

THE HELLENIC OBSERVATORY

2011 Newsletter



Editorial

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Whither Greece? Over the last year, what started as a sovereign debt problem has developed into a political and social, as well as economic, crisis of a deep, systemic character. Greece is thus the case that combines several agendas: the future governance and inclusivity of the euro-zone; the feasibility of a state to handle such debt levels and to return to growth; the social costs and the challenge to legitimacy of coping with far-reaching austerity measures; the effectiveness of leadership by the political class, etc. These are issues wider than the Greek case alone.

The dramatic events in Athens during the summer have been well-publicised across the world's media. Indeed, the foreign media has reported on Greece more than other EU states in crisis. Many may dispute the picture communicated: have the protestors in the streets been used to give a distorted public voice, for example? The events have also led to much introspection within Greece - if not despondency - is this a wake-up call or an over-reaction? How are we to understand and put into proper perspective these different dimensions of the crisis?

Against such a background, the *raison d'être* of the HO can never have been stronger. The LSE's own motto - *rerum cognoscere causas* (to know the causes of things) applies so well to the mission of the Observatory.



This year's newsletter reports our responses to the crisis in Greece. It also records how the Observatory has sustained its longer-term mission.

A few highlights are:

- The launch of a new blog on Greece 'Greece@LSE' [p.14].
- A series of public debates at the LSE: with George Papaconstantinou, Anna Diamantopoulou, Heracles Polemarchakis; Costas Meghir; Nicos Christodoulakis; Yannis Papantoniou and others [p.2-5].
- A series of HO publications on the crisis: for example, GreeSE Special Issue 'The Greek crisis in focus: Austerity, Recession and paths to Recovery', edited by Vassilis Monastiriotis [p.11].
- HO staff has frequently contributed to the international media on the Greek crisis and its implications, from Australia to Russia; France to the USA [p.14].



At the same time, the Observatory has sustained its longer-term mission. We have, for example:

- Welcomed academic visitors from Greece, contributing their research and expertise, and prepared to welcome others in the coming year [p.12 & 13].
- Appointed the new Andreas Hadjiyiannis Fellowship on Cyprus [p.15].
- Held our 5th Hellenic Observatory PhD Symposium on Greece and Cyprus [p.4].
- Co-organised public lectures in Athens with Costas Simitis [p.6] and Lord Layard [p.7].

The Observatory is fulfilling its mission and meeting the challenges of these difficult times. We are determined to continue to do so and we invite you to join us in our activities.

Kevin Featherstone
Director

Spyros Economides
Deputy Director



ANNUAL LECTURE Greece is Changing

Dr George Papaconstantinou, Former Minister of Finance, Greece

Very early in the 2010-11 academic year, we had the pleasure of hosting Dr George Papaconstantinou, then Minister of Finance of the Hellenic Republic, for our annual HO lecture. The presence of this particular guest could not have been more timely. Greece was the epicentre of momentous events in Europe: the Greek economy was the focus of the world's attention. As a result, there was immense interest from the students and staff of the LSE, as well as among an extensive assembly of print and broadcast journalists, present at the Sheikh Zayed Lecture Theatre, on the 8th November, to listen to and question the Minister on the prospects of the Greek economy.



the way forward. He accepted that delays in accepting and dealing with fiscal turmoil simply exacerbated the problem and that adaptation was a key part of the survival strategy. Dr Papaconstantinou, wishing to share the burden of the crisis with other actors, suggested to the audience that the Euro-

to Dr Papaconstantinou were tough and the debate robust.

The main topics which the audience wished to discuss were not unexpected. Some related to the build-up to the Greek crisis: had governments, for example, manipulated fiscal data? The question of revenue generation and tax evasion, always near the top of the agenda when discussing the Greek plans to deal with the crisis, was also raised and debated. Dr Papaconstantinou's reforms were also questioned in a different way: didn't the harshness of the austerity measures imposed by his government threaten a deeper recession in the Greek economy rather than provide the basis for recovery and growth? Not surprisingly, an audience which included many Greek students and members of the broader Greek London community was keen to hear the Minister's views on whether the Greek economic crisis would lead to a brain-drain of talent from Greece thus worsening the conditions for a successful recovery. The Minister's replies were robust and direct, and he did not shy away from tackling the most difficult questions. This was an evening rippling with expectation (and some tension), and it proved that serious and informed dialogue was possible even in times of extreme crisis.

A page dedicated to this event is available at <http://www2.lse.ac.uk/europeanInstitute/research/hellenicObservatory/Events/pubLectures/papaconst2010.aspx>



From left to right: Prof. Kevin Featherstone; H.E. Ambassador Aristides Sandis; Deputy Director Stuart Corbridge; Minister George Papaconstantinou; Dr Spyros Economides & Dr Vassilis Monastiriotsis

The evening proceeded in the form of a dialogue chaired by the Observatory Director, Professor Kevin Featherstone. Dr Papaconstantinou opened the dialogue with a short set of introductory comments in which he laid out his government's strategy for tackling the immense debt and deficit problems facing Greece. He stressed that short-term measures would be insufficient in tackling Greece's problems and that long-term deep reform was

pean Union too had lessons to learn from the situation that Greece now found itself and that solutions could only be found in tandem and with the support of Greece's Eurozone partners.

Professor Featherstone began the discussion session by posing a set of questions to the Minister, which had been earlier submitted by LSE students. Then followed a broader dialogue between the Minister and the audience. The questioning was direct, the comments made



PUBLIC LECTURE The Role of Education in Greece's Recovery

Mrs Anna Diamantopoulou,
Minister for Education, Lifelong Learning & Religious Affairs, Greece

The Greek Minister for Education, Lifelong Learning and Religious Affairs, Mrs Anna Diamantopoulou, spoke on 'The role of education in Greece's economic recovery' at the LSE on Wednesday, 2 February 2011.

Her theme was very topical: with continued debate on Greece's debt crisis, a student occupation of part of the University of Athens, and repeated street protests. There was also a small protest outside the theatre at the LSE. There was much speculation as to what proposals for university reform the Minister might bring forward, after her prioritisation of changes to the state school sector in 2009.

Quoting Charles Dickens, she noted that her subject combined two of his best known titles: 'Hard Times' and 'Great Expectations'. She began by setting the context of the economic crisis:



agement, a global image tarnished by lack of credibility and transparency, no credit faith, decreasing competitiveness and growing skepticism on and off the record from our EU partners. All of the above were linked with failed policies, a deeply-rooted clientelistic system which hindered reform, while protecting special interests linked to the election cycle.

As we may all agree, that was obviously not a good starting point.

change Education, we change Greece'. Indeed, 'What education can do for Greece, the Memorandum of Understanding with the ECB, the European Commission and the IMF cannot do', she argued. The aim is to bring Greek higher education into the 21st century. 'We have the will and we have a plan', she declared. She elaborated five basic objectives:

- To bring Greek higher education into the international mainstream (with student and staff exchanges, joint programmes, etc.).
- To turn universities towards societal and market needs.
- To allocate public funding in relation to evaluation and appraisal systems.
- To modernize the administrative structure of the universities.
- To facilitate effective study by students of all ages so that they can make a difference.

The realization of her plan would establish a competitive education system for a country 'ready to move on'.

The Greek Deputy Minister of Education, Ms Evi Christofilopoulou, returned to her alma mater when she visited the LSE on 13 January 2011, for a private meeting with members of the academic staff. Taking the opportunity of a bilateral visit to her UK counterparts, she stopped off at the School to discuss patterns of education reform in both countries.



When speaking about the Greek economy, it is integral to recall the situation the present government inherited a little more than a year ago: an overwhelming national debt resulting from chronic misman-

Great challenges were soon enough knocking on our door. We needed to address them in a fast, efficient and productive way.

The Minister then developed her theme: her motto, she said, was 'We

A page dedicated to this event is available at http://lse.ac.uk/hellenicObservatory/Events/pubLectures/Diamantopoulou_2011.aspx



5th BIENNIAL HELLENIC OBSERVATORY PhD SYMPOSIUM on Contemporary Greece and Cyprus

On 2 & 3 June 2011, the HO held its 5th PhD Symposium on Contemporary Greece and Cyprus. This biennial

in the particular field. This allow for a guided discussion to offer the presenters feedback both from an informed



Symposium Group Photo

event continues to be one of the most significant and popular among PhD students working on contemporary Greece and Cyprus, enabling them not only to present their doctoral research to an informed audience, but also to network with other students working in their field from other institutions, and to discuss their work with established academics in their discipline. Over a day and half, 57 doctoral research students from around the UK, Europe and beyond, had the opportunity to present and discuss their work in dedicated panels. These panels covered a wide range of subject areas and interests, ranging from applied economics to international relations; from migration and minorities to information technologies. It is an essential ingredient of the Symposium that we cover the broadest possible range of disciplines in the social sciences. The format has also remained constant over time – and has proved worthwhile for students and faculty alike: panel presentations are followed by a discussion session which is chaired by an established academic with an expertise

audience and from an expert in their narrower subject area.

Traditionally, the HO PhD Symposium is also punctuated by plenary sessions in which we invite notable academics to speak about topical issues in contemporary social science research (related to Greece and Cyprus). This year we had the great pleasure of hosting two eminent scholars in their particular fields, Professors Herakles Polemarchakis and Alexis Hera-

clides. While Professor Heraclides, an international relations specialist from Pantheon University in Athens, presented his most recent research on Greek-Turkish relations. Finally, Professor Kevin Featherstone, Director of the Hellenic Observatory, also held a plenary session on how to prepare a PhD – a session which is much appreciated by PhD students.

The PhD Symposium has become a central event in the Hellenic Observatory's calendar and continues to attract large numbers of highly enthusiastic students to participate in its panels and plenary sessions; we feel it has become one of the most important international meeting for PhD students working on contemporary Greece in the social sciences. As with all such major events we are grateful to all the participants but also those sponsors and collaborators who enable us to hold this symposium. A major vote of thanks must go to the Greek Ministry of Education, and especially it's National Youth Foundation, for sponsoring the event, as well as to those colleagues from around the UK who

The presentations, podcasts & papers of the Symposium can be found at
http://hellenicObservatory/Events/phd_Symposia/5thSymposium/5th_symposium_main.aspx



Keynote Speaker
Prof. Herakles Polemarchakis

clides. Professor Polemarchakis, an economist from the University of Warwick, spoke on the current Greek sovereign debt crisis and its implications for Eu-



Keynote Speaker
Prof. Alexis Heraclides

devoted their precious time to chair panels and exchange views with the participating students.



ACADEMIC DEBATE

The Greek bail-out one year on: how can Greece return to growth?

A year on from the initial bail out agreement between Greece and the EU/IMF, the HO marked the occasion by holding a public debate on the subject. The event was entitled, 'The Greek bail-out one year on: how can Greece return to growth?', and was held in the LSE's Old Theatre on 3 May 2011. The evening was chaired by Professor Nicos Christodoulakis, a recent Senior Research Fellow at the Hellenic Observatory with a vast academic and policy-making experience. The two guests participating in the debate were Professor Costas Meghir, Professor of Economics at University College London; and now Yale University-

Prof. Kevin Featherstone and Panel Discussants in the LSE's Old Theatre



bate. Professor Meghir laid out, in an extremely cogent and detailed fashion, the set of reforms that he thought should be undertaken if Greece had any chance of growing its way out of the

wide-range of policy sectors, not only in the narrow fiscal/economic framework. Professor Polemarchakis took a different line, concentrating more narrowly on the Memorandum itself and its implementation. He pointed out the essential flaws, as he saw them, in the Memorandum and also the government's problems in attempting to implement the reforms and austerity measures.

The discussion which ensued was, at times, heated but constructive and enlightening. It was obvious from the question and answer session that there existed a gap between what could be achieved in the shorter-term to meet the immediate crisis and what ought to be achieved in the longer-term to ensure sustainable growth.

ty, and Professor Herakles Polemarchakis, Professor of Economics at the University of Warwick.

The aim of the debate was to take stock of the year since the Memorandum of Understanding was signed and the €110 billion facility was agreed. Our guests were tasked with not only considering what, if anything, had been achieved in that year, but also proposing what in their mind could be the magic formula to promote a Greek economic recovery.

Indeed, it was the medium and long-term that dominated the early part of the de-

current crisis and into a phase of sustained recovery. The emphasis was very much on the need for sustained and deep reform of a



From left to right: Prof. Costas Meghir, Prof. Herakles Polemarchakis & Prof. Nicos Christodoulakis

A page dedicated to this event is available at

http://www2.lse.ac.uk/europeanInstitute/research/hellenicObservatory/Events/otherEvents/Academic_Debate_Greek_bail_out_May_2011.aspx



JOINT CONFERENCE on Changing Conceptions of "Europe" in Modern Greece: Identities, Meanings & Legitimation

The British School at Athens has a long and distinguished history of supporting scholarship on Greece.



The School's current Director, Professor Cathy Morgan, hosted a workshop on 28-29 January 2011 organized in conjunction with the Hellenic Observatory. The purpose was to examine - through the lenses of different academic disciplines - how the conception of 'Europe' in modern Greece has changed over time and the extent to which it has shown variation between different parts of society. The workshop explored the meanings of 'Europe' in different contexts and the extent to which it served as a modernizing point of reference; how it had impacted upon identities; and, how it had offered legitimation to various social agendas.

The following papers were delivered:

- Imagining Europe by **Professor Kevin Featherstone**, LSE.
- Greece and Europe - Progress and Civilisation, 1890s-1920s by **Sir Michael Llewellyn-Smith**.

goulatos, Athens University of Economics & Business.

- Contesting Greek Exceptionalism: the political economy of the current crisis by **Professor Euclid Tsakalotos**, Athens University of Economics & Business.



From left to right: H.E. Ambassador David Landsman; Sir Michael Llewellyn Smith; Prof. Kevin Featherstone; Former Prime Minister Costas Simitis & Dr Yannis Papantoniou

- Versions of Europe in the Greek literary imagination (1929-1961) by **Professor Roderick Beaton**, King's College London.
- 'Europe', 'Turkey' and Greek self-identity: The
- Time and Modernity: Changing Greek Perceptions of Personal Identity in the Context of Europe by **Professor Renee Hirschon**, St. Peter's College, Oxford.
- The vicissitudes of identity in a divided society: The case of the Muslim minority in Western Thrace by **Professor Thalia Dragonas**, Secretary, Ministry of Education, Lifelong Learning and Religious Affairs.

On the evening of the first day, the British Ambassador to Athens, Dr. David Landsman, himself a noted Hellenist, hosted a **lecture** at his historic residence given by **former Greek Prime Minister, Costas Simitis**. Dr. Simitis addressed the theme of 'European Challenges in a time of crisis'. A reception and dinner followed.

Following the Workshop, the papers are to appear in a new edited volume to be published in 2012.

A page dedicated to this event is available at http://www2.lse.ac.uk/europeanInstitute/research/hellenicObservatory/Events/Conferences/BSA_conference_2011/BSA_Conference_2011.aspx



Former Greek Prime Minister Costas Simitis

Participation in the Workshop was by invitation only. Speakers at the conference were noted specialists from both Greece and the UK and they ranged across the humanities and the social sciences.

antinomies of 'mutual perceptions' by **Professor Stefanos Pasmazoglou**, Panteion University Athens.

- The European Union and the Political Economy of the Greek State by **Professor Georgios Pa-**



JOINT CONFERENCE

Public financial management in times of crisis: fiscal realities and management challenges in Greece

In October 2010 the Hellenic Observatory, in collaboration with the Paris-based Association for the International Foundation of Public



Finance (FONDAFIP), organised an international conference on 'Public Financial Management in Times of Crisis: Fiscal Realities and Management Challenges in Greece and the EU'.

The conference, which was co-sponsored by the National Bank of Greece, attracted a large and diverse audience for a day of lively discussion and debate, following the presentations of a series of experts and policy figures, including Prof. V. Rapanos, Chairman of the Board at the National Bank of Greece and Professor at the University of Athens; Prof. N. Christodoulakis, former Finance Minister and Professor at the Economics University of Athens; Prof. M. Esclasan, Professor at the University of Paris 1 Panthéon-Sorbonne and Secretary General of FONDAFIP; Dr I. Samras, Member of the Eu-

ropean Court of Auditors; and others. The conference focused on the link between fiscal governance and budgetary outcomes. In this, it examined both the financial and fiscal restraints resulting from the current crisis (with their strong impact on long term sustainability of public finances) and on the ca-

of Greece and to the relevance of the European experience to this case. Contributions in the conference highlighted the role of audit and accountability systems for improving fiscal performance, as well as the importance of a robust legal framework that will provide transparency, independence and



'Welcome Speech' by Prof. Kevin Featherstone, LSE Shaw Library

capacity of different systems of fiscal governance to support the attainment of sound budgetary positions in the EU Member States.

Although the presentations covered the experience of a range of European countries (France, Germany, Poland, UK and others), special attention was paid to the case

credible constraints to fiscal policy.

The conference was organised at the initiative of former HO Fellow (under the A. C. Laskaridis Post-doctoral Fellowship) Dr Efi Vraniali. One of the papers presented at the conference was published in June 2011 as GreeSE Paper No 48.

More details about the conference and copies of the presentations can be found at http://hellenicobservatory.org/Events/Conferences/PFM_Conference_2010.aspx

Lord Layard spreads the 'economics of happiness'

LSE Economics Professor, Lord (Richard) Layard, was the guest of honor at a Eurobank Forum event in Athens on Monday, 13 December 2010, held at 'Pallas Athena', Headquarters of the John S. Latsis Public Benefit Foundation.

The Forum has hosted a number of distinguished international speakers. His lecture was entitled, 'Happiness and Public Policy'. Rather than the relentless pursuit of growth and material well-being, he argued that public

policy would be more rounded if it considered what made the greatest number

part the utilitarians of old. One example he cited were the lamentable levels of spending on mental health in many Western countries.

The lecture was held in conjunction with Eurobank EFG Group, Economia Group and the Hellenic Observatory.

The Forum welcomed a large number of guests and the lecture was followed by a Q&A, then by dinner hosted by Efthimios Christodoulou and Nikos Nanopoulos of Eurobank.



From left to right: Mr Nicholas Nanopoulos; Ms Alexandra Vovolini; Lord Layard; Baroness Meacher; Mr Antonis Papayiannidis & Prof. Kevin Featherstone

of individuals in society most 'happy', echoing in



RESEARCH SEMINARS 2010-11

The Research Seminar series remains at the core of the HO's public events. It is the occasion on which visiting researchers and guest speakers have the opportunity to present and discuss their on-going research with HO/LSE students and staff, as well as members of other London colleges and the broader London Greek community. Again this year we had presentations on a wide range of topics including economics, politics and international relations.

Given the sovereign debt crisis that Greece found itself in, it was inevitable that the seminar series would reflect the gravity of the situation. We had presentations on the debt

crisis from five different speakers from the HO and beyond, covering different economic angles of the crisis as well as the political dimension. But the diverse nature of the HO's interests

was reflected in the remainder of the programme which included presentations on the Greek Taxation Information System; Greek-Turkish Relations; the Greek Communist Party 1987-1991; the Eden-Dill Mission to Greece (1941), and the Greek Prime Ministers and the constraints on governing.

This was an extremely rich programme drawing in a diverse audience to match the range of speakers and their expertise. Tuesday nights remain reserved for the HO seminars, which meet on a fortnightly basis, and we expect to welcome you there in the new academic session!

Details on these Seminars & copies of the presentations can be found at <http://www2.lse.ac.uk/europeanInstitute/research/hellenicObservatory/Events/seminars/seminarsMain.aspx>



Prof. Ghikas Hardouvelis & Prof. Kevin Featherstone



Prof. Kevin Featherstone's Seminar 'Hollow at the Core? Greek Prime Ministers and the Constraints on Governing'

LSEE

LSEE, the European Institute's dedicated research unit on South Eastern Europe is set to mark its second birthday, having been established in September 2009.

This second year of activities has built on the successes of the first, with busy research and events schedules.

On the research side, members of LSEE are working on a number of on-going research projects which are expected to result in journal articles, books and other publications.

Over the last year, LSEE has also hosted a number of public events, some as part of our regular research seminar programme, the LSEE Visiting Speaker series. LSEE has also initiated a major event series focusing on Romania in a regional context and commemorating the name of former LSE scholar, the late Professor Ghita Ionescu which was opened by His Excellency Mr Traian Băsescu, **the President of Romania**. Other LSEE events have included a public lecture by Dr Simeon Djankov, **Bulgarian**

deputy Prime Minister and Finance Minister and a workshop on environmental governance in the region.



H.E. Traian Băsescu, President of Romania

For more information on our research programme, publications, forthcoming events, as well as podcasts and galleries of past events, please visit our website: <http://www2.lse.ac.uk/europeanInstitute/research/LSEE/Home.aspx>



RESEARCH & POLICY SEMINARS 2011-12

For one more year the seminars will cover a wide range of themes and disciplinary approaches that will vary across politics, public policy, economics, history and international relations. The list of speakers includes presentations by our new Research Fellows, HO members of staff, as well as, external experts. Titles are provisional and will be finalised nearer the seminar date.

Michaelmas Term

11 October 2011

Yannis Valinakis, HO Senior Research Fellow & Professor of International Relations/Jean Monnet Professor of European Diplomacy, University of Athens.

'Greece's European Policy Making'

25 October 2011

Dimitris Micharikopoulos, Senior Advisor, Greek Social Insurance Institute (IKA-ETAM).
'The current reform of IKA and the reestablishment of Social Insurance credibility in Greece - Reconciling social dilemmas and funding challenges'

8 November 2011

Vasilis Leontitis, HO Research Fellow.
'The "Callicrates" reform: Transforming Greek local government in the years of austerity'
This Seminar has been cancelled and will be re-scheduled for a later date

22 November 2011

Theodoros Papadopoulos, Lecturer in Social Policy, University of Bath.
'Familistic welfare capitalism in Greece: from the crisis of social reproduction to the emergence of a political economy of generalised insecurity'

28 November 2011

Yannos Papantoniou, Former Minister of National Economy, Greece, 1994-2003
'Greece's Economy: Crisis and Exit Strategies'

6 December 2011

Yanis Varoufakis, Professor of Economics, University of Athens.
'Of Debts and Denial: The Greek Crisis in the context of the post-2008 world'

Lent Term

17 January 2012

Dimitris Venieris, HO Visiting Senior Fellow, Associate Professor of Social Policy, University of Peloponnese.

'Social Policy and Social Justice in Greece: the unfair deficit'

31 January 2012

Rebecca Bryant, HO Senior Research Fellow, Associate Professor of Anthropology, George Mason University.

'Suing for Peace? The Property Puzzle and the Cyprus Negotiations'

14 February 2012

Athanasia Chalari, A.C. Laskaridis Post-Doctoral Fellow; Lecturer in Sociology, University of Manchester.

'Social change in modern Greece: the contribution of young generation to a new social reality'

28 February 2012

Spyros Kosmidis, HO Research Fellow
'Democratic Accountability in Greece'

13 March 2012

Theofanis Exadaktylos, HO Research Fellow & Lecturer in European Politics, University of Surrey.

'Pushing the EU borders to the East: The Europeanization of Greek Foreign Policy in the aftermath of the Eastern Enlargement'

All HO Seminars are open to the public

The final programme of our 2010/11 seminars will be available in October on the HO website at http://www.lse.ac.uk/collections/hellenicObservatory/Events/Seminars/Seminars_main.htm

Venue: Cañada Blanch Room (COW1.11, 1st floor), Cowdray House, Portugal Street, European Institute, LSE, London WC2A 2AE **Time:** 18:15-19:45
For the LSE campus map go to http://www2.lse.ac.uk/mapsAndDirections/LSE_CampusMap2010.pdf

Association for Cypriot, Greek and Turkish Affairs (ACGTA) 2010-11 events

13 May 2011

'Greek-Turkish Détente' by Professor Alexis Heraclides

20 April 2011

'British-American diplomacy surrounding the Turkish invasion of Cyprus of July 1974 and its aftermath' by Dr Andreas Constandinos

18 March 2011

'Peacebuilding in Cyprus and the struggles of women' by Dr Maria Hadjipavlou

3 March 2011

'Recent developments in European Court decisions on property claims by Greek Cypriot owners' by Mr Constantis Candounas

12 November 2010

'Cyprus: Missed Opportunities and a Bleak Future?' by Professor Clement Dodd



Research at the Hellenic Observatory

Amidst many other activities, this year we have actually managed to put in some research too! Naturally, much of our focus shifted towards the developments in Greece and in the Eurozone, although we also continued our research on other themes.

A keynote lecture by Prof. Featherstone at the ECPR Standing Group Conference in June 2010 (JCMS Annual Lecture), on 'The Greek Sovereign Debt Crisis and EMU: A Failing State in a Skewed Regime', was published in the *Journal of Common Market Studies* (Vol.49 No2) in March 2011. A paper by Dr Monastiriotes, on the Geographical Dimension of the Austerity Measures in Greece, is forthcoming in the *Cambridge Journal of Regions, Economy and Society*; while another, co-authored with former HO Fellow Dr Rebekka Christopoulou, on the Size of the Public-sector Wage Premium in Greece is currently under consideration in a major international journal. Also topical are two other papers by Dr Monastiriotes, on FDI and Regional Development in Greece (with J. Jordaan, published in the *Eastern Journal of European Studies*) and on the Productivity Spillovers of Greek FDI in Bulgaria (with R. Alegria, published in the *Review of Development Economics*).

Moving besides the focus on the Greek crisis and economy, Dr Economides' article on 'Kosovo: four futures' in the journal *Survival* (co-authored with LSEE Fellow Dr James Ker-Lindsay and HO Research Associate Dr Dimitris Papadimitriou) received a lot of publicity in the region, as did the edited volume on 'SEE After the

Crisis: a new dawn or back to business as usual?', published by our sister institution LSEE (co-edited by W. Bartlett and V. Monastiriotes). Two other papers by Dr Economides on 'The European Pull' in the Balkans" (in the book 'The new protectorates: international tutelage and the making of liberal states') and on EU Foreign Policy in the case of Kosovo (with J. Ker-Lindsay, published in the *European Foreign Affairs Review*) where also published recently. Prof Featherstone's book (with D. Papadimitriou, A. Mamarelis and G. Niarchos) on 'The Last Ottomans: The Muslim Minority of Greece, 1940-49' was also published this year in the Palgrave series *New Perspectives on Southeast Europe*. Other publications include book chapters in three edited volumes on Bulgarian Regional Policy, Regional Growth in Central and Eastern Europe, and Greece's Reform Technology and Reform Capacity; while work on the issue of Decentralisation in SEE, undertaken under LSEE's SEE Programme funded by the Latsis Foundation, has also resulted in a number of papers and conference presentations. Research continues also on the topic of Labour Market Flexibility (on Greece and the UK).

An important volume of research has also been conducted by our affiliated Fellows and Research Associates. Two new papers by Prof Christodoulakis appeared recently in the *GreeSE* series (No 47 and the July 2011 Special Issue), while his new book on the Greek crisis was published by POLIS Publishers in July. HO Visiting Fellow and former Research Fellow

Dr Panagiotidis has produced a number of papers (published or forthcoming) in high-quality international journals, such as the *Journal of International Trade and Economic Development*, the *International Review of Economics and Finance*, *Economic Modelling*, and others. HO Research Associate Dr Papadimitriou has also a number of recently published or forthcoming book chapters on Kosovo and on Greece, while our Laskaridis Post-doctoral Fellow Dr E. Prasopoulou's work on the TAXIS system in Greece is forthcoming in an edited volume on 'Public Sector Reform Using Information Technologies'.

Research presentations, in various disciplinary conferences and policy fora, were also on a high. During a very busy sabbatical year, Dr Monastiriotes gave a number of invited lectures and seminars, including at the Woodrow Wilson Center, the University of Yale; the Hungarian Academy of Science; the Bank of Greece; the Greek National Centre of Public Administration and Self-governance; and the Annual Meeting of the EU Transnational Cooperation Programme for SEE - as well as two keynote lectures at the Annual Conference of the Economics PhD Programme of the University of Athens and the 9th National Conference of the Greek Section of the European Regional Science Association. Prof. Featherstone also spoke at a number of conferences and public events, including a public lecture at the British Embassy in Athens in December 2010 and a presentation at the Herald Tribune / Kathimerini conference in Athens in June 2011.

For more info on our research activities and outputs see
<http://www2.lse.ac.uk/europeanInstitute/research/hellenicObservatory/research/researchHome.aspx>

LISTSERV for Research Students

Please join our server list to maintain a dialogue between fellow specialists.

For more information, visit our website:

<http://www.lse.ac.uk/collections/hellenicObservatory/WhatIsListserv.htm>



GreeSE Papers 2010-11

Breaking somewhat with past tradition, in 2010-11, GreeSE Papers shifted their focus more closer to home, with ten out of the 12 papers published this year having an exclusive focus on Greece – while in one Greece was one of the three case-studies examined. The only deviation from this was the paper by G. Kazamias (No 42) on the role of Britain in the Cyprus crisis of 1974. The papers published in the last year have a wide thematic spread, covering various dimensions of Greece's economic problem and different aspects of the crisis. Coverage ranged from issues of public finance (Vraniali - No 37; Kaplanoglou & Rapanos - No 48) and privatisation (Dimas - No 41; Pagoulatos & Zahariadis - No 46) to inflation dynamics (Apergis - No 43) and interest rate adjustments (Vlami et al - No 39); and from the determinants of student performance in the Greek universities (Katsikas & Panagiotidis - No 40) to the politics, economics, and political economy of the crisis (Lyritzis - No 45; Pelagidis - No 38; Skouras & Christodoulakis - No 47).

Visibility of these works remains high, with data from the RePEc service alone suggesting that the papers in the series received collectively an average of 130 abstract views and 40 file downloads

A GreeSE Special

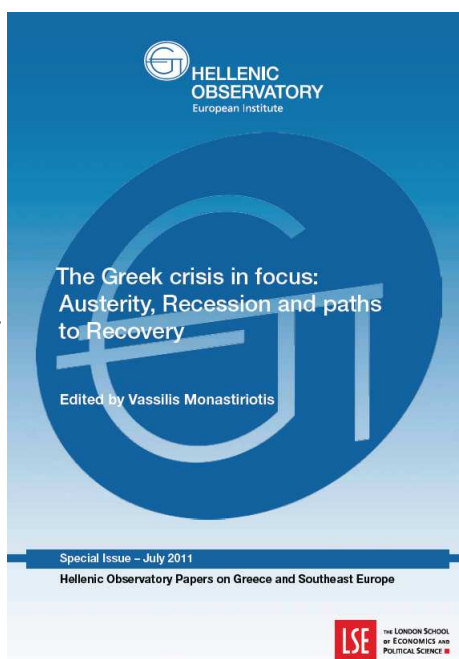
In July 2011 the series published a Special Issue with a small collection of papers on the Greek crisis, under the theme 'Austerity, Recession and paths to Recovery'.

This special issue reflects and reaffirms the function of the series as an important venue for topical academic debates on Greece and its wider region. The papers published in the special issue examine with the appropriate analytical vigour key aspects of the crisis in Greece and identify relevant directions for a strategy of economic recovery. The first paper, by Matsaganis and Leventi, offers a detailed analysis on the income and distributional consequences of the austerity measures, altering policy to the importance of targeted and socially sensitive design and implementation of similar measures in the future. The paper by Monastiriotes examines the geographical consequences of the measures and explores their implications for spatial

cohesion and economic development in the country. The implementation of an EU-sponsored development programme, with specific attention to a more equitable distribution of resources across the different parts of the country, is proposed as not only a viable but also a necessary ingredient for a strategy aiming at restoring growth.

Finally, the paper by Christodoulakis focuses on the conditions that led to spiralling debt despite the relative success with stabilisation and fiscal consolidation and highlights how policy indecision led to a set of tax- and cuts-based austerity measures that were inevitably recessionary. By examining alternative policy scenarios based on official projections about the debt and GDP figures, the paper argues

for the firm implementation of a market-enhancing privatisation programme and a more careful design for the post-2013 European Stability Mechanism.



EDITORIAL INFORMATION

Editor-in-chief:

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Editorial board:

Prof Kevin Featherstone & Dr Spyros Economides

Web-site maintenance:

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For all GreeSE Papers
go to

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RESEARCH FELLOWS 2010-11



PROFESSOR CHRISTOS LYRINTZIS
National Bank of Greece
Senior Research Fellow

'The HO offers a unique environment for research, exchange of views and above all an excellent milieu for rethinking and reassessing Greece's political and economic problems. In my case it was a great pleasure to be back, 25 years after my postgraduate studies at the LSE. I had the opportunity to exchange views and have interesting and stimulating discussions with the other research fellows as well as with colleagues working on related fields.' In this context I was able to broaden and enrich my work on Greek politics and to finish a paper on the Greek political system in the period of economic crisis. My stay at the HO provided also the opportunity to catch up with the literature on south and south-east European politics and to prepare the ground for a paper assessing Greek democracy within the context of the economic and social developments in South Eastern Europe'.



PROFESSOR ALEXIS HERACLIDES
National Bank of Greece
Senior Research Fellow

'My HO sojourn gave me the opportunity to contact scholars from various universities and in particular to pursue research in the most favourable of environments, a unique luxury given Greece's present predicament. I finalised my project on the Greek-Turkish rivalry and gathered most of the material for my new research project (and hopefully book), 'Humanitarian intervention in the 19th century', starting with foreign intervention in the Greek War of Independence (the battle of Navarino).'' During his fellowship, Alexis gave a lecture at the HO on the Greek-Turkish rivalry, a lecture to the Association for Cypriot, Greek & Turkish Affairs on the Greek-Turkish détente and was a key note speaker at the 5th Biennial HO PhD Symposium. He lectured at 4 Turkish universities on Greek-Turkish relations during his field trip to Turkey (April 2011). He has submitted a paper to the HO for publication in the GreeSE Papers series entitled 'The Greek-Turkish Rivalry: National Narratives and Identity'.



DR ELPIDA PRASOPOULOU
A.C. Laskaridis Post-Doctoral Fellow

'My year as post-doctoral research fellow at the HO has been extremely rewarding in terms of my intellectual and professional development. The inter-disciplinary environment allowed me to deepen my understanding of Greek politics and inform my research with valuable insights. Furthermore, the collegiate nature of the HO and the support by its members helped me to set the foundations for an independent academic career. My fellowship was a very intensive but profoundly fulfilling year.' During her fellowship, Elpida studied the process of ICT innovation against the specificities of Greek state bureaucracy. The Taxation Information System

(TAXIS) of the Greek Ministry of Economy and Finance served as a case study. For this purpose, she closely collaborated with the General Secretariat of Information Systems in a brief report on the IT practices in the Ministry of Finance. A paper entitled 'Introducing global discourses to local politics: ICT innovation and tax reform in mid 1990s Greece' will be published as GreeSE paper. Another two papers based on her work at the HO are currently underway. Finally, Elpida presented her work at academic conferences and workshops (IPA 2011, EGPA-PATI 2011).



DR THEODORE PANAGIOTIDIS
Ministry of Economy,
Competitiveness & Shipping
Research Fellow

'I will always remember the time I have spent at the Hellenic Observatory. The combination of a stimulating research culture and a friendly working environment makes it an ideal place to pursue your ideas and research interests.' During his stay Theodore has presented his work in a HO research seminar and also in the 4th CSDA International Conference on Computational and Financial Economics at Birkbeck College. He has also submitted a research proposal to the European Commission. He has published one GreeSE paper and his work has also appeared at the following scientific journals: Economic Modelling; Journal of Asian Economics; Studies in Educational Evaluation; International Review of Economics and Finance; Applied Economics Letters; Journal of International Trade and Economic Development and Applied Economics.



DR CHRISTOPHER TSOUKIS
Ministry of Economy,
Competitiveness & Shipping
Senior Research Fellow

'To have been a Research Fellow at the HO has been very productive and very enjoyable. I greatly enjoyed the interaction with colleagues from across disciplines, both in the context of the HO and the European Institute of the LSE. The HO is a focus of a wealth of high-calibre research on Greece; engaging with that through my own research, and participation at seminars and the PhD Symposium has been very rewarding. And not least, I benefitted from the ample research time, the excellent library facilities and the inspiring surroundings of the LSE to promote my long-standing research interests and develop new ones.' During his fellowship, Chris engaged in research on Greece's macroeconomy, trying to ascertain the root cause of the current crisis. This research looks at Greece's macroeconomic fundamentals (growth, public finances, competitiveness, etc.). It has formed the basis of seminar presentations both at the HO and Middlesex University, and is currently being prepared for inclusion in the GreeSE Papers series and for publication. In addition, the fellowship has enabled Chris to promote his theoretical and empirical research on the determinants of government size, which will also appear in the GreeSE Papers series in due course.



RESEARCH & VISITING FELLOWSHIPS

A key part of the HO's mission is to welcome visiting fellows and researchers, to extend our expertise and collaboration while enriching their professional experience. We have been delighted to host our fellows this year, an exceptional team of talented researchers and we look forward to welcoming our new fellows from September 2011.

Research Fellows 2011-12

We would like to welcome the following Fellows to the HO during the academic year 2011-12:

NATIONAL BANK OF GREECE

Research Fellows in Contemporary Greek Studies:

Dr VASILIS LEONTITSIS, on the project 'From "Capodistrias" to "Callicrates": Reforming Greek local government' and **Dr SPYROS KOSMIDIS**, on the project 'Economic Voting in Greece'.

MINISTRY OF FINANCE

Senior Research Fellow in the Political Economy of Greece's Relations with South East Europe:

Professor YANNIS VALINAKIS (Professor of International Relations, University of Athens) on the project 'Greece's European Policy Making'; and Research Fellow **Dr THEOFANIS EXADAKTYLOS** (Research & Teaching Fellow, University of Exeter) on the project 'Pushing the EU borders to the East: The Europeanization of Foreign Policy in the aftermath of the Eastern Enlargement'.

A. C. LASKARIDIS POST DOCTORAL FELLOW

Dr ATHANASIA CHALARI (Lecturer in Sociology, University of Manchester) on the project 'Greek domestic reform and political institutions'.

A.N. HADJIYIANNIS

Senior Research Fellows on Contemporary Cyprus:

Dr REBECCA BRYANT (Associate Professor of Anthropology, George Mason University) will continue/complete three on-going projects using ethnographic research in unrecognized, breakaway states to investigate everyday construction of sovereignty in a global or transnational order; and **Dr NIKOS SKOUTARIS** - joins 2012-13, (Assistant Professor, Maastricht University) on the project 'Comparing forms of territorial pluralism for the accommodation of ethno-territorial conflict in

The 2012-13 fellowships will be advertised in the Press and on the HO website in Autumn 2011

Visiting Fellows

Academic year 2010-11:

- * **Dr Bernard H. Casey**, Principal Research Fellow, Institute for Employment Research, University of Warwick; Part-time Lecturer in quantitative economic methods, Birkbeck College, UCL.
- * **Dr Giorgos Charalambous**, Associate Lecturer, Frederick University; Associate Lecturer, University of Cyprus.
- * **Dr Yiannos N. Katsourides**, Research Fellow, Institute of Commonwealth Studies, UCL.
- * **Dr Theodore Panagiotidis**, Assistant Professor in Econometrics, University of Macedonia.
- * **Ms Melina Skouroliaou**, Media & News Analyst, Office of the Government Spokesman, Athens.
- * **Dr Susannah Verney**, Assistant Professor of European Integration, University of Athens.
- * **Dr Prodromos Vlamis**, Assistant Professor in Finance, Athens University of Economics and Business; Associate, University of Cambridge.

For the academic year 2011-12, we are pleased to welcome:

- * **Dr Claire Economidou**, Assistant Professor of Economics, University of Piraeus.
- * **Professor Dimitris Venieris**, Associate Professor of Social Policy, University of Peloponnese.

The Hellenic Observatory welcomes applications for Visiting Fellows and Visiting Senior Fellows for a period of up to 3 months, for work that is relevant to the research of the Hellenic Observatory. For more information please go to http://www2.lse.ac.uk/europeanInstitute/research/hellenicObservatory/1st_PAGE/Visiting_Opportunities.aspx

Internships

The HO welcomes enquiries from current students interested in working for a short period as an intern, assisting with the activities of the Observatory. For further information please see the HO website: <http://hellenicObservatory/research/internships.htm> The Hellenic Observatory would also like to thank **Foteini Emmanouilidou** who has offered her assistance over the last year.



NEWS

Greece@LSE - The Hellenic Observatory Blog



In June 2011 the HO launched its very own blog! The blog hosts contributions by HO Staff, Fellows and Associates and is open for comments to its wider readership.

Prominent in its themes is – what else – the Greek crisis.

But there are also other categories, covering the wider research and policy interests of the Observatory, including Foreign Relations, Economic, Politics and Society. With 10 posts and 75 Facebook shares already in its first three weeks (well,

who's counting!?), this must be the fastest growing blog in Central London!

Visit us at <http://blogs.lse.ac.uk/greeceatlse/> or become a follower by entering your email address in the 'email subscription' box.

Professor Kevin Featherstone is the only non-Greek to have been appointed as a member of ESET (Greek National Council for Research and Technology)

Dr Vassilis Monastiriotis has recently won a grant by the British Academy for a project titled '*Economic Connectedness and Spatial Dependence*', which will run until August 2012, in collaboration with colleagues at LSE's Department of Geography and the Faculty of

Research Grants

Spatial Sciences at the University of Groningen.

The HO is also participating in a major **7th Framework Programme funded by the European Commission**, entitled '*Sharing Knowledge Assets: Inter-regionally Cohesive Neighbourhoods*'.

Dr Vassilis Monastiriotis (together with Dr Will Bartlett of LSEE) is part of the LSE team that will study how EU's Neighbourhood Policy (ENP) influences patterns of trade and foreign direct investment, as well as institutional development and social cohesion, in the ENP countries.

Staff in the Press

This last academic year, Hellenic Observatory staff members appeared in the media mostly discussing the Greek fiscal crisis:

- **Prof. Kevin Featherstone** writing in his regular column in one of the leading Greek Sunday newspapers *Kathimerini*. But also giving interviews to CNN, BBC World TV and Radio, International Herald Tribune, BBC Radio Australia and many more.
- **Dr Spyros Economides** gave interviews to the New York Times; the BBC World Service Programme; the BBC website, the Deutsche Welle World Programme; the Voice of Russia radio and to the Greek newspapers *Naftemporiki* and *Athens News*.
- **Dr Vassilis Monastiriotis** did interviews for the BBC World Service; BBC News; Bloomberg TV; NBC Nightly News; Sky News and also wrote articles for *Kathimerini* and *Athens News*.
- **Dr Theodore Panagiotidis** writing in his regular column in the Greek Newspaper *To Vima*.

For all HO Staff in the Press, go to http://www2.lse.ac.uk/europeanInstitute/research/hellenicObservatory/staff_pressarticles.aspx

Nobel Prize for Economics awarded to Professor Christopher Pissarides, HO Board Member



The Hellenic Observatory warmly congratulates our Advisory Board member, **Professor Christopher Pissarides**, for receiving this year's **Nobel Prize** for Economics.

Professor Pissarides won the 2010 prize for his work on the economics of unemployment, especially job flows and the effects of being out of work.

He shares the prize with Peter Diamond and Dale Mortensen.

Professor Pissarides is professor of economics at LSE and holder of the Norman Sosnow Chair in Economics. He is also a Fellow of the Centre for Economic Performance at LSE and of the Centre for Economic Policy Research. He has been on the LSE for 38 years.



DONORS

The programme of activities sustained by the Hellenic Observatory depends crucially on the financial support it receives from outside bodies.

For this reason, we wish to record our very sincere gratitude once again to the following donors for their generosity and for the confidence they place in us:

A.C. Laskaridis	John S. Latsis Public Benefit Foundation
Andreas N. Hadjiyiannis	Ministry of Finance, Greece
Bodossaki Foundation	National Bank of Greece
Eurobank EFG	OPAP S.A.
Hellenic Petroleum S.A.	Viohalco S.A.

A.N. Hadjiyiannis Research Fellowship on Contemporary Cyprus

The Hellenic Observatory is very grateful to Mr Andreas Hadjiyiannis for his generous donation for the establishment of a new Research Fellowship at the Hellenic Observatory on Contemporary Cyprus. This Fellowship will run for a period of 5 years starting September 2011.

A large number of applications were received, many of which were of high calibre making the selection process very tough, and we are happy to announce that a Senior Research Fellowship has now been offered to 2 candidates on a shared programme. The 2 Senior Research Fellows are Dr Rebecca Bryant and Dr Nicos Skoutaris.

- **Dr Rebecca Bryant**

Rebecca is currently Associate Professor of Anthropology at George Mason University, Virginia, USA and Research Director at the Cyprus Critical History Archive, Nicosia, Cyprus. Over the five years Rebecca will continue with three on-going projects and the initiation of two new projects using ethnographic research in unrecognized, breakaway states to investigate everyday construction of sovereignty in a global or transnational order.

- **Dr Nicos Skoutaris**

Nicos is currently Assistant Professor in International and European Law at Maastricht University, Netherlands. Over the five years Nicos will develop a research agenda entitled 'Accommodating ethno-territorial conflicts in Europe: A comparative approach to the Cyprus issue'.

This is the first time that the Hellenic Observatory has been able to offer a fellowship for research on contemporary Cyprus and this achievement both complements and expands the HO's mission in the area.

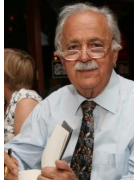
We look forward to welcoming our new fellows and to the research activity that will be stimulated during their time with us.

ADVISORY BOARD

- Dr Georgios Provopoulos**, Governor - Bank of Greece (Chairman)
- Professor Kevin Featherstone**, Director - Hellenic Observatory
- Dr Spyros Economides**, Deputy Director - Hellenic Observatory
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- Professor Nicos Mouzelis**, Emeritus Professor of Sociology - LSE
- Professor Lucas Papademos**, Former Vice President - European Central Bank
- Professor Christopher Pissarides**, Professor of Economics - LSE
- Professor Vasileios Rapanos**, Chairman - National Bank of Greece

Forthcoming Events

We are looking forward to hosting many various eminent speakers in the next academic year. Among these will be:



Wednesday, 5 October 2011 (Time: 18:30 - 20:00, Venue: TBA)

'Hellenism, Universal Rights and Apartheid' by **Mr GEORGE BIZOS**

George Bizos will speak about the defense of human rights under apartheid, drawing on his own career as a human rights lawyer. He famously defended Nelson Mandela, Govan Mbeki and Walter Sisulu in 1963-4 in the 'Rivonia Trial'. Later, he acted on behalf of Steve Biko, joined the ANC, and was instrumental in drafting the Truth and Reconciliation Act. He also acted for Morgan Tsvangirai against Robert Mugabe's Government. George Bizos will cover his own work and experiences under apartheid and what led him and his father to come to South Africa. He will speak about the Spirit of Hellenism and its influence on the Universal Human Rights more particularly during the 20th Century.



Thursday, 24 November 2011 (Time: 18:30 - 20:00, Venue: TBA)

'Politics, Culture and the State: the Greek crisis in historical perspective'

by **Professor NIKIFOROS DIAMANDOUROS**

Nikiforos Diamandouros is Professor of Political Science at the University of Athens and currently the European Ombudsman. He has written extensively on the processes of nation-building in southern Europe and, in particular, has argued that in Greece this has been contested between 'modernisers' and those identifying with an 'underdog culture'.

In this lecture, Professor Diamandouros will reflect on how the domestic response to the two Euro-zone bail-outs for Greece fit with the historical pattern he has identified.

The 12th Hellenic Observatory Annual Lecture will also take place in Autumn 2011

For further details on these and all other HO events and activities, please follow this link
<http://www2.lse.ac.uk/europeanInstitute/research/hellenicObservatory/Events/events.aspx>



Who's Who

PROFESSOR KEVIN FEATHERSTONE

Eleftherios Venizelos Professor of Contemporary Greek Studies & Professor of European Politics; Hellenic Observatory Director

DR SPYROS ECONOMIDES

Senior Lecturer, International Relations and European Politics; Hellenic Observatory Deputy Director

DR VASSILIS MONASTIRIOTIS

Senior Lecturer in the Political Economy of South East Europe

MRS ISMINI DEMADES

Hellenic Observatory Manager

MS IOANNA ANTONOPOULOU

Hellenic Observatory Administrator

DR ELENI XIARCHOGIANNOPOULOU

Research Officer

In the last Academic Year
the Hellenic Observatory website
has attracted more than 500,000 visits.

You can now also follow us on



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