

LSE Alumni Association, Greece.

Lecture at the Residence of the British Ambassador, H.E. David Landsman.

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Thank you for your kind introduction. I'm honoured to be invited to give this lecture and I am hugely grateful to see so many public figures and friends in the audience. Let me thank the Ambassador for letting us hold the lecture here. I'm delighted to share the event with Prof. Andonis Makrydimitris and Alexis Papahelas. I have a high respect for both of them. And I look forward to their critical comments and contribution later. I'm sure I will learn a lot from them.

Athina Markomichelaki has very generously referred to the new book we have recently published here in Greece. I'm pleased that my co-author, Dimitris Papadimitriou, is here with us tonight. Dimitris and I have worked together for a number of years now – it has been a happy collaboration - and it is a partnership of equals.

The new Greek book represents something of an odyssey: we have endeavoured to identify and explain the constraints on reform within Greece. The book has a system-wide perspective. It examines the attempts at reform with respect to pensions; the labour market; and Olympic Airways. We emphasise in the book the constraints that come from the process of social dialogue (the conflicts and distortions) in Greece; the complementarity between heavy state regulation – an under-developed public welfare system – and the size of the black economy; and, finally, the weakness of the Greek state, bedevilled by clientelism and inefficiencies. The book is a study of

the political economy of Greece, examining long-term features that constrained reform before the current crisis.

That book is published. We are moving on. We are now writing a new book with a more narrow focus. We wish to get inside government and examine how it works and what are the constraints in producing and implementing policy. Over the last three decades or more, key reforms in Greece have been blocked. Both at home and abroad, Greek governments have been attacked for their reform failures. We ask: is there something about how the government functions that is part of the story?

We argue that inside government there are two weaknesses of structure and process. The first is the limited ability of the centre – around the PM – to exert control over government. This affects the scope to monitor and direct, as well as the ability to develop policy and to evaluate it once it has been implemented. The second weakness is of the mechanisms that exist to establish effective coordination across the government. Every law student in Greece learns that constitutionally Greece has one of the most powerful prime ministers in Europe. Every political science student ought to recognise that the Prime Minister is more like an emperor without clothes, or at least insufficient clothing.

If we compare Greece to other European systems, we can highlight how Greece differs. Successive Greek governments have operated with only small staffs and resources at the centre. In Ireland, the size

of the PM's Office is 3x as large as that of Greece; in The Netherlands, its 4x; and in Austria, its 8x. In each case, these are smaller populations to govern than Greece. Also, there's something of a contrast here: so much of Greek bureaucracy is over-sized, while that of the PM's Office is under-resourced.

Again, as I will try to show later, the Cabinet system in Greece has lacked the status; the procedures; and the institutional foundations evident in these and other European states. This is part of the coordination problem.

So, Greece has an under-resourced Prime Minister and an ineffective Cabinet system. Why should these features not matter? How can they *not* have costs in terms of the ability to direct, control and coordinate policy and actions? I am not assuming that other European systems of government approximate to some ideal model. The world is more complicated. Nor am I suggesting that these are the only systemic problems Greece faces. But, I will argue that the weakness of the centre of government and the poor coordination across government are significant dysfunctionalities that have had consequences.

Tonight, I will attempt to give some snapshots of our research so far. I can only be brief. We will not finish writing our book until next year. We have scoured the literature; the legal documents; and we've held a great number of personal interviews with prime ministers, ministers, and their aides. We are deeply grateful to all those who have

educated us in the process. We are still putting the jigsaw together, so we look forward to your comments and learning from them. In this lecture, I will try to give a quick historical overview to show how the structures of government have developed since 1974 and how these structures have sustained the weaknesses I have identified.

Our argument starts with the proposition that Karamanlis the Elder set a mould – fixed the essential framework – of how government should be run and that, though his successors made various changes and innovations, much of Karamanlis' design has endured up to the present-day. And this framework has sustained the problems of limited control and coordination.

Karamanlis was able to set the pattern in 1974, of course, because of his pre-eminence as the returning saviour. It really did seem as if it was 'Karamanlis or the Tanks'. And he was fated to make an impact on the grand scale. Karamanlis believed in strong leadership. He was a very active, 'hands-on' Prime Minister. He was demanding, often infuriating, to his ministers with his phone calls and questions.

But the paradox was that, though he believed in an assertive leadership style, Karamanlis gave himself only the smallest of staffs to help him. He'd brought Petros Molyviatis back to Athens to set up his office with clear instructions. Molyviatis created a minimalist PM's Office of just 5 advisers and 5 secretaries. At this time, the PM's Office was located within the Parliament building in Syntagma, not in Maximou. Overall the PM's Office had only a limited influence on

government policy. So, what Karamanlis bequeathed was an office that was a small, personal support team – rather than an institutionalised unit for coordination and monitoring.

Karamanlis sought to govern via his ministers. In reality, he relied on a very small group of senior ministers, each of whom had been close to him since the 1950s. They each had talent, experience and loyalty: Averoff; Papaligouras; Papakonstantinou; and Rallis. In return, Karamanlis showed them trust and maintained them as a stable inner circle throughout. But Karamanlis also induced fear and admiration. His style was austere and self-disciplined. Even his closest ministers and allies never dared to call him by his first name. Karamanlis had allies rather than personal friends.

With Karamanlis the dominant leader, he held very few meetings of the full Cabinet. The sessions of Το Υπουργικό Συμβούλιο (the Ministerial Council) were short, largely ceremonial occasions with the ‘headmaster’ giving a speech. There was no discussion. Instead, Karamanlis held weekly meetings of the ‘inner Cabinet’: Η Κυβερνητική Επιτροπή (or Government Commission). It was the inner Cabinet that was the real engine room, together with other Government committees. And the administrative support for these meetings came from different places – there was no strong ‘Cabinet Office’, as it were.

So, Karamanlis’ legacy in the areas we are interested was twofold:

- A strong PM's Office was rejected & there were limited resources at the centre for the coordination of the government.
- Authority and intervention in the processes of government was personal – in this case, to Karamanlis. There was no regularised Cabinet system. This was government by an inner clique.

Many of Karamanlis' actions in 1974 and afterwards can, of course, be explained by the context of the transition away from military rule. There was the paramount need for trust; the sense of threat; and the use of personal charisma to get things done. In many respects, Karamanlis' style and approach appear now to belong to a bygone age: pre-modern, unsuited to present conditions. This is not to lessen Karamanlis' mammoth achievements in this period. Clearly, he was surrounded by very able ministers and officials. But, the legacy was a system that was increasingly ill-suited to control and coordination. A frame had been set.

But if Karamanlis' model can only be fully understood within the needs of the historical period, how come its essentials have endured?

Perhaps the biggest opportunity for change within the governmental system came when Andreas Papandreou was elected on a mandate for 'allaghi', in October 1981. 'Andreas' attempted to be presidential. This was not really surprising: he had huge charisma, he dominated his party, and he was the only one with previous ministerial experience. Culturally, he was the counter-hero, a leader of the anti-junta generation, animated by grand political struggle. They – and he

– had little interest in organisational matters. Instead, they were steeped in the history and culture of the ‘anti-Right’ campaigns.

To add to this, Andreas had a volatile personality. The initial months in government showed much internal disarray. Eventually, Andreas asked his legal advisor, George Kassimatis to draw up a plan for how the government should be organised. True to his volatility and lack of interest in such matters, Andreas gave Kassimatis just a few days to come up with a blueprint. Andreas made no proposals of his own on the matter – he ran a mile from such things.

Kassimatis’ Plan was indeed radical. It brought together all the services responsible for the coordination of the government and it strengthened the PM’s Office as an independent hub of advice and monitoring. The new Law designated 102 posts in the PM’s Office alone, including 16 senior advisers.

The outcome, however, was quite different. Neither Andreas, nor any of his successors, filled anything like 102 posts in the PM’s Office. Moreover, the organisation was left in some disarray. The PM’s Office was spread over different locations, both in Parliament and in Maximou. Andreas appointed Antonis Livanis as the General Director of the PM’s Office in 1983. Livanis was a major heavyweight figure and was to prove invaluable to the government. But he soon interpreted his role to be more a matter of liaison between the PM and his party in Parliament. He was not so active in policy matters. And Andreas cultivated his own different channels of policy advice –

these channels were personal, not stable, affected by mood and favour. All of this suited Andreas' style: the flexibility; the aversion to bureaucratic procedures, etc. But, it also undermined the coordination effort within government and its operational efficiency.

When it came to ministerial participation, Andreas' approach had a similar sense of fluidity and improvisation. He instigated frequent reshuffles: these amounting to 3 in any 2 year period. Andreas followed Karamanlis and had very few meetings of the Ministerial Council, the full Cabinet. He had an estimated 16 sessions in 8 years, an average of just two per year. The Council Secretariat became something of an empty shell, lacking function. Nor was this pattern compensated for by the use of government committees. Andreas used the mini-Cabinet less than had Karamanlis.

Thus, Andreas stood at the epi-centre of an archipelago of diverse and competing entities and interests. But, given his style, he was unable to command a well-organised, linear operation. The internal workings of his government from 1981 to 1989 were characterised by instability, diffusion, and personal whim. So, a leader who started out seeking to be presidential, with a presidential-type office, had not fundamentally disturbed the pattern. The twin problems of lack of control from the centre and lack of coordination across government remained. It was old wine in new bottles.

The third case I would like to make brief reference to is that of Costas Mitsotakis, when he became PM in April 1990. Again, his arrival



created the possibility of real institutional change at the heart of government. Indeed, he was the first Premier to institutionalise a pattern of regular meetings for both the inner-Cabinet – the Government Commission – and the full Ministerial Council. The full Cabinet was now to meet every two weeks and normally in lengthy session. Further, Mitsotakis introduced a new ‘Code of Operation’ for the Ministerial Council – replacing that of Karamanlis – and it was the first to stipulate how often the Cabinet should meet and its *modus operandi*. New rules were established for the agenda and the minutes.

Of course, Mitsotakis’ enhancement of the role of the Cabinet has to be seen in the context of his position within his party and his majority of just one-seat in Parliament. There were plenty of constraints on him, to placate different factions and egos - and discussion via the Cabinet system was one such means.

Because of these political tensions, Mitsotakis was not able to achieve his objective of a more stable government than Andreas had run. He was forced to make reshuffles and the turnover of ministers was high – second only to that of Andreas in the entire post-1974 period.

Yet, Mitsotakis’ strengthening of the Cabinet was not matched by a revitalisation of the PM’s Office. In fact, he undertook no major reform of the model he’d inherited from Andreas Papandreou. His planning had been tragically disrupted, of course, by the

assassination of Pavlos Bakoyiannis in September 1989: an intimate and a likely heavyweight as Director of his office. But the overall picture is painted for us by Professor Voloudakis, the author of Mitsotakis' Cabinet reforms. When he was first appointed as Secretary to the Ministerial Council, Professor Voloudakis said that the resources available to him were rather "comparable to those of a small rural council". A telling and illustrative comment for the argument we're making.

Mitsotakis' personal style again very much affected the position of the PM's Office. Mitsotakis, of course, had had a long political career before becoming PM – he'd first been a minister in 1951 – and he'd developed a wide network of informal contacts and advisers. He was an old -style politician who appeared to know almost everyone & more crucially, how to set the wheels turning. In doing so, he micro-managed his staff, and indeed, his government, with all his considerable energy. His fellow ministers complained of his phone calls – often made to juniors, circumventing the senior minister – and what they saw as his interference at all levels and in everything.

Mitsotakis was never really able to emulate his dream of combining Karamanlis' brilliance as a manager with the collective government ethos of his former patron, Georgios Papandreou. But that would have been a powerful combination.

If Mitsotakis faced severe party constraints, Costas Simitis came to the premiership as 'Leader of the Opposition' within PASOK. His

political position was rarely much better than precarious. Nevertheless, he swiftly set about imposing his blueprint for managing the work of government. Within less than a month of arriving at Maximou, Simitis sought to reduce the overall size of the PM's Office, improve the quality of its staff, and to professionalise its operation. The task of implementing these changes was given to Nikos Themelis, one of Simitis' closest allies. The intention was to draw upon the model of the Dutch PM's Office, but to make it lighter in its operation.

Nikos Themelis was, of course, to become a major figure at the centre of Simitis' government. His 'Office of Strategic Planning' had just seven staff – each highly qualified – and they formed a hub within the wider PM's Office. Simitis surrounded himself with some very able economic and legal advisers and, overall, his office does appear to have been an advance on its predecessors in terms of its efficiency and its collective ethos.

Simitis can also claim to have done more than his predecessors with respect to trying to coordinate the government more effectively. Alongside Themelis, Simitis appointed Socratis Kosmidis as Secretary of the Ministerial Council. For most of the post-1974 period, this office had had a rather minor role – the exception was when Evangelos Voloudakis was in post, under Mitsotakis. Simitis upgraded it – it soon became a General Secretariat – greatly expanding its role. Kosmidis would now oversee an operation

embracing the preparation of legislation, all government committees, and the resolution of inter-ministerial conflicts.

So, Simitis had a small, but relatively effective PM's Office and a better mechanism for tackling the endemic problems of coordination. When it came to the operation of the Cabinet system, Simitis was also more institutional and more inclusive. He reactivated the mini Cabinet (the Government Commission) and the system of government committees. By the time he left office, Simitis had five government committees and 12 inter-ministerial committees addressing specific issues. Although, some of these structures never became fully operationalised – they tended to depend on the whims of the relevant minister in charge – the extent of institutionalisation under Simitis was unprecedented in Greece. Both the Ministerial Council and the Government Commission met on a fixed schedule, alternating with each other, every two weeks'.

Somewhat similar to Mitsotakis, Simitis' position within his party created, of course, an imperative to run government in an inclusive fashion. He was obliged to accommodate his erstwhile rivals, Akis Tsochatzopoulos and Gerasimos Arsenis. Simitis also needed to keep his modernisers' faction on board, as well. It meant that Simitis ran a diverse and fragile coalition of ministers.

Whilst Simitis' organisational philosophy represented a significant advance for the Greek system, it still fell short of international best practice and it was frequently challenged by the deep-rooted problems of lack of control and coordination. In his second-term,

Simitis had a more difficult position in his party. Faced with planning the Olympics, Simitis himself had to take charge of the operation and Kosmides had to frequently resort to sending out motorcyclists to collect ministers' signatures to overcome bottlenecks. The failings were systemic, rooted within the Greek bureaucratic tradition, but they also stemmed from Simitis' own preference for a 'lean' operation. A small and exclusive inner circle meant Simitis was denied the resources and the linkages to penetrate the wider government machine. Maximou was a better run island, but the problems of the archipelago were not fundamentally overcome.

So, when we survey the prime ministers and their governments of the *metapolitefsi*, how can we explain that through changes of personalities, political parties, ideologies, and historical contexts the problems at the heart of government – of limited central control and of lack of coordination – have remained? Each of the four cases I've considered here represented opportunities for real change in these respects. Instead, they were like old wine in new bottles.

The continuity of the internal problems of government reflects, I would argue, the force of deep-rooted cultural norms evident within Greek society and politics. We are all, to some significant degree, creatures of our culture and Greek politics operates within a very distinctive setting.

Successive prime ministers have chosen to surround themselves with relatively few resources and not to rely on established management structures. They have placed a premium on personal trust and loyalty, set against the perceived threats from beyond. The cultural frame was evident in Karamanlis' justifiable fears in the transition to democracy. Andreas had similar fears of a right-wing establishment. Into government came a leader and a cohort with a mentality of underground agitation and a mentality close to that of a sect. Both Karamanlis and Andreas had their reasons to prize trust and to operate with a small coterie.

Their successors have maintained this mentality. When we asked one former Prime Minister why he had such a small team of advisers, his reply was that it was only feasible for him to have regular contact with a small group. If he had a larger staff, he wouldn't be able to have regular contact with them and therefore he would not be able to trust them. There was no sense here of management structures or of administrative processes. The critical issue was one of trust within a closed circle – and this, of course, was located in a context of strong partisanship and the fear of leaks. So, throughout the post-1974 period, successive prime ministers have chosen to appoint many fewer staff than provided for by the law. And some have used appointments in the PM's Office as 'rousfetti' type favours for party supporters: people have been appointed who were not expected to fulfil any significant duty within the PM's Office. Indeed, in some governments the majority of those appointed to the PM's Office were never really active in those official posts, but busy elsewhere.

And prime ministers have also been rightly sceptical of the quality of operation in the wider and lower structures of government. The administrative machine gives plenty of reason for political heads to think that a closed elite team is the best way to animate and move the system forward. But the weaknesses of the government machine have often been created by the politicians themselves by the distorting impact of political favours. When Karamanlis appointed a non-political figure as his Chief of Staff, the prospective candidate said that he would only accept if Karamanlis did not expect him to get involved in 'rousfetti'. The stern Karamanlis was horrified: 'Do you think I do rousfetti?', he shouted. Sadly, many other Greek politicians have done rousfetti, to secure support, knowing that the 'system' will tolerate such behaviour as part of the 'ways of doing things' here. The effect of 'doing rousfetti' is to de-stabilise the system and to make it rational for prime ministers and ministers to detach themselves from the government machine - to think in terms of a small elite team at the apex of the structure.

Clientelism also undermines the feasibility of nurturing stable technocratic strata of management within government. Modern Greek culture cannot cope with the concept of 'independent experts'. Academics must be identified with one party or faction or another. Like politicians, they must be brought into the politics of clientelism. As most senior appointments are political, then a change of PM or Minister requires the arrival of new personnel. Even the typists and accountants serving government must change – they are assumed to

be politicised and party political in their work. Those in the 'ancien regime' must go immediately. Prime ministers have entered Maximou and found an empty building. Mitsotakis arrived as PM and found no-one there. Simitis, despite coming from within the same party, was met by a gardener and a typist. George Papandreou found that the previous government had even taken away the hard-drives of the computers in Maximou. Such change and turnover reinforces the sense of starting afresh with a small, enclosed and trusted team.

The isolation around the PM is connected to how the Cabinet system has developed. Both Karamanlis and Andreas were towering political figures; heroic leaders rescuing Greece from dictatorship, delivering change. Charisma was substituted for institutional authority and processes. They had no real rivals; both were indisputably 'primus'. Both saw the Ministerial Council as a grand platform. The frame had been set: the Cabinet system was neither central nor routinized – and this undermined its contribution. No PM of the *metapolitefsi* has operated a system in which Cabinet minutes are circulated to all ministers and there has been no stable network of committee coordination. Though Karamanlis used his inner Cabinet, the pattern has hardly been stable since. And the number of Cabinet committees has been small and erratic: hardly an effective contribution to coordination.

The isolation of the centre of government is matched by the near autarky of the large individual ministries. These are some of the best



protected islands Greece possesses. Coordination between ministries has often been superficial, ad hoc and narrow, rather than being embedded and general. Initiatives are strangled by overlapping competences between departments. The bureaucratic operation suffocates under a Napoleonic legalism. The Greek administrative culture creates a web of delay, arcane procedures that produce frustration and inefficiency, and a set of blockages and vetoes. The legal culture specifies an excess of detail, creates mountains of regulations that are difficult to penetrate, and produces rigidities. The task of government becomes limited more to law and penalties, rather than policies that are reviewed for their effectiveness.

At the same time, Ministers have their own pressures of clientelism and bureaucratic weakness. They struggle to assert their own control within their ministries. As a result, they have an institutional interest in avoiding too much scrutiny or control from Maximou. So the lack of control and coordination is both a demand and a supply problem.

So, what is the overall picture? A setting has been established that has endured for almost four decades. It combines a model of leadership – of an Emperor with few clothes – and an institutional system of weakness, separation and compartmentalisation. We have a mix of cultural attitudes, strategic interests and institutional weakness that defines the way in which politics is conducted. Successive generations of political personnel have accepted these features as the ‘givens’ of Greek politics. A thick layer of cultural

constraints is superimposed on a thin stratum of institutionalisation. Thus, the pattern of government organisation shows a variation on a common theme, but substantive and enduring change is elusive.

There are costs here. The system has limited the flow and input of knowledge and expertise into policy-making. For ministers and prime ministers, the organisational levers to pull to implement reform have been erratic and weak. More generally, the ability of the system to engage in policy evaluation and impact assessment has been almost non-existent. The cultural instinct has favoured law rather than policy assessment. New initiatives are taken – by ministers and officials with good intent – with inadequate support, frustrating institutional structures, unrealistic timetables, and competing clientelistic interests – and the risk of disappointment is very high.

The systemic problems are well-known. The internal history I've sketched is a little more original. And indeed the point is that how government has developed helps to explain how the problems of inefficiency and frustrated reform initiatives have been sustained over time. Organisationally, government is often structured to under-perform, to disappoint. Worse than that, government has developed in a way that produces interests against its internal reform. The weaknesses of the very centre of government are based on structural interests that undermine its position.

How can Greece escape from these constraints? The current government recognised the dysfunctionalities before the current

crisis, but the impetus of the Memorandum adds urgency. One government cannot produce enduring change. Tackling the weaknesses and dysfunctionalities of the governmental system ought to be a matter of cross-party concern. Good administrative practice ought to be a matter of consensus, avoiding populist cynicism. As you know, I have participated in an advisory committee on the matter. We have developed an agenda that represents, I believe, very significant advances on what has been inherited. I served on the Committee in a non-party role. Our role was modest, but I support the ideas that have been developed. We have had no input into how the plans are implemented.

It would be nonsense, of course, to argue that the solution to bureaucratic inefficiencies is the creation of a new bureaucracy. It should not be a matter of building a vast new bureaucracy at the centre, around the PM, but rather of getting the balance of resource size and skills right, of changing procedures and structures – to enable effective monitoring and stream-lined coordination as any modern management would require.

There are, of course, many agendas of reform and this is just one of them. Organisational efficiency is a means, rather than an end. But it does carry stark implications for Greece's ability to produce and implement reform and the 2010 crisis shows reform is essential. The agenda of how government operates internally has been neglected for too long and squeezed out by competing political interests. The

national interest requires strong leadership to ensure these problems are properly addressed.

Thank you for listening and I now look forward to your comments – I am sure I will learn more.

End.