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AUSS
Foreign and Commonwealth Office
London SW1

Mr. Martin 3/2
Mr. Jenkins 1/5/81
draft pl. - discuss part of journal
cc Mr. Burns
R. Hannay
cc (E)

1 should be prepared to write up the Dept. have by his original Councils
§ 3/2

Dear Ewen,

GREEK POLITICS: THE STATE OF PLAY

1. The question raised in paragraph 2 of your letter of 12 December has led us to some reflection on the nature of Greek political parties and the Greek electorate, and the possibility of reform.
2. Your question was whether the old political establishment represented by New Democracy has grown irretrievably inefficient and corrupt to the point where a New Democracy administration is incapable of carrying out the sort of reform necessary to enable Greece to compete economically or evolve politically. You went on to ask whether enough people might accept this thesis for Papandreou in his guise of pragmatic reformer to prove an election winner. My answer to the first question is a qualified No. But I should like to examine the terms of the question.
3. First, inefficiency and corruption. The Greek public service is bureaucratic, slow moving, and highly politicised. The administration finds it difficult to respond to the need for reform (which is in many areas widely recognised by the press, by officials and by Ministers) in a consistent and determined way without being blown off course. Though the Greeks are good at making plans, they are less good at carrying them out, and pastmasters at changing them for new plans. The city of Athens is a case in point. It has consistently outgrown the plans of the Ministers and townplanners until now it poses a series of exceptionally difficult problems in the field of traffic control, control of urban growth, provision of sewerage and other services. It has indeed been Governments of the Right (New Democracy and its predecessor ERE, plus of course the junta for whose actions the old political establishment cannot be held responsible) which failed to keep up with this growing bundle of problems. Apologists say that the initial cause of the problem was the influx of so many refugees from the countryside as a result of the civil war and changes since in agriculture; nevertheless there was a failure to grapple with consequences that could have been predicted.
4. Where the administration and the citizen come face to face there is also inefficient and sometimes inhumane bureaucracy. Diplomats are insulated from much of this, but the foreigner gets the flavour of it when, for example, he goes to collect a parcel from the parcels office, or deals with the Customs over an imported car. The problem is partly an Ottoman bureaucratic /tradition

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tradition which revels in documentation and in which the petty official, not able to take responsibility for positive action, shows his power by obstructing his fellow citizens; partly the effect of the low level of education of the majority of civil servants, compounded by the propensity of all governments to put placemen into the administration (which in turn results in over-manning). These problems are recognised and widely bewailed. The conservative newspaper Kathimerini publishes regular leaders on the deficiencies of the administration. The Government itself has established a committee of Ministry General Secretaries under the Deputy Prime Minister to deal with them. But no one expects it to produce results this side of the elections. And it should not be forgotten that the inefficient hierarchical system which calls for six signatures on a document was designed to prevent corruption.

5. Much of the 'corruption' in Greek public life amounts in my view to little more than the working to the limits of the political system, which allows and is indeed based on the principle of rousfeti, or favours done between patron and client. This is, as anthropologists can show, deeply embedded in Greek society, and serves a social purpose so long as the administration does not provide speedy and impartial treatment to its citizens. (I am aware that there is a circular argument here in that rousfeti itself prevents the development of a just state.) The local deputy persuades the Minister to find a job in a corner of his Ministry for the son of one of his clients (the Greeks say 'one of our people'). The boy is not too bright and will not improve the efficiency of the Ministry: but the votes of the client, who is the village Headman, and of his extended family and friends, are assured. The same principle of favours exchanged applies of course to other benefits than jobs - places in hospital, even attachments to Embassies abroad.

6. There have been grosser examples of corruption involving the highly placed including Ministers. The handling of public sector contracts can provide examples. But I do not have the impression that this is widespread. Nor that the reputation of the government and administration has been damaged. The Greek voters seem to regard both the lesser and the greater corruption as an inevitable part of the political and social scene. With proper scepticism, they do not (except for the committed and the naive) expect PASOK to be much different.

7. In this connection I would add that although there are extremes of riches and of poverty and by and large there is a correlation between wealth and voting patterns, there is a relatively high rate of social and economic mobility and barriers of class are not pronounced. Moreover inefficiency and corruption as described above have not prevented the transformation of Greece, materially, in the last thirty years. GNP per capita has risen from \$582 in 1962 to \$1474 in 1979 (at constant 1970 prices). For this reason I doubt whether they are so endemic or damaging as to prevent Greece from competing economically. Accession to the European

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Community is certainly going to bring particular, and acute problems of adaptation in which some parts of Greek industry, unable to compete without protection, will go under. (I am reporting on the Greece that enters the Community in a separate despatch.) It is also the case that the economic situation at present is bleak (inflation in 1981 is unlikely to fall below the 1980 figure of 26% to give one indicator) and this will affect the election campaign. But in the longer term I do not doubt the Greek capacity to adapt and compete.

8. Political evolution is another thing. External factors - civil war, emergency, junta dictatorship - have prevented the evolution of a solid, smoothly working democratic system since the war. If the test of such a system is the 'alternance' of parties in power, then the experience of the period 1964-7, when it looked as if the Centre Union of George Papandreou might take over smoothly from the conservative ERE, suggests that Greece was not ready or mature enough. Since 1975 the forms of democracy have been there and they have been filled with some substance. Karamanlis has laid the groundwork for an 'alternance' and as I put it in my despatch of 14 May his best wish for Greece would be to preside over a society where this can take place without catastrophic upheavals. Other things being equal, I would, as I suggested in my despatch on PASOK of 12 June, judge that it would be in the interests of Greece herself (for the consolidation of democratic institutions) and of New Democracy that the party should have a spell in opposition and a chance to renew itself.

9. But other things are not equal. The alternative is PASOK. I have already analysed in the despatch referred to above why I think PASOK in power would be a force for instability and disintegration, damaging to western interests.

10. You asked whether, given the deficiencies of New Democracy, Papandreou's pragmatist guise could prove an election winner. I am not going to predict election results. But my guess is that those votes that come to Papandreou from the centre will not be cast in positive recognition of his "pragmatic" and "moderate" policies, but *faute de mieux* by people who cannot bring themselves to vote for the right and see that a vote for the centre is wasted. Papandreou is still pretty widely mistrusted except among committed PASOK supporters, a fact that New Democracy will play on in the campaign.

11. Finally, where within the system lies the possibility of change and reform such as will reduce the inefficiencies and eliminate the corruption? It is hard to see. I have doubts about PASOK's credentials to reform the administration and machinery of government. The politicisation of the administration will be important to PASOK's survival and effectiveness; and there is a built-in likelihood of further overmanning of regional administration in PASOK's proposals for devolution and the restructuring of local government; also in their proposals for nationalisation. Nor is it easy to see rapid change from New Democracy. The years in power have eroded the will to improve the existing order which was so evident after the fall of the dictatorship. Its recent attempts to introduce overdue

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reform in higher education, the social services and health care have been ineffectual. But the party is not passively conservative. The more dynamic ministers, such as Manos, Andrianopoulos and Doxiades would like to see faster change. Rallis himself who belongs to the left, reforming wing is ready to listen to them, and would I guess like to be able to move faster than the creaking machine allows. But he is a political animal and will not give reform its head if that meant losing his right wing.

12. My conclusion is a qualified acceptance of the thesis that too many years in power have caused a certain sclerosis in Greece's administration and institutions; but rejection of the thesis that things are so far gone that under New Democracy Greece is condemned to economic and political stagnation. And I do not accept that the sclerosis will necessarily lead to the rejection of New Democracy by the electorate in favour of a 'pragmatic' Papandreu.

13. I agree with you that international affairs are unlikely to prove decisive in the elections. The voters will be thinking first and foremost of how to secure their own material welfare. But do not underestimate the external factor. Relations with Turkey could play an important role. And membership of the Community is a special case, in that it impinges on the voters' pockets. It will be hard to separate the Community issue from domestic economic issues, and the Government will make sure that the benefits of membership are publicized. As I have reported in my Annual Review, the current, belated campaign to explain and sell the European Community is having some impact.

14. Since you wrote, the possibility of Soviet intervention in Poland has receded. But I agree with you that military action by the Russians would certainly have a considerable effect on the elections. It would obviously do the KKE no good. Although he would condemn such an intervention, it would probably lose votes for Papandreu, since any serious crisis in international affairs would be likely to cause the electors to look for stability and well-worn, if imperfect, solutions. The Eurocommunist KKE (Interior) might pick up some votes from the KKE. The main beneficiary would be New Democracy. I have heard it seriously suggested by politicians that a Soviet invasion would be the one eventuality that might persuade Rallis to abandon his objective of holding on, if possible, until the autumn before going to the polls, in favour of a snap election in the wake of a Polish crisis.

Yours ever,

Ijm -

I J M Sutherland
HM Ambassador

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