million of it in food trade—the Greek government was forced to devalue the drachma 15 percent last January and to take other emergency measures.

Greece is currently negotiating for new membership terms with its Common Market partners, but with Portugal and especially Spain looking forward to eventual entry, and keeping an eye on any concessions granted Greece, the EEC is not in a bargaining mood. Optimism is not high in Athens, though some accommo-

dation will probably be found. The critical point is that the Greek socialists may be in control of the state, but the state is not fully in control of the economy during this important period of political and economic transformation.

Greece's situation in the EEC has highlighted another area where government policy and economic conditions have not meshed. Greek small businesses have been caught in a serious bind. Last year, the government raised workers' wages, with the biggest increases going to the poorest paid. That sector of the workforce is concentrated in small businesses. The higher wages in that sector raised costs while the products were being squeezed out of domestic markets by cheap imports, such as clothing from east Asia, some of it coming through European-based multinationals. This combination of forces has created great anxiety in the small business sector, a highly volatile segment of the population.

Although 40 percent of Greece's small businesses—defined as any business employing fewer than fifty people—are located in the areas of Salonica and Athens, they are both more dispersed and more adaptable to changing market conditions than Greek industry. PASOK is therefore determined to support small businesses, and it is perhaps indicative of the political importance of this sector that the government agency assigned to it, known by the acronym EOM-MEX, is now headed by a member of PASOK's executive committee, the economist Vasso Papandreou (who is not related to the prime minister). She emphasizes that small businesses suffer from a lack of technical, organizational, and management skill that has been compounded by the lending policies of Greek bankers. Fixated on real property as the sign of wealth, they have resisted loaning money for promising enterprises starting from scratch, preferring to loan only when property is put up for collateral. The government has set up a new program of loans that it will guarantee in an effort to promote new ventures, and EOMMEX is trying to supply technical assistance and to promote export cooperatives, but the combined force of established business methods and cost-price squeezes will not be easy to overcome.

One of the difficulties involved is that the government, short of cash after it abandoned an attempt to establish a property tax for the first time, has not had much success in convincing workers to accept health and education benefits in lieu of another wage hike this year. Unable or unwilling to see such benefits as income substitutes, workers demonstrated against the government's austerity measures in January of this year. With Greece's tradition of poor health and education systems, PASOK finds it difficult trying to foster a new welfare-state mentality, one more measure of the peculiarity of the Greek situation.

At the same time, the government is trying to direct new investment away from the urban centers and toward the undeveloped areas. Only investments that promise new employment or reduced pollution will receive government support in such areas as Athens and Salonica, while investments aimed at devel-

oping mineral resources, agricultural processing, and even handicraft production will be encouraged by up to 50 percent government subsidy in designated regions. Whether or not there will be any takers is another question. If this decentralist participatory fantasy is to come true, though, the money will have to come from somewhere, and PASOK has ruled out any approach to the International Monetary Fund, whose record for destroying political fantasies is depressingly good.

There is no quick-fix for Greece's fragile economic condition. The lingering recession in the western economies and a fear of Turkish aggression that is institutionalized in large defense outlays (6.7 percent of Greek GNP goes to defense, the highest in Europe) constrict any Greek government's maneuverability. In this regard, PASOK could not have come to power at a less advantageous time. The socialists have done well just to slow down the decline of the Greek economy. But the acknowledged difficulty of short-term economic recovery has helped to keep PASOK's focus on longer-range goals. The deliberate and subtle changes brought about through legislation enacted thus far open the way toward a transformation of Greek social institutions from within. Committed to the well-being of what it calls the "nonprivileged," PASOK's program nevertheless defines economic development in terms of political development, and the latter in terms of decentralization and popular participation. This is not social democracy, it is a new definition of socialism.

The essence of PASOK's decentralist project is the effort to shift the process of public decision-making to the level appropriate for the decisions taken, thereby shifting the responsibility for decisions to the people affected by them. The fact that Greece is a society riddled with corruption helps to magnify the importance of the cleansing and revitalization process that has begun: PASOK's socialism is a movement for civic virtue in practice. The reality of economic underdevelopment, which would be a burden to traditional social democracy, has some advantages of scale and demography for PASOK's brand of socialism. Greece's existing political and economic institutions are not being scuttled wholesale, but turned around to serve the interests of dispersed power and responsibility.

Some of the changes that have already occurred—the reform of agricultural cooperatives, the establishment of prefectural councils, educational reform, etc.—will outlive PASOK's parliamentary term, so even if the party is turned out of government in 1985 (an unlikely prospect at this juncture), the program of change has been born. No one in Athens thinks a military move against PASOK is likely, either. In the end, it will be Greece's ability to fend off the external power of the world economy coupled with PASOK's success in nurturing a participatory zeal that will determine the outcome of the change that has begun. But the change in political perception goes beyond this small Mediterranean country—democrats everywhere should heed the call of *Allaghi*.