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San Juan, Puerto Rico

Thesis: Greece's political and economic woes (1980-2014)

Tesis sometida al Departamento de Historia para obtener el grado de Maestría en Artes  
con especialidad en Historia

11 de agosto de 2021

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## **Dedication**

Dedicado a mi hermano Javi, y a mis padres. Esa formación fue ardua y admirable. A todas las amistades que ya son familia. A mi querido pueblo Jayuya, y su educación pública. Sin ustedes no hubiese llegado a donde estoy.

Por la milla extra de aquel profesorado que carga con la institución. Esa vocación es digna de emular y el origen de tanto éxito de muchas vidas. Gracias Mayra, ya que, sin ti, no hubiese terminado la tesis.

A mi esposa querida, quien ha creído en mí y me llena de paz. Por último, para aquel hombre que conocí creyendo que trabajaba en una librería por la cantidad de libros a su lado mientras yacía en el piso y preguntaba sobre lo que buscaba. Recuerdo todavía con emoción el reconocerlo como autor de uno de mis libros de infancia. Aún lloro tu partida Fernando.

## Introduction

Growing up during a socioeconomic crisis in Puerto Rico, my need to situate everything amidst the chaos was pressing. The sense that I was against time led me to relentless questioning and an attempt to make sense of things as much as possible. Not only does living in a crisis feel like being in a state of limbo, but by the time I realized how much the crisis influenced us, I found that most influences were not positive attributes. To make matters worse, narratives about the crisis typically deal with multiple subjects and deliberately omit aspects that could change the story. Not only do people lose their dreams, but it is hard to grapple what is truly going on as it occurs. It is for this reason that I find imperative a historical approach that gives the benefit of the doubt to narratives that seem to come from the opposite side of my worldview, as well as questioning the very same worldview I have on things.

Let us put aside all the institutions, laws, theories, treaties, and all that has been mentioned about the crises, and think about the subjects and their set of beliefs. We humans operate on creeds, and beliefs; some more systematic and elaborated than others, while others collage their beliefs from different sources i.e. popular culture, religions, role models, and even the consensus from any forum, real or digital. Something striking to me so far is the fact that all these analysis falter at the idea of irrational subjects operating withing all this narrative. This thesis pretends to stress out the irrational aspects of its actors, and its institutions, stating the fact that much of these conflicts are due to miscommunication, lies and deceit as much as the institutional flaws or the political mistakes politicians made.

In December 2009, major US credit agency downgrades Greece credit, signaling that Greece economic burden was too big for its income and the government slow response along with the economic crisis unfolding due to the Housing Bubble crisis the year before. The European Union (EU) scrambled in the same fashion as Greek policymakers and politicians were years before: blaming the government for its irresponsible debt borrowing and overspending on the public sector; blaming the Greeks tax evasion culture; and blaming the US housing bubble crisis. Soon after, talks about divisive issues spurred; the need to reform the Euro, rethink German hegemony or leave the eurozone and revive the Drachma (Greek old currency prior joining the euro). In other words, they were two crises unfolding in the EU: the Greek crisis, and the narrative of it. Suddenly, everyone had a voice and interestingly, these perspectives were highly dissimilar, yet they were consolidated in two important aspects: debt had to be dealt with; and the Greeks were a corrupted society from top to bottom. This gave a considerable advantage to the EU politicians and policymakers, as the narrative favored the bold who were going to deal with the issue to save the Euro, and the corrupted had to suffer what they must to endure the greater good.

Is it not horrifying how people think that a shift on a few policies and the championing of a set of ideas will fix everything? What is the actual problem we are facing? Is it a contraction in the economy, a bad policy, foreign interventions, or a byproduct of our agency with set issues? Is it just debt? If so, what would happen once it's paid for? Is it convenient to pay it off? Defining the problem defines the narrative discourse, and by changing the narrative you change its problem. Most importantly: Why the crisis has lasted for so long and why Greece has not made from it yet?



With those questions in mind, I planned my thesis in three parts as follows. First, I wrote a narrative of the crisis by incorporating key aspects that I think played a big role unfolding into the 2008 crisis. By looking further back, the more compelling is the argument. Second, I traced a brief history of the consequences of the country and its people, who were incapable of acknowledging how their problem was bigger than what it appeared. The method was to cover the pension systems scandal between 2012 and 2014 in addition to the obliviousness of the Greeks and some of its politician's vis-a-vis the issues now. I aim the spotlight on the inadequacy and dangers of a society that reshapes truths to partisan talking points, which in turn deviate our attention to minuscule issues at hand. Third, I mean to expose how private business models were just as affected by corruption as public institutions and how the conditions were present in both local and foreign entities. Lastly, I broaden the conclude the discrepancy between the real and hyperreal and its impact on crisis solving. My thesis is that the narratives that unfolded during the crisis both in Greece and abroad does not reflect past events that are directly related to the economic crisis.

### **A Third Republic Is Born**

After the burdensome period of the military Junta in the 1970s, Greece established a Republican Government for the third time. However, this was not the only case, given that Portugal and Spain went through a very similar situation. Meanwhile, Western Europe was in a process of political and economic development motivated by the tragedies of World War II (WWII), with the United States (US) and the Soviet Union (USSR) on both sides. This development turned out to be configured by an economic union honoring the national sovereignty of its members, from here its name at the time, European Economic Community (EEC). This is what today is known as the European Union (EU). By the time Greece approved their Constitution in 1975, the EEC had already defined their path; that is, peace and harmony throughout the common market. Avoiding

any trade or economic conflict whatsoever was thought to be the key for peace in Europe.

Who are the Greeks and what is Greece today? What do we know from the country and its citizens? What did the United States and the Communist bloc have to do with the Greeks and how they constitute themselves in today's Europe? From a foreigner's perspective, Greece is widely recognized as one of the most corrupt and indebted countries in Europe. It is viewed as a country that is undisguisedly subject to the global economic institutions and a representation of the failure of whatever the foreigner despises, whether it would be Democracy, Capitalism, Globalism, Patronage, Corruption, Socialism, Germany, and many others. Ironically, Greece could be seen as a step ahead of other indebted countries, a tragic image of what to expect for any indebted country. It is no surprise that most people might think negatively of Greece, especially when racial stereotypes and geographical determinism take place in the image making of Greece and other countries used for comparison. For example, some analysts have even used the term PIGS as an acronym for Portugal, Italy, Greece, and Spain.

When I first started studying Greece's crisis, it became evident that everyone had a take on what the crisis was and how it unfolded. For some, the crisis was a logical consequence of monetary unity without a political one; for others, it was the greed of the financial system from France and Germany, which drained and then lobbied to keep draining the Greek society through the troika for every penny they could get. For most of the media and the public, the blame is to be placed on Greek corruption as they believe its consequences led directly to the crisis. On the other hand, some focus on the political failures of intragovernmental institutions like the International Monetary Fund (IMF) and the World Bank (WB) for underestimating the intricacies of the countries they worked on and the dangers of applying policies designed for elsewhere. Lastly, some emphasize the magnitude of the latter, stating their policies were faulty since the beginning

as they were the result of an error in the design of these institutions. I envisioned a narrative that could explain things considering popular notions at the time, as well as reflecting upon political economy and its 20<sup>th</sup> Century history to demystify much of the propagandistic narratives present everywhere.

### **An Historiographical Approach to A Broken Frame**

As expected for a recent event, there is not much literature explaining in depth how this crisis started. I believe it is a role for historians to approach the matter at hand in a holistic matter; however, there have been other groups that have had their hand at providing an explanation. Politicians come up with narratives that summarize how things unfolded in ways that reinforce their platforms. A similar situation happens with economists as they frame the narrative without its main character, which is the Greeks in this case. Both a politician and an economist, Yanis Varoufakis problematizes the American Order of things devised on the new Europe after WWII. His view sheds light on peculiar historical events that devise a narrative from an International perspective, tying Bretton Woods and Global institutions together to understand why Greece, Germany and Europe find themselves in such political and economic predicament.

### **Yanis Varoufakis and Bretton Woods: A Genesis**

As for this thesis, the core narrative of the real crisis starts in the same way as Varoufakis, that is with the World being reshaped after Breton Woods, because it was their purpose to avoid the causes that led to the two World Wars: extremisms, lack of cooperation, and economic disparities. Present at the time, John Maynard Keynes proposed the creation of the International Clearing Union, which is a hybrid between the World Trade Organization (WTO) and the International Monetary Fund (IMF). Meaning and institution that could foresee import and export fluctuations between countries and to offer credit to countries who had the disadvantage. This was

to deter the economic and political impact of export intensive countries like Germany to import intensive countries like France, Spain, Italy, Portugal, England, and Greece.

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The US position, represented by former Keynes student Harry Dexter White, agreed on the importance of the principles laid out in Keynes' proposal, but differed on the methodology. Ultimately, it was decided that no such binding institution<sup>1</sup> will be made but instead one that could foresee trade and provide certain stability by offering economic assessments and incentives to countries at a disadvantage. They designed an entity that would not limit trade disparities, and with

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<sup>1</sup> It is popularly called a surplus recycling system.

the idea of a non-binding advisory institution in place of the Keynes' aforementioned plan, this gave birth to the IMF.<sup>2</sup> With regards to the intricacies of trade, other things were decided, but it is important to keep in mind that the main reason for Keynes's scheme was ignored: A surplus recycling mechanism. It is from the failure of Bretton Woods agreement that the idea of a European union originated. This pertains directly to Greece's economic dilemma: A country entangled in conflict tethered to a monetary union created to bring stability and peace to a war-ravaged continent, whose economic issues are directly related to the consequences pointed out by Keynes and afterwards constitute the framework of the EU. Varoufakis values Keynes' position to the point of being prophetic. Furthermore, George Soros' approach to these global institutions seem to coincide with Varoufakis' stance regarding on their roles, as discussed in his book on Globalization.<sup>3</sup>

### **George Soros and the global responsibilities of global institutions: A look into the FMI**

Soros' thesis is that the World's economic problems reflect much of the political and social problems, domestically as well as internationally. He focuses on countries in the periphery, such as Mexico, Russia, and Argentina, arguing that their macroeconomic reality is one that cannot be domestically solved by neither the markets nor political action. According to him, their situation beckons a global cooperation acknowledging the material and geographical limitations of each country. Based on these limitations, Soros sees the right justification to cement his premise. Given that not all countries have the resources, manpower, capital, or social conditions, it is up to global institutions to act based on that reality. Soros calls into question the theoretical approach of institutions like the WB, the US government, and the IMF as they tend to implement policies based

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<sup>2</sup> It is ironic that after the collapse of the Bretton Woods system, its institutions endured and eventually the IMF will develop a bit more binding financial role.

<sup>3</sup> George Soros, *George Soros On Globalization* (New York, NY: Public Affairs, 2002).

on flawed statements, those are:

- Markets from poor countries can solve any economic debacle if governments cooperate with each other in the same way it happens between the US and Germany.
- Economic boom and bust cycles are not all the same; some of these cycles in the World are not due to their political and economic reality but are rather a direct consequence of their physical limitations.
- To sustain the New World Order devised by the allies, they must recognize the global limitations of the economy and should act upon it or the disintegration of the system will become a possibility.

By physical limitations, I refer to the country's limitation on human capital, credit capacity, natural resources.

For Soros, the economic cycles certain countries face due to capital outflow are not because of their actions as much as it is the global economy layout. He points out that the majority of the so-called second and third world countries rely on credit based on foreign currency, which is borrowed from the countries that bid welcome to most of the capital outflow. This economic paradox tends to favor the lender, who in turn is the same who exports the products to the second and third world countries; the borrowers will end up buying these goods and services, causing macroeconomic imbalances. At a disadvantage, these countries try to sustain a government whilst facing economic paradoxes. These paradoxes are the same Puerto Rico and Greece suffer for instance, as they scramble to devise tax reforms to sustain an economy based on either consumerism (sales tax) or production (i.e., property or corporate taxes). Soros calls for a major role played by the IMF, if they acknowledge that boom and bust cycles are a repeating pattern if

the global aspects of the economy are not addressed<sup>4</sup>.

### **Aris Tranditis and the Greek clientelist economy: A look into the role of Greek agency in crisis**

Focused on the Greeks' agency is Aris Tranditis, whose work is on the intricacies of the corrupted system in Greece and how it deprives the Greeks of any possible reform as their elite's feast on the power derived from a rent-seeking economy. Tranditis concludes<sup>5</sup>:

*“The book has sought to address a theoretical question: Is there something distinctive in clientelist politics that has not been adequately captured by the analytical framework of interest-group competition or by the view that party politics are primarily sensitive to the general preferences of the voters?”*

Moreover:

*“...the book's main finding is that client groups are privileged groups in the sense that their demands are given priority by the clientelist parties in power.”*

Tranditis rightfully attributes the power of change to the elites in Greece's society; however, he fails to acknowledge that this power emanates from the global context. It is irrelevant to point out the corrupted system without mention of the conditions that feed it. He correlates a state-driven economic development with the clientelist economy, as shown in the Greek context and what could also be pointed out in Puerto Rico. Nonetheless, the fixation on the evils of the Greeks' predicament does not explain the democratic impasse between those who stood for and against the memorandum, understanding that the economic package was approved three times during the crisis. The problem with Tranditis' approach is that it fails to explain the opposite political position

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<sup>4</sup> One example is the Greek's economic crisis which will be discussed throughout the thesis.

<sup>5</sup> Aris Tranditis, *Clientelism and Economic Policy: Greece and the Crisis* (New York, NY: Routledge, 2016). Kindle. Both quotes are from Tranditis book, chapter 12.

regarding Greece's dilemma, which has historically acted with suspicion towards foreign intervention; this applies both to indirect intervention, like foreign reports from the ECB, the IMF, or the WB, but also to direct intervention, specifically the memoranda and the role of Greece in the New World Order devised by the winners of the war. Greece's history accounts to a global struggle per their crucial location in the Mediterranean, as well as a common past with Germany going back to the middle ages.

Incorporating Greece in the New Europe was imperative; one country on the allied front was one less on the Soviet side. Greece's misfortune and its "corrupt" behavior cannot only be explained by the bad things Greeks do as foreign forces also take part in the events. Taking this into consideration provides insight on the shattered parts of the broken frame. Regarding Varoufakis and the progressives, the notion that human agency is a byproduct of society which suffers from external factors is also deliberately misleading. For these reasons, my thesis is based on a juxtaposition of Tranditis and Varoufakis. Both complement each other; the former focuses on human agency derived from, and the latter as a byproduct of society.

A synthesized view on the matter would be brought forth by Antonis Liakos, explicitly manifested on his essay when he recognizes two paradigms conflicting each other during the crisis. The first presumes the evilness of the Greeks and accepts the memorandum while the second rejects it as the enforcer is equally responsible of the crisis. My thesis does not particularly focus in proving nor disproving such notions as they are used as guidelines for me to portrait the Greeks' crisis. Furthermore, my view on the issue juxtaposed with the authors did change as my research progressed and I saw the way the crisis unfolded on its latter years (2015-2018) which are not considered on this thesis.<sup>6</sup>

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<sup>6</sup> Since I first started researching the subject back in 2014, numerous articles and books published things and perspectives incorporated on the thesis. Therefore, they became part of the theoretical framework like the book by



## **Antonis Liakos and the rupture between political discourses and global governance: A look into the pro and anti-memorandum perspectives**

A domestic perspective is exemplified by professor Antonis Liakos on his article. It exposes the two narratives of the crisis in Greece which emerge from the first memorandum or better known as the first aid package (bailout) with all its conditions and requirements. Starting from this event, two visions of the crisis come out in opposition to each one and set out the history of the crisis based on two events. The first narrative, the pro memorandum, is the best known, the most popular, and therefore the main attention for the author. It constitutes the origin of the crisis during the transition of the Greek government in the seventies. It assumes that the root of the problem is a political one as Greece fails to move from the old orders to democracy and the values of modernity. From this perspective, the old "bad" customs continued in a new system with no change in the paradigms of Greek society such as corruption as well as inefficiency in governance and establishing itself as a competitive country in the union. It also pictures the Greeks as the cradle of European civilization, highlighting the paradox of the cradle of the West that fails to adapt to the new order of modernity and its values. Herein, the first paradigm maintains the need to recognize the European neighbor as the one who could make the successful transition, giving more value to the foreign advice and position while simultaneously degrading the local propositions.

The second narrative is the anti-memorandum, which covers the crisis since the Second World War with the invasion of the Nazis in Greece and how this affected the country. In this opposite view, the Europeans are posed as the main enemies of Greece and the cause of Greek ills. This explains why those who favor this narrative resist all external intervention to the Greek problem and argue that its solution lies in a break with Europe's influences within the country. This

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Tranditis, which unfortunately I cannot divert my thesis to properly address my disagreements to an adequate extent.

paradigm assumes populist elements in Greece and is generally accepted within the right-wing and conservative sectors.

The author juxtaposes both visions with local, transnational, and global elements to refute these premises. Among the global elements, the author highlights that the crisis is not a direct consequence of the expansion of the government nor its respective debt as there was a sense of optimism in the western world towards the new millennium. Derived from this way of thinking and a transnational perspective, he argues that the public policy was focused on meeting the necessary requirements of a country that would be able to join the EU, meaning that everyone seemed to agree that the inconveniences of transforming Greece into part of the union was overshadowed by the sense of optimism. The author is not implying that the changes in the nineties were bad nor that Greece should have not joined the EU but that the negative effects were not weighed, therefore they were ignored. In global terms, the author highlights problems that clothed the West with a crisis that went beyond the Greek case, shrouding some countries in the Mediterranean that underwent similar processes, such as Italy, Spain, and Portugal.

Pondering on the democratic aspect, he points out how democracy changed during this period. He emphasizes how the real political domestic power was being overtaken by global financial institutions and the global market; at the same time, people were reshaping the democratic discourse towards identity politics, denoting an importance in the reconfiguration of people, parties, and ideologies. The author is troubled by the apparent disconnection between the interests of people and how to frame the democratic discourse based on equality and identity whilst Greece is giving up most of its autonomy in an economic union with the EU. He seems to blame political parties for refraining from the political implications of the economic union; not only does this event affect the Greeks, but it also shapes the country on an international level. He acknowledges

that the decision making of society transcends the national boundaries and has international implications. However, this was not up for democratic discussion as these decisions were taken by government officials, executives of large financial and business institutions, and finally the European Commission (EC). In his conclusion, professor Liakos proposes discussions on these subjects, giving the power of decision-making to the people of the respective countries instead of how things are done.

It is interesting that I did not find on Liakos' articles or Tranditis' book an analysis on the perpetuity of what they thought to be Greece's predicament in society. In other words, they inquire on the present state of things, but they do not really ask themselves why the present state of things does not seem to change. A question for Liakos: What is keeping politics in Greece from shifting away from identity politics? Is it because people live out of the so-called corrupt state? So, called because analysis presumes corruption and people are separate and the only relationship, they hold is a romantic hostage/kidnapper scenario. Or is it because identity politics were acknowledged as won before fighting it due to the secularization of set ideas and how minimal effort is needed from the state?

As for Tranditis, why is it that people sustain the corrupted system and seem to thrive from it? After all, one of the most famous politicians in modern Greek history was acquitted from very serious corruption accusations and yet won another term afterwards. From Tranditis' perspective, it is even harder to formulate the question I wanted, because the answer is already implied in his analysis. Since there is a direct relationship between state-led economic development with corruption, mixing political parties with clientelism, the system preserves its existence by holding the power. Is the system held hostage by the corrupt? I value asking how and why things will not change from a social, political, or economic perspective. Is it because the culture of corruption

promises social and economic mobility? Maybe, staying silent and being part of the clientelist system is perceived as the only way for someone to afford a job and feed their kids. It could also be that democratic discourses can be a twisted interpretation of notions and events, which the mainstream media feeds itself with constant cynicism, saturating society and disincentivizing social engagement.

## **Alea Iacta Est: The Collapse of Bretton Woods**

The importance of President Richard Nixon and his “Nixon shock” paved way for the future convergence of Western Europe. In a nutshell, this controversial policy shift separated the gold standard with the American dollar and established a free-floating currency exchange instead of fixed rates like in Europe. This meant that countries could no longer exchange dollar for gold, rendering the Bretton Woods system useless as currencies in Europe were not pegged to a stable dollar nor the safety net access to gold. Contextualizing the US situation, after the Great Society Program<sup>7</sup> by President Lyndon B. Johnson in the sixties and the expensive wars, the US needed lots of printed cash to meet their demands. This would have not presented an issue if the US enjoyed their trade surpluses and kept its economic expansion. As it turns out, it did not as the growing economies of Japan and Germany took over the free markets, they all shared. In addition, foreign countries held larger reserve sums of dollars than the US amount in gold. The shock came with a 10% interest on foreign goods to the US and a 90-day freeze on wages and prices to contain the inflation. Ironically, the government was directly affecting the markets and limiting free trade. The US showed signs of recession; the mythical never-ending surplus era of the US did not last long.<sup>8</sup>

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<sup>7</sup> It was a program created in the sixties to eradicate poverty and racial injustice. At the time, critics argued that it was too expensive, yet their supporters called out the hypocrisy by the military spending in Korea and then Vietnam. These programs were later expanded by republican counterparts, Richard Nixon and Gerald Ford.

<sup>8</sup> Michael Bordo, “The Imbalances of the Bretton Woods System between 1965 and 1973,” VoxEU (Centre for Economic Policy Research, July 7, 2019), <https://voxeu.org/article/imbalances-bretton-woods-system-between-1965-and-1973>.

### **What it Was Decided at Back to Bretton Woods**

We discussed what was ignored from Bretton Woods, but not what came out of it. The US envisioned a World on which certain institutions could build a set of a Free Market economy, a liberal democracy system, and Global financial institutions to reinforce the beforementioned. Enter the OECD, the WB, and the IMF, which were all created to incentivize the reconstruction of nations and maintain financial stability. Like any new phenomena, it is hard to dictate long term policies when there is no past to serve as reference, a gap that was filled in great part by the political economy successes in the United States. It became apparent that policies were dictated from the American perspective and their take on what the World should look like. At first it was easy, the success of the most prominent political economy school of Keynesian policies turned out to be the perfect recipe for a Europe without its basic infrastructure. However, this did not mean that Keynes' proposals were to be incorporated at the time.

The WB issued loans mostly to emerging countries (within American markets) and the IMF provided financial stimulus to countries that could no longer enjoy access to capital on financial markets. The OECD and IMF worked together on an advisory role to further enhance economic development and integration. In principle, everything looked sharp and bright as day, but the cries for a deeper change could not be overestimated, especially one that could establish a balance between imports and exports, plus stronger mechanisms to offer a broader access to capital. In turn, this American recipe for Europe was a tenuous one, as their policies dictated a reconstruction of the German export industry with no assurance of political convergence or safe mechanisms to avoid the causes of previous wars, which mostly relied in poor economic policies that paved the way to mass discontent, protests, and the rise of extremism.

Then, the Cold War happened, and it became apparent that the unfavored periphery could

fall under the Communist sphere of influence. The US, through the WB and with high recommendations by the OECD, incentivized direct and indirect foreign, private investments. The Americans knew that their foreign markets would be facing competition from the Russians, but also from its rebuilt allied nations, so they did everything they could to offer whatever was necessary (diplomatically speaking) to attract nations by making their financial markets more attractive. Nevertheless, Europe was Germany's trade background and the dangers of what would become were not recognized by this international community: with trade surplus came capital; capital expanded financial markets; financial growth needed foreign investment in forms of bonds and loans; debtor countries attempted to ease the suffering with either cuts or spending. In import countries, these actions lead to poverty, corruption, and vulnerability - exemplified in cuts and the shift in focus away from the people and towards financial statements, culminating in a new rule of law.

The unintended consequences of this scheme with the WB, IMF and the OECD were economic growth at unprecedented records. It was increasingly easier for countries to access financial markets with lower interests and to establish military bases throughout nations, which generated income and created jobs in the vicinity. There was the possibility of attracting foreign investment in a more humane way as they could establish factories and bargain over conditions. Countries could foster governmental growth by investing on infrastructure and tourism, as well as pension systems that could enter to the financial markets and make retirement solvent. They could have also reduced military spending and the fears of war among the people, given the number of enemies were reduced while cooperation and integration became popular choices. Universities received state funds, cultivating generations with more powerful tools of knowledge. Lastly, assessing and exchanging ideas of how to administer goods and services in a better way

predominated in the dialogue between countries. Regardless of the awe, the limitations detracted the possibilities of becoming even better, at least from my perspective. Not all growth is equal and economic success could mean anything depending on the variables in question as we will see in the upcoming chapters.

Let us put aside all the institutions, laws, theories, treaties, and all that has been mentioned before, and think about the subjects and their set of beliefs. We humans operate on creeds, and beliefs; some more systematic and elaborated than others, while others collage their beliefs from different sources i.e., popular culture, religions, role models, and even the consensus from any forum, real or digital. Something striking to me so far is the fact that all these analysis falter at the idea of irrational subjects operating withing all this narrative. This thesis pretends to stress out the irrational aspects of its actors, and its institutions, stating the fact that much of these conflicts are due to miscommunication, lies and deceit as much as the institutional flaws or the political mistakes politicians made.



## Chapter 1

**When Politics Meet Wrestling: Between demagoguery, and reality: A look of Greece's political and economic history from the eighties**

*We contend that a crucial factor in this respect, and one which has been steadily eroding the foundations of Greek society and will impact on the resolution of the current Fiscal crisis, is the interdependence between the tax burden, public good provision, tax compliance . . . The rise of budget deficits during the last three decades reflects in addition to outright corruption, the increasing inability of the public sector to deliver on the public goods and services that the higher-taxed citizens . . . have every right to expect in return. This has created a further legitimization of tax evasion as more citizens consider that there has been a "breach of contract" with the state. (Moutos and Tsitsikas 2010, p. 173)<sup>9</sup>*

At the time, this whole European project was considered progressive, borderline revolutionary, which strides towards a new way of governance, the idea that multiple nations can solve their problems like brothers and sisters with common budget and sharing the same bank account. It might have seemed nuanced for the Greeks, as both academics from different fields held reservations against such union, from Milton Friedman to Foucault. Authors like Varoufakis relate the demise of Bretton Woods gold standard system with the birth of the European Union, which in turns describes it more like a cartel than a political union per se.

However, the idea of Greece joining the EC wasn't that appealing, due to the aftermath of WWII and the past trauma of invasion and annihilation from the Germans, as well as the lack of real support in the war from the allies during the war and later on with Turkey.<sup>10</sup> Begs to mention, that part of the population still conceived the nationalistic approach of Greece owning Turkish lands that were once part of Greece reincorporated to the nation, as well as parts of Macedonia due

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<sup>9</sup> Thomas Moutos and Christos Tsitsikas. "Whither Public Interest: The Case of Greece's Public Finances" *FinanzArchiv / Public Finance Analysis*, Vol. 66, No. 2 (June 2010), pp. 170-206

<sup>10</sup> Elisabeth Kirtsoglou and Dimitrios Theodossopoulos. "The Poetics of Anti-Americanism in Greece: Rhetoric, Agency, and Local Meaning" *Social Analysis: The International Journal of Social and Cultural Practice*, Vol. 54, 2010 No. 1, Rhetoric and the workings of power. pp. 106-124.

to its Greek citizens in said regions. Evidently, strife within modern day politics depends on between nationalists and progressives. But as it was mentioned earlier on the previous chapter, the political spectrum from Greece was a byproduct of the Cold War as well as their past with Turkey. All this explain how a progressive politician like Andreas Papandreu (PASOK) also ran under a nationalistic discourse, as well as anti-American populism. He waged a campaign against the American military bases and their economic presence in Greece, stating that it was a problem for Greece to develop like the old days of Greece. It also denounced the idea of Greece joining the EC. Their counterparts (ND) ran on a more western friendly platform, akin to their attractive Foreign Direct Investment (FDI) emphasizing their advanced economy and society due to the economic model they had.

### **A Greece for the Greeks<sup>11</sup>**

Papandreu won the elections by a considerable margin. Contrary to their promises, they did not end relations with the US, nor severed relations with the EC. On the opposite, they implemented their welfare program and their economic investments from money from the same markets they were arguing against during election time. Their discourse changed so drastically that Papandreu argued that it was the way for Greeks to achieve their economic prosperity. One must admit that the economic programs from both parties were ambitious, and it was a matter of time for Greeks to marry the West as it promised more cash. Interestingly, both parties at the time had different priorities from the population in general. Contrary to a bipartisan way of understanding Greeks, polls at the time shows a more complex spectrum with what they consider the real issues Greece faced at the time. Published in 1981, the poll showed that 28.2% of the voters were liberals, 15.3% conservatives, 14.6% as socialists non-Marxists, 14.2% socialist Marxists and 4.1% as

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<sup>11</sup>Papandreu's campaign slogan in 1981.

Marxist-Leninists. Furthermore, the grand majority, 53.4% considered inflation as the main issue. That is why the leftist anti Americanism was downplayed in favor of a more liberal western approach with some tainted red on it.<sup>12</sup>

There lies an important aspect of Democracy, the interesting and dangerous practice of reshaping issues at the time with lies and bigotry, also the nuanced propaganda against each sector of the spectrum. As for PASOK, there was no way Greeks economy could not sustain the expansion of their retirement system, reinvest, and modernize infrastructure and deal with the farmers production issues at the time, which resulted on bailouts to help them. Even worse, these ambitious programs were funded in part through the EC in form of loans. Under Papandreou, the government was expanded, and regulatory measures were implemented designed to protect domestic markets over foreign. This meant that Forex exchange regulations were implemented; trade protections; price fixing; secured wages and benefits and much more. Their philosophy presumed local protection and state intervention as the path to success, with distrust towards foreigners, labeled as thieves or capitalists who were going to destroy the economic system for their profit. By the mid-eighties there was a budget constraint due to the increase of government spending and loss of revenue due to multiple factors. Such as an increase on imports and its prices due to the everlasting problem of inflation<sup>13</sup>. The solution? Reform the tax code so it could increase its taxes and compensate the disparity.

But such simplistic notions of domestic vs foreign and private versus public only serves political division and petty politics. Reality is more boring, less exciting and the downturn of an economy is not because one ideology, nor an individual or several, but multiple factors. One prime

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<sup>12</sup> John C. Loulis, "Papandreou's Foreign Policy," *Foreign Affairs* 63, no. 2 (1984): pp. 375-391.

<sup>13</sup> Tim McMahon, "Inflation in the 1980's," *InflationData*, June 18, 2015. <https://inflationdata.com/articles/inflation-cpi-consumer-price-index-1980-1989/>.

example of this the decline of growth output from the industrial sector in Greece by the late seventies. Which coincided with the expansion of a government who became a big consumer of local goods and foreign throughout the eighties. This is an unseen unintended consequence of big governments; as they became bigger consumers and of both local and foreign, they incentivize domestic complacency and an increase in capital outflow. Regarding the first aspect, a government becomes a consumer of goods when it is the buyer of food from local farmers who then the food is provided in school cafeterias. This is crucial as this economic relation becomes a symbiotic one, which in turns incentivizes a more intimate form of politics; ergo reinforcing the patronage clientelist society. This is what from a westerner's perspective will point out as an erosion of democracy, when the relationship between the parties and the people become an intimate one through a political party and an economic contract.

The increase of the government size, and subsequently the economic interdependency between people and government grew deeper as there was a stark decline in the manufactory sector. Halfway in the eighties, the stagnation coincided with the overall stagnation of the economy. Furthermore, there was an increase of small and medium business in the same sector, albeit not compensating the loss of given sector.<sup>14</sup> The same sector Andreas Papandreou bailed out. One common misconception is the correlation between the entrance to the EC and Greece's economic stagnation in the eighties. A research paper from the IMF with various Greek economists, ruled out the notion by pointing out the benefits provided by the union; as the access to private foreign capital was made available, as well as government funds in form of aid and loans to the Greek government. However, any country or territory who incurs in a drastic economic and political

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<sup>14</sup> Vassilis Droucopoulos and Stavros Thomadakis, "The Share of Small and Medium-Sized Enterprise in Greek Manufacturing," *Small Business Economics* 5, September 1993 pp. 187-196, <https://doi.org/10.1007/bf01531915>.

transformation could suffer from what is called the Dutch disease.<sup>15</sup> The local industry stricken from the union was the agricultural sector, specifically the one who had a stronger share in the Greece's domestic market. This is because the local farmers could not compete with bigger foreign companies who could produce at cheaper prices. Coincidentally, few other sectors suffered at the same time, like the textile industry.

Even by raising taxes or cutting programs the capital outflow will never go away, and in the context of the 20<sup>th</sup> century a minor country could not afford to go against the free-market puritans who the stronger economies in the western world and some had invaded other countries over the lack of freedom in their business running their own countries. This brings another disjointed issue that has not been addressed properly in today's politics which is the myth of free trade. Back in the twentieth century the trend of free on everything meant good for its proponents and appealing to those who seek the same fortune as the liberal, free market economy of the US and United Kingdom (UK). PASOK then faced a dilemma: should we reconfigure the rules established by the EC and protect local markets or change the economic distribution of wealth? The solution was neither, as they downplayed with the inflation rates, to control export prices to compensate for the losses to sustain the welfare system. Along with the tax raise among the wealthiest, they were still to make national savings until the nineties.

Back to Papandreou, not every promised was broken, as they committed to the workers and farmers to compensate for the consequence of liberalizing markets by having imports with no economic protection which turned out to be cheaper and therefore dooming the local production in a race to their demise. Ironically, everyone knew the effects of such basic economic principle. As like the trade between states in the US, in the EC the economic principle of free market

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<sup>15</sup> A phrase used in economics, which points out the correlation between a proportional increase of an economic sector with its opposite proportional decrease from another.

competing without any domestic policy was a requirement very well disclosed at the time. In simple terms, by joining the EC, individual countries will lose the power to impose tariffs to increase their price and incentivize people to buy local products as the power over customs was above any individual country are more EC export oriented than between its member countries. As idealized by economic philosophers in the 19<sup>th</sup> century, free and healthy competition was the key for a country to excel and develop. Sadly, in a competition someone must lose, with will result in Greeks turning to cheaper foreign products, impoverishing the local economy as well as a Capital outflow. Capital outflow is when wealth of a country flees to another one with no real way of ever coming back, which in turn forces the country to work harder, slash benefits and all the perks you see in any other economic crisis but at least you get to drink Mexican Tequila and drive an American car. Therefore, Bretton Woods becomes so important to contemporary European politics because it was well known that it would have been a matter of time that the German expansion and the trade surplus would have affected every member in any shape or form.

Back at the commitment of free market, Papandreou resisted this problem with protectionism specially to the agricultural sector, something criticized by the OECD<sup>16</sup> Papandreou used money from foreign markets and through the EC to incentivize farmers and workers from the public sector, specifically the public utilities (transport, energy, and communications).<sup>17</sup> A clever way Greeks used to also incentivize export and protect their local markets was by devaluating their money, the Greek Drachma. By devaluing their currency, their exports were kept competitive as

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<sup>16</sup> Formed in 1948 and established in France, the OECD comprises 36 countries, is the most important intragovernmental economic organization that stimulates democracy and the market economy, by providing assessment to countries as well as reports, polls and recommendations to its country members. Interesting enough, the OECD was created to help WWII countries to recover under the Marshall Plan. What this means, among other things is that the reinforcement and implementation of very specific economic principles favoring the US and more advanced countries like the issue of Capital Outflow.

<sup>17</sup> "OECD Reviews of Foreign Direct Investment: Greece," *OECD*, accessed August 30, 2015, Organization for Economic Co-operation and Development.

they costed way less when bought with foreign currency in foreign markets. It also helped Greeks to buy their own products as they were based on the Drachma and not the more expensive currency from abroad. Downplaying a currency is risky and dangerous, a practice that destabilizes prices and costs, as well as the amount of money used to repay debts as well as the investments in foreign markets. A direct consequence of this practice is the uprising costs of foreign cars, machinery and replaceable parts needed to sustain an advanced agriculture. It also poses a big problem when hiring foreign companies to expand and build infrastructure as their cost is based on a higher value due to a more valuable currency. The what if's here are crucial to contemporary politics: Is it the external factors such as a straining world economy and the liberalization of domestic markets (because of joining the EC) were the same factors that caused the PASOK to expand government, incur in debt and downplay the inflation, or is it the opposite? That the need for liberalized markets were to reset the economic system, make monetary fiscal policy obsolete and help growth?

It would have been enticing to study to what extent the Greek society was aware of these issues at the time but considering the mixed signals from the economy I could argue that it was a hard picture to frame. On one hand, they enjoyed an economic bonanza thanks to the expansion of welfare benefits both in form of incentives and job creation from the state. On the other hand, the inflation took a toll on the purchase power parity by making their money less valuable to buy most of their imports, such as refined oil, and industrial products. Interestingly, inflation did not seem to upset the increase in imports, rather the opposite as shown on official sources.<sup>18</sup> Even worse, the increase in nominal wages has been pointed out as a worse remedy for dealing with capital outflow, as most of the goods consumed by the population are imports.<sup>19</sup>

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<sup>18</sup> All the economic data is cited from the concise Statistical Yearbook of Greece, published mostly annually by the Hellenic Statistical Authority (ELSTAT).

([http://dlib.statistics.gr/portal/page/portal/ESYE/categoryyears?p\\_cat=10007372&p\\_topic=10007372](http://dlib.statistics.gr/portal/page/portal/ESYE/categoryyears?p_cat=10007372&p_topic=10007372)).

<sup>19</sup> Aris Trantidis, *Clientelism And Economic Policy: Greece and the Crisis*. London, UK Routledge, 2018.1686.

These aspects as well as their commitment to the EC and the perks of adjusting a country to become part of the project challenged directly the zero-unemployment program backed by the Greek state, which will be heavily hit by liberalizing markets as well as their unsustainable economic model. But at same time, it was pointed consistently the same unsustainable economic model adopted by PASOK. The waning signs of an economic and policy change in Europe cried for a change and in the next decade a lot of changes will shift economic policy and focus to what is the Western like World order.

### **A Shift in Policy**

As for the foreigners, the inclusion of Greece to the European Union (EU) not only was beneficial for them but to Greece as well. The mutual agreement on an intragovernmental institution that could facilitate trade, international policy as well as a possibility of aid in case someone ever needed help. There was a promise, a commitment, a sense of camaraderie on the project. The new decade brought up a new level of commitment<sup>20</sup> on which countries were evaluated to see how fit they were to be incorporated based on agreed metrics. This meant to Greece the relinquishing monetary policy to an intragovernmental agency, therefore mechanisms against outflows and price disparities from a monetary perspective will be at the mercy of the European Central Bank (ECB). Moreover, they will be forced to rush on their austerity measures to comply with the debt ceiling and the 3% deficit cap at the expense of some national security assurance to Greece against Turkey, as well as a foot ground to EU on the Balkans. One could argue that the negative aspects of it were not widely known, such as the consequences of an open economy on equal grounds with limited economic protection to domestic industries. Nevertheless,

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<sup>20</sup> The Maastricht Treaty signed in 1991 and ratified the year later. Among the conditions, the ones pertained to the subject were: Annual government deficit cap ratio of 3% to their GDP; Government debt ratio to GDP ceiling at 60%; and joining the single currency (euro) with a semi fixed exchange rate and policies dictated by the ECB.



Greece did not qualify at the time the treaty was ratified and had to wait until its admission in 2001 using 1999 as nominal year.

As for the shift in policy, Papandreou knew that economic cuts must be made to bring down expenditures, the shift in industry, the inflation factor and the to bring down the whole state finances down to the requirements set by the euro. It is here that the shift from cuts vs no cuts narrative changes for the first time, as they must deal with a possible default due to not having enough savings to meet all due payments. Not finding success in private markets, the government turned to the EC for aid and secured 2 loans, one of which came with terms and conditions. Among the conditions there was the devaluation of the Drachma to a 15%, raising taxes, reducing wages, government expenditure. Interestingly enough, the loan also required that the government have to create a plan of economic growth, 1732 kindle\*\*\*\*

When the ND came into power, the severed connection with the IMF, ECB, and Brussels<sup>21</sup> was reestablished and paved the way towards a policy change. The purpose was twofold: to assimilate Greece based on the EU's treaties; and to address the fiscal imbalances, such as reducing debt and liberalizing markets. The connection was reestablished when Constantinos Mitsotakis (ND) came into power in 1993.

The issues in the nineties were many, from an unstable-to-negative GDP growth, as some might argue, due to the excessive spending in the 1980's or some the shift in Greece's economy in a more liberalized world market. Whatever the argument, the outcome is the same; more borrowing, slash spending cuts on public sector, therefore GPD shrinking (less yearly income); higher unemployment, therefore an increase on government subsidy to help during the bust cycle. One would think that this party refrained from taking loans and went straight to cuts but the truth

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<sup>21</sup> In popular jargon, these three institutions comprise what is known as the European Troika or Troika.

its otherwise, as some of the aid from the EU came with the conditions of cuts.

The Troika tasked Greece to reduce state subsidies and to maintain financial support from the European Communities. This meant that Greece had to depend on European financial markets as it was agreed and to cut spending, which in a society on which the public sector is big enough, meant to privatize or to take away benefits from public servants who supported the opposing party, which on this case was not that hard, considering that it was PASOK with Papandreou who employed a considerable amount of people on his quest to expand services. On the private sector there was Olympic Airways and the State Telecommunications Company (OTE in Greek). By 1993, 43 state companies had been privatized, 50 were taken to liquidation and 90 were in process of privatization. This meant political suicide, as even Mitsotakis own party ranks were divided by the initiatives. One could say that Mitsotakis believed that Greece's unsustainable model could be improve if they reduced expenses and privatize state owned enterprises. The irony however lies in the fact that Mitsotakis increased spending, even as he privatized utilities and services. This idea of being a fiscal hawk, who champions stable budgets in an economy with a bigger private sector turned out to be an illusion. Firstly, the plan of reducing costs relied more on tax increase rather than cuts to wages, and privatization. This is because, even after privatizing, public transportation systems, the airport and all the enterprises under the Industrial Reconstruction Organization. Furthermore, pension reforms were not enough and proved to be one of the focal points by the recommendations of the FMI and OECD.

If it was not ironic enough, there was an increase in the budget spending, as shown in the census, all the ministries doubled their budgets from 1990-1993 during the term of a political leader who spearheaded a political war in the eighties against the party of mismanagement, lies and public excesses.

On the economic side it was complex; data shows that starting the nineties Greece's imports increased exponentially almost at the same time its domestic industries decreased as much of their products competed in already saturated markets. At the same time, the production of goods and its revenue enjoyed a slow but steady grow.<sup>22</sup> Politically it became detrimental the size of the public sector as it failed to modernize technologically. As for the workers, benefits and wages were constrained and agreements were put on hold. These aspects have a domino effect: as local industries die out of debt, by failing to adapt or simply being outcompeted, its skilled workers migrate abroad, reducing chances of self-reinventing the economy when its skilled workers flee. In addition, when slashing public spending, which includes jobs, you automatically reduce the purchasing power of people, therefore reducing consumption, which in turns affects tax collection, spiraling in a decreasing cycle of never-ending impoverishment. Luckily for everyone at the time, the spiral was not as drastic as the one it will unfold in 2008. Here lies a crucial factor that adds the complexity to the political discussion: If giving money away does accelerate capital outflow due to consumption, ending in impoverishment; so, does seem reducing wages as less consumption is made, therefore less revenue for the government to operate.

### **Follow the Young**

Such landscape will create uncertainty and lack of opportunities for the upcoming generations. Data shows a noticeable gap trend between births and deaths from mid-eighties. It also shows unemployment rose from 4% to 8% between 1981 and 1991. This means that less people were having children, possibly due to migrating abroad, as data shows a considerable amount of young people over the age of 18 earlier the eighties. This could point out that the population adjusted themselves to the economic contraction Greece suffered since the mid-

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<sup>22</sup> ELSTAT. Concise Statistical Yearbook of Greece, from 1985-1999.

eighties, as census data shows an exponential increase in unemployment among the young (20-34 years), and among the youngest being the most affected (20-24 years), even more than the other two age groups combined (24-29 and 30-34 respectively).

Unemployment Rate Percentage Among the Young in Greece By Age Group<sup>23</sup>

<b>Census Year</b>	<b>1981</b>	<b>1991</b>	<b>2001</b>
20-24	13%	22%	37%
25-29	5%	11%	19%
30-34	2%	5%	9%

#### **Age Groups**

Further study is of Greek Diaspora is needed as indicators of effectiveness of public policy and economy constrains. As the young are the most vulnerable sector in the workforce, lacking the education, experience and skill, and older generations not retiring, possibly due to economic constraints. Even harder, as there is a history of mass migration from the near and middle east due to conflicts.

To an extent, the changes were made and according to OECD and IMF reports in the nineties, the precision of the measures recommended by those institutions were greatly met and were of much success. That is of course if we assume that the financial and statistical reports given to Brussels were correct.

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<sup>23</sup> ELSTAT. Concise Statistical Yearbook of Greece, years 1981,1991, and 2001.

## On the exclusion of Neoliberalism<sup>24</sup>

*I know of no other piece of literature that so succinctly, persuasively, and effectively illustrates the meaning of both Adam Smith's invisible hand—the possibility of cooperation without coercion—and Friedrich Hayek's emphasis on the importance of dispersed knowledge and the role of the price system in communicating information that "will make the individuals do the desirable things without anyone having to tell them what to do."*

Milton Friedman, I Pencil

Some leaders, like Margaret Thatcher and Ronald Reagan spoke about what today we call neoliberalism, which what should be called instead is Monetarists, standing out Milton Friedman and Arnold Harberger. Sadly, academics as well as politicians like to coin terms irresponsibly when it comes to label their counterparts, like calling socialist or communist to whomever believes in some essential human rights backed by taxpayer's money. According to Harvey, Neoliberalism is a political economy derived from the supply side economics that seeks the reduction of the state for the individual actors in the market can capitalize in the markets created after the states' reduction. It further states that neoliberal states are states on which it incentivizes individualism to a state level, favoring supply side economics.<sup>25</sup>

The problem with this interpretation is that is false. The people in power who derived their principles are out of economists who valued the very same things opposition value. The definition is too broad and its epistemological genealogy traces back to politicians, not economists, and when economists are quoted, is usually out of context and with the sole purpose of looking legitimate at the eyes of the public. The reason being is because most of the fathers of this so-called ideology

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<sup>24</sup> Based on David Harvey's definition on: A Brief History of Neoliberalism. Oxford University Press, 2005.

<sup>25</sup> For information regarding both supply side economics, and its critique to what Reaganomics did see: Martin Feldstein "Supply Side, Economics: Old Truths and New Claims" Working paper No. 1792. National Bureau of Economic Research Cambridge MA Jan 1986. <https://www.nber.org/papers/w1792.pdf>

are politicians with little to no formal education on economics. It has been studied the little no real commitment to this “ideology” in Thatcher, on which she created more state controls, limited political freedom, and imposed taxes, to the point the authors concludes that her motives were more of a desire for power rather than comply with her beliefs.<sup>26</sup>

There is a reason why it is not used in economy, but rather a liberal market economy on which it is not truly clear what type of government should exist. What they all had in common, was there disdain towards totalitarianism<sup>27</sup>, and any soviet government, as they eradicate what the economists believe is one of the most important principle of economics, the principle of individual choice.

Attempting to define Neoliberalism outside politics its almost an impossibility, as it shares no principles inherently different from their “alleged counterparts” and it does not provide much epistemological base to discuss terms as properly defined in Economics. Downsizing and reductions are part of any business and a country’s economic cycle, and one cannot presume that eternal growth is good and its opposite its bad. One reason why it is not used in this work is because there is hardly any coherence on what the “neoliberal” says and ends up doing, hardly any economic research aside from other disciplines. An interesting case as most of the people who argue using the term does not come from economics. Friedman for instance, proposed a monthly check to every poor American; he argued against the euro as the economic union without its

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<sup>26</sup> Gino Raymond. “The 1970s and the Thatcherite Revolution: Crisis of Ideology or Control?” French Journal of British Studies. Economic Crisis in the United Kingdom Today: Causes and Consequences XXI-2 | 2016 <https://journals.openedition.org/rfcb/962>

<sup>27</sup> Hayek always distinguished totalitarianism from authoritarianism as he was accused of supporting Augusto Pinochet’s dictatorship. His argument was that he supported Pinochet (authoritarianism) over the previous form of government (totalitarianism) as one did not eradicate the liberal principle of individual choice even after neglecting individual rights. His argument was that the principles of Pinochet’s government and economy would eventually evolve to a liberal market economy, or what some call a capitalist economy. Indeed, Chile transitioned to what Hayek envisioned but obviously this was just economics, as the politics and society in Chile at the time were oppressed.

political union will result in an utter failure; and argued in favor of public schooling. Hayek was even more daring, as he on his iconic books pointed out on multiple occasions the recognition and the need of advanced countries to provide for the market's shortcomings such as poverty and general welfare. A quote from his book:

*“There is no reason why in a free society government should not assure to all protection against severe deprivation in the form of an assured minimum income, or a floor below which nobody needs to descend. To enter into such an insurance against extreme misfortune may well be in the interest of all; or it may be felt to be a clear moral duty of all to assist, within the organized community, those who cannot help themselves. So long as such a uniform minimum income is provided outside the market to all those who, for any reason, are unable to earn in the market an adequate maintenance, this need not lead to a restriction of freedom, or conflict with the Rule of Law.”<sup>28</sup>*

Therefore, the neoliberal term will not be used on this thesis as it political construct constrains and relegates human agency and reality in a self-serving a convenient narrative that it only serves political interest.

### **A Deeper Analysis to the Bittersweet History of Debt: What the Incorporation to the UE Meant for Greece**

Up to this point, we have amassed a considerable number of loose ends that does not help to further understand why things unfolded the way it did, and I think that a deeper approach to debt will enlighten the reader on the matter. Due to limitation constraints this section only considers Greece from the eighties onward. We tend to understand debt in the same way an individual, private debt. You have a salary, debt on mortgages, obligations, such as utilities, and discretionary spending in form of luxury. Now, the key difference here lies in the fact that unlike an individual, a government has a plethora of ways of generating revenue and all of them has implications on society. In addition, ways of generating the income to meet needs are not evaluated in a vacuum,

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<sup>28</sup> Friedrich A. Hayek, *Law, Legislation and Liberty*, vol. 2 (London: Routledge, 1998), 87.

but as a whole; therefore, evaluating individual aspects on itself is like judging a screw in an engine.

In the eighties as we discussed earlier the parts of this engine were a complex indirect taxing system that was a double edge sword, in on side, it offers a protection to local producers, and guaranteed a constant income (imports); on the other hand, the system was detrimental to the consumers; by increasing the prices of products, and the long-term effects of inflation. This was exacerbated by the fact that the government spending increased, due to primarily, the increase of salaries. The problem with such increase, in the context of Greece, is that a big portion of Greek's budget goes to such obligations, which went up in the form of incentive to farmers, and an increase in wages. To make matters worse, the bureaucratic institution held a considerable control over the banks, forex, interest rates, debt emission and even had a degree of control to negotiate interest rates. The government held a considerable amount of the wealth creation and distribution, at the same time their industries were feeling the effects of modernization challenges with a government that could not nor did update their systems, from taxation to services provided to the public.

This layer represents the complexity (and absurdity) on how political actions by electoral leaders do not weigh in as much as the context, the finances, and the relationship between Greece and the rest of the Western World.<sup>29</sup> One thing is what Papandreou did, but the financial context of the eighties was one with endemic inflation problems that affected consumer prices (CPI), meaning that they were not discretionary things but essentials. Furthermore, the triggers that caused these financial shocks came from abroad. It gets complicated when changes to the financial sector, market access to foreign capital and the liberalization of the banking system happened during the end of Papandreou's term and during Mitsotakis'.

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<sup>29</sup> The main source of this section comes from: Ralph C. Bryant, Nicholas C. Garganas, and George S. Tavlas, *Greece's Economic Performance and Prospects* (Washington, D.C., DC: Brookings Institution, 2002).



A quick study of debt incurred in the eighties were felt in the following decade, thanks to the incorporation of Greece to the UE, and the recommendations of the IMF and OECD. It ended the control government had over the national banks and forcing public institutions in incurring in debt at the same time hiding the central government's real debt. Once all debt was consolidated, the amount went almost 20 points, therefore raising concerns of the IMF and the OECD to minimize debt. This debt incurred for paying out deficits, debts, and interest rates from previous years. It ended the government's power to negotiate interest rates with third party lenders through the banks of Greece, as well as hiding the debt between banks and institutions, meaning that since all debt its consolidated, it is easier for foreign financial institutions to know true state of the economy. This is the tax on which the most famous and daring remarks of tax evasion were made, predominantly the self-employed sector, which accounts for around 30% of the workforce in Greece, among the highest and seemingly the hardest to tax.<sup>30</sup>

The transition to the UE brought in the famous VAT (Value Added Tax), a regressive tax system used in the UE countries on which Greece has among the highest (24% in 2020). In a nutshell, it is a tax charged on various instances within the confection of a product, such as bread or a car. It is called regressive because of how in reality a person with lower salary ends up paying more in taxes in proportion to a person with higher salaries.<sup>31</sup> Now that everything is clear, it begs the question: How foreign investment was going to help Greece to tackle their industrial challenges? I could not find any discussion nor thorough explanations of Greece's economic prospects like the ones tackling its shortcomings.

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<sup>30</sup> I did not elaborate on the self-employed due to lack of data, scholarly articles, and the immense amount of propaganda and demagoguery found on newspapers. However, its importance is crucial to the subject.

<sup>31</sup> Suppose two annual wages for two people, one at \$40,000 and the other at \$20,000. If each decide to buy a car for \$10,000, on the current tax system (24%), they will pay \$2,400 on VAT, totaling 12% of the salary for the person who earned \$20,000 and 6% percent for the person who earned \$40,000 in taxes.

Mitsotakis administration ended abruptly in 1993 after a longstanding battle between unions, civil servants and students protesting the privatization process, and the effects on inflation at the time. Inflation was tackled in what it seemed to be a gargantuan issue dealt successfully at the same time they kept reducing debt to from 112 per cent of GDP in 1996 to 109 per cent on 1997. But the surplus Greece made by the end of the century was mainly from cutting social security services and surpluses from privatization. As seen everywhere in the world, reducing social services will always come to hurt the governments tax revenue in the future. As those cuts are always met with less consuming from people, meaning less sales tax income, and therefore business contraction due to sales.

The irony here is who was in charge for most of the nineties and based on what we discussed earlier one would say that it was ND. The truth is that in fact it was PASOK in power, who acknowledged OECD recommendations and kept moving Greece towards the inclusion to the union, and this proved to be a tactical discourse weapon to hide the fact that you are engaging in political practices that go against your philosophy and the very things they blamed years earlier when opposition was enforcing the same agenda from abroad. This is a reality check from a foreigner's perspective as one would say that what they stood for was not honored in their actions and they hid behind lies, accusations and the hope for an optimistic Greece in the EU for them not being confronted of what they really were. This optimism is further emphasized in the works of Liakos, who points out indeed that these actions (and future spending) was a common phenomenon in lots of countries at the time who had an optimistic view of the world, which in this case, coincided with Greece joining the euro. Furthermore, it shows the current state of politics with a considerable degree of theatricality, a spectacle, a farse.

### **Greece's Trade Issues**

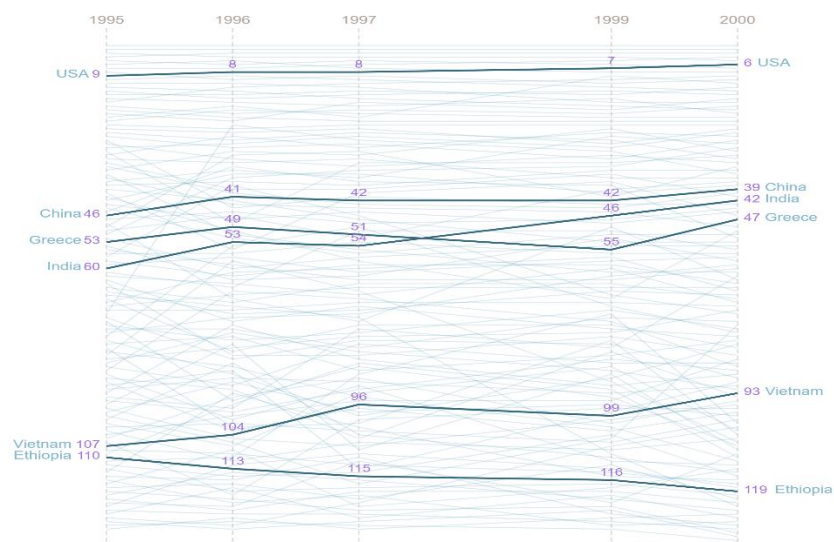
One can see how discourses employed on the media by politicians conveniently ignores actual economic shortcomings that proved to be an obstacle of the country's growth. Instead, they favor of more explosive takes aim to reinforce notions of their audiences on "what" caused the crisis and "who's" at fault to keep the so-called public debate going in a democratic system. Looking at Greece's trade one can point out the importance of assessing the issues at hand to have a better picture of what is at hand, and not merely that Greece is incapable of producing.

Greece's land is a rocky and mountainous and an archipelago with over 3,000 islands, which in turns makes it rich in minerals and with a thriving shipping industry. According to the economic Atlas from Harvard, Greece ranks in 2019 as the 35th richest economy per capita out of 133 studied and ranks on the 50th most complex economy.<sup>32</sup> The economic complexity of a country *"Economic complexity expresses the diversity and sophistication of the productive capabilities embedded in the exports of each country. The Economic Complexity Index (ECI) has been shown to explain income differences across countries and predict future growth better than any other single measure."* This is useful because it helps to understand the range of skill and employment sophistication of the country's industry, as well as its relationship with imports. Below there is a chart to put things into perspective from said source from the earliest date the data was available.

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<sup>32</sup> <https://atlas.cid.harvard.edu/countries/90>

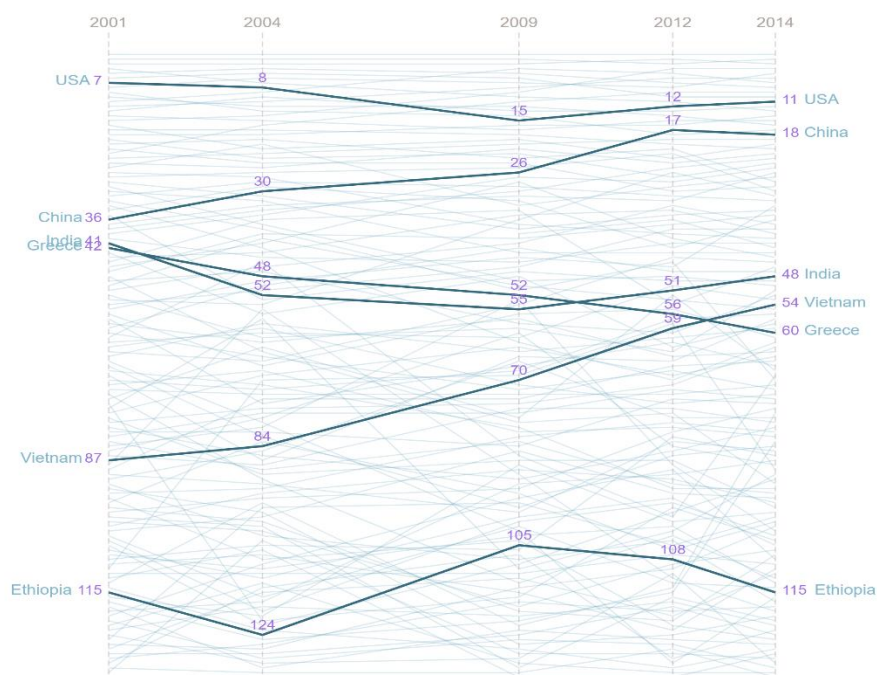
### Economic Complexity Ranking Comparison by country by year (1995-2000)



The following image shows how economically diverse Greece was in the nineties, close to China and even surpassing India in terms of its trade complexity. What this means is that the level of sophistication of Greece could have a diversified economy on which had nodes of goods and services servicing each other's industries, such as for example the wine, cheese and shipping industry servicing the tourism economy, reducing import dependency, and maximizing profits.

Furthermore, it also could shed light on how much the economic transition discussed earlier shaped the slight stagnation between 1995 and 2000 right before the inclusion to the EU. Usually, diversification is interpreted as a sign of economic growth; entrepreneurs feel safe on investing money or taking advantage of good loans in exchange to create or expand business impactful enough to generate exports. This leads to job creation and demand of skilled workers. The revenue from exports turns into profit, which turns into consumption, which in turns expand non export business. But what about the 21st century? Did the promise of wealth through direct access to European markets was fulfilled? Did the access to cheaper loans through a lower interest rate in a more stable euro with less inflation crystallized in the industry expansion? The chart below shows how did it perform for the following decade.

### Economic Complexity Ranking Comparison by country by year (2001-14)



The graph shows how Greece did perform the year it was admitted to the union (2001), the steady pronounced decline all the way to 2009, when the economic crisis started. During said years Greece hosted the Olympics (2004) and its economy suffered indirectly because of the global recession due to the housing bubble crisis in US in 2008. Not shown in the chart but during the period of 2004 and 2008 there was no change at all on the ranking. This graph shows that no actual diversification of any kind was born out of the benefits of joining the euro nor by hosting the Olympics. It also begs to point out that since 1993, the government was already liberalizing markets by getting rid of its utilities and services to the private sector, which did not translate to economic diversification in any significant matter.

### Corruption By The Common Citizen In Greece Throughout The Crisis: A Look To The Pension Systems

This chapter consists primarily in Greek corruption cases among the general population or

the common Greek and the construction of a political discourse of the former throughout the crisis. Since crime and corruption are deep topics, the chapter is limited to schemes made to the pension systems. As for general population in terms of this chapter, general population is defined by Greeks who were not into political positions and neither hold or held prominent positions in any major organizations, such as foreign or local enterprises, Non-Governmental Organizations et cetera, as those have their chapter of their own. Since there is such misinformation and considering the Greek stereotype as lazy or corrupt, this chapter also emphasizes some facts to further expand on the topic. Because of the entanglement between cases and the political discourses, both aspects juxtaposed throughout the chapter.

### **A brief note on Greek stereotypes**

Even though most of the stereotypes had been debunked by data from different reliable sources, there are a considerable amount of information used in this chapter could feed some of them, like the case of illegal pensions discussed below. This is because most of the coverage on these types of topics are usually discussed by people who believes in the *culture of the Metapolitefsi*.<sup>33</sup> Also the press, in his mission to maintain profitability, tends to *manufacture consent* in the sense that it is aimed to provide material that satisfy the general views on his population based on the current paradigms, not necessarily the truth itself.

For instance, when it comes to the average annual hours worked per worker Greece comes consistently on the top of the European countries from 2000 until 2015. Since then, an average Greek work 2,079.93 hours annually, 674.93 more than the Germans annually (1,405) and 356.87 hours more than the Spanish (1,723.06) annually. In perspective, the sum of the average annual

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<sup>33</sup>Culture of Metapolitefsi is the expression used by Antonis Liakos in his paper referring to those who believe the “evil past” narrative, as in the tendency to self-blame the Greeks for their misfortunes. Therefore, they conceive Greeks as somehow inferior and should “take lessons”. Antonis Liakos. “Greek Narratives of Crisis” *Humaniora*. Nr. 3(3)/2013 University of Athens pp. 79-86.

hours worked by Greek workers is 33,279 hours in the sixteen-year span. For Germany and Spain is 22,482 and 27,569, respectively.<sup>34</sup>

Another fact, Greeks minimum earliest retirement age in Europe is not noticeable different from other OECD countries. To understand it, it is imperative to explain a few things. First, it is true that Greece enjoyed earlier retirement than some countries before the crisis as shown in the table below. Finland and Denmark have been added to the table because of its similarity to Greece in terms of GDP.

**Table 1. Male earliest retirement age in Europe**

	1969	1979	1989	2003
Germany	65	63	63	63
Spain	65	60	60	60
Greece	60	60	60	60
Finland	65	65	60	62
Denmark	67	67	67	65

Source: OECD. The retirement effects of old-age pension and early retirement schemes in OECD countries, pp. 29. <http://www.oecd.org/eco/labour/32124786.pdf> (accessed on August 30, 2017).

Even so, it is noticeable that even in standard retirement age, Greece stands out as having a lower age compared to other countries as shown in the table below.

**Table 2. Standard retirement age**

	Males				Females			
	1969	1979	1989	2003	1969	1979	1989	2003
Germany	65	65	65	65	65	65	65	65
Spain	65	65	65	65	55	65	65	65
Greece	60	60	65	65	55	55	60	65
Finland	65	65	65	65	65	65	65	65
Denmark	67	67	67	65	67	67	67	65

Source: OECD. The retirement effects of old-age pension and early retirement schemes in OECD countries, pp. 29. <http://www.oecd.org/eco/labour/32124786.pdf> (accessed on August 30, 2017).

<sup>34</sup>OECD, Average Annual Hours Actually Worked per Worker. <http://stats.oecd.org/Index.aspx?DataSetCode=ANHRS>. (accessed on August 30, 2017).

However, early and stand retirement ages does not seem to be the determining factor for people to retire. The circumstances vary from factors like debt, divorce, financial crisis, deceased families and even lack of additional economic benefits might explain why regardless the law, people tend to retire earlier or not. The table below shows the average exit age from labor force.

**Table 3. Average exit age from the labor force**

	2001	2002	2003	2004	2005	2006	2007	2008	2009*	2010*
Germany	60.6	60.7	61.6	61.3	N/A	61.9	62.0	61.7	62.2	62.4
Spain	60.3	61.5	61.5	62.2	62.4	62.0	62.1	62.6	62.3	62.3
Greece	N/A	61.3	62.7	N/A	61.7	61.1	61.0	61.4	61.5	N/A
Finland	61.4	60.5	60.4	60.5	61.7	62.4	61.6	N/A	61.7	N/A
Denmark	61.6	60.9	62.2	62.1	61.0	61.9	60.6	61.3	62.3	62.3

(\*) Years during the Greek crisis.

(N/A) Data not found.

Source: Eurostat. [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsi\\_exi\\_a&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsi_exi_a&lang=en) (accessed on August 30, 2017).

If we compare Table 1, 2 and 3 we could see that regardless the retirement age, people do not necessary retire early, even so they seem to retire after the early retirement age. All this however does not serve the paradigm that relates crisis, reforms and therefore cuts. It is however more a political justification, when politicians of New Democracy (ND) feed the idea that it is by the Greek laziness and recklessness that retirement reforms are needed at the same moment that EU conditioned the memorandum with retirement “reforms”. As for the media who realizes that indignation is profitable, tries to avoid debunking topics that would not sale. It is interesting that also that most of the news who tends to avoid debunking these stereotypes are usually related to more conservative audiences. However, does not mean the absence of criminal activities rather the opposite, not only by people who cheats the system for personal profit, but also political discourse who cheats society for their own gain. Nobody seems to question why under such GDP growth and advancement in technologies, people must work longer, yet those who do not seem to adapt like the others, become the scapegoats of a system that does not seem to fulfill the promise



of rewarding hard work.

### **The Pensions Pandemonium: Ghosts, Monkeys, and myth (2011-2014)**

Before the crisis, there was no such public attention of how corrupted Greeks were, especially when it comes to pensions. For what is silently perceived as malpractice is not a problem until someone needs to entangle it with something to gain something else. *Monkey* is a slang used in the Greek press for a person receiving a pension illegally, specifically one that does correspond to a relative who is deceased and the deceased pensioner itself is called a *ghost*. This type of malpractice surfaced on public spheres right after the crisis struck. Some cases occurred before although most were during the crisis but what draws attention is how media decides to bring the case to the public, like some surfacing years after it happened. Pension systems became a subject in 2010, while both Troika and Greek governments were passing down austerity measures to slash them.

On May 6<sup>th</sup>, 2010, date Greek parliament votes to accept a series of policy measures included on the *First Memorandum*<sup>35</sup>. Regarding pensions, it started with cuts up to 13% for those insured with 20-35 years and an increase in contributions. Women civil servants were irresponsibly covered in these measures, as specific requirements for the adjustments were not addressed properly by the bill, leaving uncertainty regarding how affected they will be.<sup>36</sup>

#### **Part 1. Between theatricality and politicking: A Greek's corrupted reality**

The first record found regarding pension frauds is from November 3, 2010, which, *To Vima* newspaper covered Deputy Minister who denounced that 20,000 people illegally collect

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<sup>35</sup> Memorandum of understanding between the European Union and the Hellenic Republic of Greece. Also known as the “first bailout” or more properly the First Economic Adjustment Program for Greece. This cannot be confused with the Greek austerity packages, as these does not necessarily respond to the agreements made on each memorandum. There is a minor reform made in the First austerity package shortly before the agreement’s implementation not included in this article.

<sup>36</sup> For more information see newspaper Enet.gr: Christos Mega, “Working for 40 Years, Retiring like at 35,” *Enet.gr*, May 11, 2010. <http://www.enet.gr/?i=news.el.article>.

pensions.<sup>37</sup> Moreover, the article states: “*The discovery was made at the intersections of the data made by the Labor Ministry in the effort to create a single pension payment authority through which will eliminate all these circumventions of social measures. Details will give the ministry when the process is completed within the next few months.*”<sup>38</sup> In a few months the problem will be solved, no circumvention can be made in the pension system, or at least that’s what we were told, not only to Greeks, but to Brussels.

A fair chance was not given to the pensions systems, as for November 26, 2010. Hackers broke into Social Insurance Institute (IKA) system to add working stamps.<sup>39</sup> The stamp system is one on which employers along with IKA employees, fill out the hours worked by any worker into the IKA electronic system. These grant lots of benefits, including medical insurance and retirement points. Again, it was *To Vima* who covered the issue, stating: “*In the circuit, according to preliminary information, they involved doctors or senior employees of the IKA.*”

Almost 6 months later, by June 2, 2011, Minister of Labor orders investigation of pension offices regarding illegal pensions. This clear trend only increased by further actions made by both main parties, (PASOK and ND) when right after in June 20, 2011, IKA establishes mandatory presence of pensioners in banks from which they draw their pension.<sup>40</sup> IKA is the Greek main state based social security organization, covering 6 million direct and indirect members and about

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<sup>37</sup> K Papadis, “Cashing Retirement with Salaries of 100,000 Euros,” *ToVima*, November 3, 2010. <http://www.tovima.gr/society/article/?aid=364530>.

<sup>38</sup> Translated from Greek.

<sup>39</sup> N. Hasapopoulos, “IKA and SDOE Involved in Fraudulent Stamps Scandal,” *To Vima*, November 26, 2010. (Alter Ego Media SA, November 26, 2011), <https://www.tovima.gr/2010/11/26/politics/apati-me-plasta-ensima-apasxolei-ika-kai-sdoe/>.

<sup>40</sup> TVXS “Starting on July 1, IKA’s Pensioner’s Census Will Be Run Through Banks” *TVXS*, June 20, 2011. <http://tvxs.gr/news/%CE%B5%CE%BB%CE%BB%CE%AC%CE%B4%CE%B1/%CE%B1%CF%80%CF%8C-1-%CE%B9%CE%BF%CF%85%CE%BB%CE%AF%CE%BF%CF%85-%CE%B7-%CE%B1%CF%80%CE%BF%CE%B3%CF%81%CE%B1%CF%86%CE%AE-%CF%83%CF%85%CE%BD%CF%84%CE%B1%CE%BE%CE%B9%CE%BF%CF%8D%CF%87%CF%89%CE%BD-%CF%84%CE%BF%CF%85-%CE%B9%CE%BA%CE%B1-%CE%BC%CE%AD%CF%83%CF%89-%CF%84%CF%81%CE%B1%CF%80%CE%B5%CE%B6%CF%8E%CE%BD>.

1 million pensioners.<sup>41</sup> Later in September, IKA announced a public cooperation with Ministry of Labor regarding the new regulations implemented in the same year about non Greeks pensioners, along with Greeks living abroad. In the press release they clarified that not having a specified citizenship on records does not mean that their pensions are illegal.<sup>42</sup>

Investigations were made to beneficiaries along the census data, connecting the anomaly of having too much elder beneficiaries past the normal life expectancy. The first one I could draw from sources is the one made late in 2011. IKA allegedly was trying to reclaim 8bn euros paid in bogus pensions in the last decade, informed a British journal<sup>43</sup> At the same time, newspaper *To Vima* wrote that by November 25, 2011, IKA census showed that 20,907 were *ghosts' pensions*.<sup>44</sup> It is interesting however that what really happened is that the mentioned amount is the remaining people not inventoried in a census that would end next month, therefore it is not necessarily *monkeys*. It is hard not noticing that the misleading intention the headline exposes “IKA: The census "showed" 20,907 Ghost pensioners”. There was no case found, further investigation nor the sum of “20,097 ghost pensioners” seen thereafter as a reference in any other related media coverage. Is just like that “fact” was quickly forgotten.

By January 2012 it happened the 5th to pensions up to 25%<sup>45</sup> and an increase to the age

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<sup>41</sup> IKA. “Historical Background,” *IKA* <http://www.ika.gr/gr/infopages/general/history.cfm>. (accessed on August 30, 2020).

<sup>42</sup> “Response To Publications On Foreign Pensions,” *IKA*, September 1, 2011. <http://www.ika.gr/gr/infopages/press/20110901.cfm>. IN Gr. “Clarifications of IKA-ETAM for the Pensions of Foreigners,” *In.Gr*, September 2, 2011, <http://news.in.gr/economy/article/?aid=1231126367>.

<sup>43</sup> David Adams, “A Greek Tragedy,” *European Pensions*, November/December 2011. <http://www.europeanpensions.net/ep/A-Greek-tragedy.php>

<sup>44</sup> Tovima Team: “IKA Census Showed 20,907 Retired Ghosts.” *ToVima*, November 25, 2011. <http://www.tovima.gr/finance/article/?aid=432062>. These censuses consisted of people showing to either respective public agencies or banks who issued set payments. This resulted on a huge disadvantage to those bed ridden and people who live far from the cities who had no means to report themselves to IKA. It has not been answered properly how many of these people were counted as monkeys and not like people who could not show because of limitations.

<sup>45</sup> Up to 25% is the estimated sum of all pension cuts.

limit from 60 to 65 years.<sup>46</sup> Still, the news's lack of information might mislead the reader. It highlights the retirement age increase but not which sector in the Greek pension system was getting the adjustment, and how much is it compared to the rest of the pensioners which were at retirement age of 65 and later 67 years.<sup>47</sup> It may feed the stereotype as in everyone in Greece had a retirement age so early.

By 2012 the trend between *memoranda* and mass accusations became clear. It took 5 days since the approval of the former to the new wave of accusations on March 6, 2012. In this case, it was Labor Minister Giorgos Koutroumanis who denounced 40,000 *ghost* pensions.<sup>48</sup> Regardless the accusations, another census was made, starting in March 15 until May 15, 2012.<sup>49</sup> This time, initiated by the Ministry of Finance, who apparently does not have their systems up to date. The real question is, if the problem lies within the government and its lack of record keeping or the cleverness of the Greeks. What started as a theatricality, became the *modus operandi* in Greece's politics. What was said when right after the first *memorandum* was executed in 2010, surfaced again in 2012. Back then it was said the government was "within months" of establishing a new system which will eliminate "circumventions". Two years later, the script turns back two years, as for new austerity measures needed to be implemented.

In a nutshell: Greece is in debt; Troika pressures the Greek government; the government proceeds to cut Greek pension systems; Greeks take the streets and are after transparency;

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<sup>46</sup> Ioanna Mandrou. "Court Auditors: The Marginally Unconstitutional Provisions of the Pension Reforms" *SKAI*, November 1, 2012. <http://www.skai.gr/news/greece/article/216241/elegtiko-sunedrio-oriaka-adisudagmatikes-treis-diataxeis-tou-sudaxiodotikou/>.

<sup>47</sup> For more information see The Economist article. W.P. "Greek Pensions: Why they are a Flashpoint" *The Economist*, June 18, 2015. <http://www.economist.com/blogs/freeexchange/2015/06/greek-pensions> Also, see BBC. "Greece MP's Approve New Austerity Budget Amid Protests". *BBC News*, November 12, 2012. <http://www.bbc.com/news/world-europe-20293058>

<sup>48</sup> Andy Dabilis. "Greece Finds 40,000 Cases of Pension Fraud" *Greek Reporter*, March 6, 2012. <http://greece.greekreporter.com/2012/03/06/greece-finds-40000-cases-of-pension-fraud/>.

<sup>49</sup> Pontiki. "Pensioners will Have to Register Physically at the Banks" *Pontiki*, December 3, 2012. <http://www.topontiki.gr/article/31957/katagrafi-syntaxioyhon-dimosioy-me-fysiki-paroysia-stis-trapezes>

government projects himself as a paladin who is after corruption and the alleged laziness Greeks suffer; recreates reality by exaggerating the magnitude of corruption on Greek pension systems; it dictates the media discourse on “witch hunt mode”; it nullifies the population with a blurred twisted sense of reality; then it successfully cuts pensions. This whole scenario created and or perpetuated a few illusions: the illusion of a government fixing the pension systems; dealing with corruption; adjusting payments to what is “fair”; the Greeks are at fault for hurting the pension system; Greeks are highly responsible for their misfortunes; Greeks were lazy; austerity measures on pension was a onetime deal only. All this was based on the following lies: local government did not care about the corrupt as they were also corrupt; they were not that many as portrayed; people were not lazy; the Greeks who lied with their *ghostly* pensions were just criminals and their reason was unimportant; the whole discourse projected on the media was a scheme that generated revenue, not accountability nor truth nor justice to those on either side and lastly, Greeks are corrupt. While the Troika implemented memoranda, the Greeks were implementing a dangerous discourse on themselves that will hunt them until this day.

One could argue that people lose confidence when being accused and the whole checking process when there is little or no follow up to all these cases, specially, when the country is in misery. By May 31, 2012, IKA announced another census from July 2 until September 28.<sup>50</sup> Since theatricality is needed to keep the attention away from reality, by August 10, 2012, IKA complains 70,000 pensioners have not yet been inventoried.<sup>51</sup> Notice the deadline was September 28 and out of 2 million pensioners, only 70,000 have not yet been inventoried. For unknown reasons, people apparently did not participate with these censuses and the government provided personnel who

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<sup>50</sup> IKA. Press Release, *IKA*, May 31, 2012. <http://www.ika.gr/gr/infopages/press/20120531b.cfm>.

<sup>51</sup> SKAI. “R. Spiropoulos: Another 70,000 IKA Pensioners ‘ignored’” *SKAI*, October 6, 2012.

<http://www.skai.gr/news/greece/article/214222/r-spuropoulos-agnooudai-akomi-70-hiliades-sudaxiouhoi-tou-ika/>

went to pensioners homes when they could not afford to get to the designated offices to comply with the process. Still, the deadline was postponed twice, from late September to early October<sup>52</sup> and then to October 10. By the end of it, IKA stopped over 91,000 pensions payments to pensioners who did not participate in the census that ended in October.<sup>53</sup> Out of the 70,000 people who were not inventoried in September 25; 189 were not inventoried at the end of the process. The remaining were from other pensions system, such as beneficiaries of supplementary pensions, and public utilities. It was also brought to attention that some of these pensioners participated in the last census and concerns of confusion and lack of interest resurface again. Despite laws that enforce these “pensioners” to immediately pay, IKA instead chose not to send their checks and grant an opportunity for the remaining people to clear out of the list by going to a local IKA office. Along with IKA, the Minister of Labor announced in September 25 a universal census, starting on October 1 until November 30.<sup>54</sup> By November 12, the Minister of Labor approved another census specifically for widows, unmarried daughters and minor children ending in February 28.<sup>55</sup> There is also Insurance Organization for Freelancers (OAEE) census that will take place until January 4, 2013.<sup>56</sup>

According to the end of last year’s census, there are a total of 55,580 pensioners who did not participated; 30,000 from Insurance Organization Freelance, 12,792 from OGA, and 12,788

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<sup>52</sup> By then, there were still 150,000 people who had not yet registered. TVXS. “They are looking for the no-show 150,000 IKA Pensioners” *TVXS*, October 1, 2012. <http://tvxs.gr/news/ellada/psaxnoyn-150000-syntaksiyoxyoys-toy-ika>

<sup>53</sup> SKAI. “IKA: More than 91.000 Pensions Have Been Cut” *SKAI*, October 10, 2012.

<http://www.skai.gr/news/greece/article/214544/ika-diakopikan-pano-apo-91000-sudaxeis/>

<sup>54</sup> Yiannis Broutsis, Minister of Labor. “Press Release” *Department of Labor*. September 25, 2012. <http://www.e-forosimv.gr/details.asp?ID=14355&cat=63>.

<sup>55</sup> SKAI. “New Census on Widows, Unmarried Daughters and Minor Children” *SKAI*, December 15, 2012. <http://www.skai.gr/news/greece/article/219615/nea-apografi-sta-tameia-gia-hires-agames-thugateres-kai-anilika-tekna/>

<sup>56</sup> SKAI. “The OAEE Pensioners Census Begin” *OAEE*, November 12, 2012. <http://www.skai.gr/news/greece/article/216930/arhizei-i-apografi-ton-sudaxioun-tou-oaee/>.

from IKA.<sup>57</sup> The latter discontinued pension payments in December, while the remaining will discontinue payments in February. There is a tendency of covering the remaining pensioners who had not yet participated even when there is enough time. The scope in these type of news feels like they want to incite indignation on these people.<sup>58</sup> There is also an evident misinformation when there is no continuity and consistency with numbers, specially IKA's results, as last year it was 52,189 and now there is 12,788. It is almost impossible to deepen the topic beyond sums without faces as no further trace is found.

The year 2013 is not different than the previous three years. By early February, Minister of Social Security announces a special census for families who get pensions for their deceased relatives. (Widows, unmarried daughters and minor children pensions).<sup>59</sup> On March, the Minister of labor sent an urgent circular to Social Security Organizations requesting immediate termination of payments to pensioners who were not inventoried or failed to provide or gave invalid SSN and or VAT numbers in the census starting on April.<sup>60</sup> If is not tiresome enough, reports from Ekathimerini quoted by Skai points out 53,694 potential monkey pensions.<sup>61</sup> From what has been covered, the estimated 50,000 thousand seems the punchline from the press, along with the politicians who constantly complain the population does not seem to comply with their censuses.

### **What has been found (2012-2014)**

There is a certain pattern found along the cases. They all forge documents; usually it

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<sup>57</sup> Giannis Kanelis. "55,580 Retirees did not Appear at IKA, OAEE and OGA Censuses" *SKAI*. <http://www.skai.gr/news/greece/article/221163/55580-sudaxiouhoi-den-emfanisthikan-kata-tin-apografi-se-ika-oaee-kai-oga/>.

<sup>58</sup> SKAI. "More than 50,000 Pensions will be cut off after the Census" *SKAI*, January 1, 2013.

<sup>59</sup> OAEE. "Press Release" *OAEE*, February 26, 2013.

[https://www.oaee.gr/annaouncdt.asp?annaounc\\_id=255&banner\\_pgc=3](https://www.oaee.gr/annaouncdt.asp?annaounc_id=255&banner_pgc=3).

<sup>60</sup>SKAI. "Immediate Suspension of Pensions for Non-show." *SKAI*, March 20, 2013.

<http://www.skai.gr/news/greece/article/226940/amesi-anastoli-sudaxeon-gia-mi-apografedes/>

<sup>61</sup>SKAI. "Survey of 53,694 Potential "Monkey" Pensions" *SKAI*, March 21, 2013.

<http://www.skai.gr/news/greece/article/226982/edopistikan-53694-sudaxiouhoi-maimou/>

involves people older than 40 years old, with at least one older than 60; a public servant is almost present in every case; the target is usually IKA, Social Security or OAEE; professionals from the health sector are almost always present; they type of services they acquired illegally are marginal, such as widows, disability and child pensions benefits; apparently, they show no prior criminal record; lastly, they are sentenced to jail. From an institutional perspective, it is usual to find complains of inadequacy on their systems such as, communication problems between organizations and record keeping and outdated information and systems to handle so much data.

In 2012 there were numerous cases of fraud committed to IKA, such as employees not paying contributions, uninsured workers, people who did not participated on censuses and pension fraud. Employees need and pay monthly fees to IKA for their workers who then are eligible to numerous services like healthcare and pensions. Created in 1997, the Greek Financial Crime Unit (SDOE) uncovered 1,090 tourist business who were employing uninsured workers, among them were bars, taverns, clubs, and hotels.<sup>62</sup> In total it was 1,535 workers and the total amount of fines was €880,000. That is €573 per worker but required payments from the employer ranges from €500-€800 depending on various factors. Unfortunately, there is no information if the parts agreed not paying contributions to IKA to benefit themselves with an economical arrangement. This could be a possibility however, as for the monthly salaries ranges from €600-€1000 and rent could easily be half of the income and requirements for these types of jobs are usually young adults.

In a similar way, the SDOE uncovered a large fraud made by a branded garments company. Unlike any other elaborated scheme, this one just submitted high employee wages that did not really paid. The practice lasted 10 years and it costed 4.5 million Euros to IKA.<sup>63</sup> Another case,

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<sup>62</sup>SKAI. "IKA and SDOE have Identifies 1,535 Uninsured Workers" *SKAI*, July 24, 2012. <http://www.skai.gr/news/greece/article/208947/ika-kai-sdoe-edopisan-1535-anasfalistous-ergazomenous/>

<sup>63</sup>SKAI. "4.5 Million Euros Fraud Against IKA" *SKAI*, July 12, 2012. <http://www.skai.gr/news/greece/article/208036/apati-upsous-45-ekat-euro-eis-varos-tou-ika/>



uncovered on August 2010 IKA found a person working at the same time he was being pensioned for disability. It was done thanks to the integrated systems IKA had and not by the censuses made.<sup>64</sup> The individual was allegedly cashing from 1989 up to 2010 and the news was not covered back then, but two years later, like the cases so far. The amount was 131,000 euros cashed in for 21 years, resulting in 519 euros monthly.

The Agriculture Insurance Organization, (OGA) finished their census made last year (2011) and reported 2,731 pensioners who did not participated.<sup>65</sup> In less than a week, 1014 names were referred to Labor Minister, Yiannis Vrotsis to suspend further payments.<sup>66</sup> No further information was found and neither the type of pensions nor the amounts. The lack of information about how people got their pensions in the first place points out that probably there was no illegal agreement, just false information submitted to gain benefits. The type of pensions OGA grant is mostly disability and for children, as their homepage states: *“OGA was established in 1961 (Law 4269/1961) to protect a dynamic and vulnerable social and professional group, farmers. It soon became a major insurer, and it also involved important welfare responsibilities for other population groups such as uninsured elderly people and, in particular, family benefits.”*

All these cases have in common the fact that they operate at an individual level and most of them show the willingness to update their status regarding the benefit they cash in. Like a case found in September, as reported, 6 people who illegally pocketed pensions from dead spouses.<sup>67</sup>

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<sup>64</sup>SKAI. “\$131,000 thousand Euros in Damage to IKA from Monkey Pensions” *SKAI*, August 8, 2012.

<http://www.skai.gr/news/greece/article/209622/zimia-131-hiliades-euro-sto-ika-apo-sudaxi-maimou/>

<sup>65</sup>SKAI. “Deadline until August 17 to Inform Prosecutors of Illegal Pensions From all Funds” *SKAI*, August 7, 2012.

<http://www.skai.gr/news/greece/article/209929/dioria-mehri-17-augoustou-se-ola-ta-tameia-na-enimerosoun-tin-eisaggelia-gia-tis-paranomes-sudaxeis/>

<sup>66</sup>SKAI. “To the Attorney General the 1,014 OGA Insured who Were not Listed” *SKAI*, August 17, 2012.

<http://www.skai.gr/news/greece/article/210526/ston-adieisaggelea-oi-1014-asfalismenoi-tou-oga-pou-den-apografikan/>

<sup>67</sup> SKAI. “Heraklion: Landmarks for People Who Got IPA Pensions Illegally” *SKAI*, September 28, 2012.

<http://www.skai.gr/news/greece/article/213512/irakleio-minutiria-anafora-se-atoma-pou-epairnan-paranoma-sudaxeis-tou-ika/>

Unlike SKAI, *Einikos*<sup>68</sup> newspaper covers in deep the type of people who were accused and consisted primarily of elder people, aging from 49 to 74 years old. This case failed not reporting to IKA when they remarried, collecting benefits totaling 100,000 euros. Basically, elderly, widows, disabled were the common feat of such petty crimes. Interestingly, when in perspective, these crimes do not seem to be unusual when compared to set crimes in other countries, but also, they seem to not even reach a considerable amount to justify the corrupted nature of Greeks.

### **Zakynthos or the Island of the Blind**

A favorite tourist destination, the *Flower of the East* is the third biggest island in the Ionian region, just south to Cephalonia, where legends speak of Ulysses' Ithaca. Greeks might remember the island as the one who suffers constant earthquakes, a mayor one in 1953 and an earthquake swarm in 2006. Two months later, the rural side suffered the most from a wildfire that lasted 2 days to contain. In August 2017, 15 wildfires hit the island, while the government denounces arson, opposition denounces conspiracy theories. It is concerning enough, given the fact that out of almost 40,000 Zakynthians, almost three quarters live on rural areas. But foreigners who had not visited Greece, might heard about the island when its case spurred in 2012<sup>69</sup> and renamed the "island of the blind."<sup>70</sup>

The scheme was originally covered as Greeks claiming blindness benefits to the Greek state, using an elaborated scheme involving politicians and doctors. Stories about blind people driving taxis and working normally were recorded and they were the first target to outrage the Greeks and the rest of the world. Having an unusual rate of blindness in the Eurozone, they went

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<sup>68</sup> *Enikos*. "Their Deceased Husbands "Favored" Them" *Einikos*, September 25, 2012.

<http://www.enikos.gr/society/82198/tous-proikizan-oi-nekroi-syzygoi>

<sup>69</sup> The actual case was uncovered in 2011 but got attention a year later when IKA re-examined the cases.

<sup>70</sup> Zakynthos is not the only island who had an unusual amount of blind people cashing pensions, as Chios had a similar but in smaller proportions.

after the “blind”, conducting mandatory medical examinations and cutting off benefits to everyone who did not pass. Regardless the numbers given by the media, IKA conducted tests to 388 people and 146 did not attend, out of the 221 remaining, 182 did not pass the examination.<sup>71</sup>

Things went south for the mayor at the time, Dionisi Gasparu (ND) who tried to disassociate from the events at the time Greece was in an election turmoil. Hastily however, was pointed out the fact on how people managed to secure benefits regardless regulations and why the people responsible did not stand up at this evident and fishy trend. As it turned out, both the mayor and the head ophthalmologist of Zakynthos Hospital were charged with fraud. The scheme consisted of a mutual benefit, people get their money, the ophthalmologist gets a cut and the mayor secure his votes. For a doctor and a mayor risking their careers and lives at the expense of votes and money, it would be expected to be some sort of confidentiality and certain a security to feel free to act like so.

A sense of security was needed, supported by the logic of *partitocracy*, as it turns out, in 2006 complains were heard about schemes going on with IKA funds, to the point that a Health Inspector visited the island, who apparently was also blind, as he left the island and no follow up or any further action was made. In 2008 a committee was set up by the Department of International Affairs to further investigate the curious case. Right after the creation, both doctors resigned and no further follow up was given. Another dead end in 2010, when the Welfare Department sent a confidential document to the Minister of Health asking for a review of the case. The blindness was endemic. It was the complains made by the recently elected mayor and member of the main opposition Stelios Bozikis (PASOK) that brought enough attention to this case.

Interesting is the fact that it all started well before the crisis, but this however does not rule

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<sup>71</sup> IKA. “Press Release: Results of Welfare Blindness Beneficiaries Re-checked in Zakynthos” *IKA*, September 17, 2012. <http://www.ika.gr/gr/infopages/press/20120917.cfm>

out the fact that people were struggling to get enough money to meet their living standards. Still, the lack of information has not stopped the media imagining different reasons why the crime was committed or the type of person the criminal is. An approach to this case through newspapers is often undermined by their political alignments, which usually create sensation to depict how corrupted Greeks are. It is no coincidence however, that most of the articles share certain aspects, such as: News from foreign press often publishes the case even years after it happened, usually in a patronizing and pejorative tone; usually they are right and conservative aligned; they are based on countries with high Greek diaspora presence; lastly, the portrait of these “blind” Greeks are presented as cheaters and people with wealth. One could point out that the anger of leaving your country could be channeled against the corrupted people who destroyed the country and justified the 8 million Greeks living abroad.

All this could represent a concern, as no information is available on how and why people decide to act like so, however it there could be some who could try to alleviate their economic burden. At the time, only one news article emphasized an opposite perspective. The *Washington Street Journal* (WSJ) managed to get a few words out of the ophthalmologist who was later accused of fraud, emphasizing about his scheme: *"There are cases of some people who don't have a shoulder to lean on, they didn't have bread to eat, and maybe there we practiced every leniency," he said. "We were lenient, but within the limits of the law."*<sup>72</sup>

Furthermore, there is another interview, this time an elderly woman, who expressed that she can barely live with a €300 pension without the blindness benefit, which provides a check every two months and an electricity bill discount. Things get more complicated, when she states that even though she does have eyesight problems, she technically can see. When asked about how

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<sup>72</sup> James Angelos. “‘Island of the Blind’ Riles a Greek Public Facing Cutbacks” *Wall Street Journal*, April 3, 2012. <http://www.wsj.com/articles/SB10001424052970203370604577263863362854348>

the benefit was secured, she just answered *Rousfeti*.<sup>73</sup>

The Ionian region created in 2015 the Ionian Alliance against Poverty, to coordinate along with the Operational Program of Food and Basic Material of the European Aid (TEBA) in 2015. It distributes free food 2 or 3 times a year and offers additional aid to those who meet certain requirements and so far, they operate exclusively in the Ionian islands. But the presence of poverty is not the only thing, there is also an unemployment issue. The region has a similar unemployment ratio as the country itself, standing at 23-24%, the young and women are the most affected, with 48% and 28% respectively.

Poverty, inequality, sustainability, and other issues caught the attention of the European Council, who in 2012 created the EU Strategy for the Adriatic and Ionian Region (EUSAIR)<sup>74</sup>, who hastily began studying various aspects on the region, from transport to even water sustainability. Their goal is to tackle several challenges to promote sustainable economic and social prosperity of the Region through various methods. Reports from 2013 until 2016 found out the following things on the Ionian Region:

1. An alarming socio-economic disparity rate in terms of GDP per capita and unemployment rates.
2. Limited transport links, such as roads, rail, air or even ports.
3. Inadequate electric grids connections.
4. Unsustainable fisheries (the main food output in the island)

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<sup>73</sup>*Rousfeti* is the Greek term derived from the Turkish *Rüşvet*, which literally means bribe or spoils. It is a popular, yet a problematic term which is used when people get any sort of advantage or concession ignoring any rule of fairness, equality, and impartiality. *Rousfeti* differs from *fakelaki* and *4-4-2*, which are also popular jargon to express the type of illicit action committed. *Fakelaki*, which literally means sachet, is the proper name of the small fabric bag which carries perfumes, and it is used as a metaphor for bribery. *4-4-2* is adopted from a soccer formation, which means that to commit the felony, everyone needs to get something illegal out of the scheme and everyone protects each other in paper.

<sup>74</sup> For more information see: the USAIR homepage Q&A on the EU Strategy for the Adriatic and Ionian Region [http://europa.eu/rapid/press-release\\_MEMO-14-429\\_en.htm](http://europa.eu/rapid/press-release_MEMO-14-429_en.htm). Also, the Socio-economic analysis Report in 2015. "Research for Regi Committee Adriatic and Ionian Region: Socioeconomic Analysis and Assessment of Transport and Energy Links" European Parliament. [http://www.europarl.europa.eu/RegData/etudes/STUD/2015/563401/IPOL\\_STU\(2015\)563401\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2015/563401/IPOL_STU(2015)563401_EN.pdf). Lastly, "Report from The Commission to The European Parliament, The Council, The European Economic and Social Committee and The Committee of The Regions" Euro Parliament. [http://ec.europa.eu/regional\\_policy/sources/cooperate/macro\\_region\\_strategy/pdf/report\\_implem\\_macro\\_region\\_strategy\\_en.pdf](http://ec.europa.eu/regional_policy/sources/cooperate/macro_region_strategy/pdf/report_implem_macro_region_strategy_en.pdf) (all links accessed on August 30, 2017).

5. Pollution, from wildfires and dirty shores.
6. Insufficient institutional and administrative capacity.

At the end, the real blind lied in not recognizing the nature and context on which people are thrown and how it influences them to thrive in their home island, blind enough, those who are at the most stake of losing everything that gave them some sense of comfort and evidently taking on those who barley had anything, because it is them who destroyed the country. But on this Thesis, the crisis happened beforehand, and it was not the country who was destroyed its people. It was not the opposite either, at least not exactly, but the consequences of our relationship with ourselves, the natural world, and its resources.

### **Back to the mainland**

These organized schemes were also present on the mainland. Sharing the similarities mentioned early, the first case was also found in 2012. Regarded as a known case, the scheme was discovered in the IKA branch in Kallithea, Attica. According to case file based on which the employees were convicted, they caused the Greek state of around 11 million Euros in damages. Between 2003 and 2012, they issued social benefits to 1,300 people illegally. *“Among them, illegal benefits for quintuplet births and maternity benefit to unmarried and childless women, sickness benefits to non-beneficiaries that were going to their work normally, allowances in the name of relatives, friends, and even unsuspecting insured individuals, etc.”*<sup>75</sup> The accused were a couple and 4 more women involved, one of which, died during the trial. Age ranged from 31-38 years old and sentenced up to 25 years in prison and most of them were public servants, although not specified which organization. What distinguishes this case from others, other than the range of their actions, is that the involved had huge and luxury properties, such as swimming pools on big

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<sup>75</sup> Protothema. “Perennial Real Estate Scams And Confiscations of the IKA Kallithea Scandal” *ProtoThema*, March 26, 2015 <http://www.protothema.gr/greece/article/462945/polueteis-katheirxeis-kai-dimeuseis-akinton-gia-to-skandalo-sto-ika-kallitheas/>

houses and expensive cars. All of which were confiscated, along with one million Euros cash. Unfortunately, there is no further information about the people who got insured if they were acquired illegally or were not eligible in the first place.

Institutional deficiencies played a big role in the Kalambaka case in May 2013. It was reported two cases of people receiving illegal pensions from their dead relatives, amounts charged are 7,000 euros and 19,000 euros, respectively. IKA, who had up to date information about the deceased relatives, were still sending their checks. It was the relatives, who went on complaining that they were getting checks illegally. The court ruled out the people were innocent, and it was the State mistake.<sup>76</sup> During the propagandist hunt for *ghost* pensions discussed above, it is unclear if cases like these were wrongly stressed as people who were illegally receiving pensions.

By December 2014, it unraveled huge frauds involving an IKA worker<sup>77</sup>, who belonged to an organized group of people who were handling pension benefits by forging documents and getting approved by the IKA worker. Another key role was played by a 50-year-old woman, who passed as an accountant and an orthopedic employee, creating 5 *ghost* pensions before getting caught. By the time, it was estimated that a total 700,000 euros were lost by fraud on IKA alone and only 44 out of 253 cases were checked.

Another case<sup>78</sup>, involved a group of people who were arrested for obtaining illegal benefits from the Social Insurance Institute and the Freelance Professionals Insurance Organization (OAEE). The similarity is striking, eight people, four men and four women, all Greeks, aged 26-

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<sup>76</sup> SKAI. ““Pensioners” Acquitted of Collecting Money for Their Dead Relatives” *SKAI*, May 24, 2013.

<http://www.skai.gr/news/greece/article/233060/athoohikan-sudaxiouhoi-pou-eiseprattan-ta-hrimata-nekron-suggenon-tous/>

<sup>77</sup> Beskos Sotiris. “IKA: This is How the Big Fraud in KEPA was Set Up” *Dikaiologitika*, December 15, 2014. <http://www.dikaiologitika.gr/eidhseis/asfalish/45911/ika->

<sup>78</sup> Mary Lambaditis. “Major Fraud Involving Doctors in IKA and OAEE -Eight Arrests” *Protothema*, March 26, 2015. <http://www.protothema.gr/greece/article/462848/megali-apaty-me-summetohi-giatron-sto-ika-kai-ton-oaee-okto-sullipseis/>

67 years were arrested on March 23, 2015 after the coordinated police operation in various areas of Attica. Among those arrested there was a 53-year-old leading member of the criminal organization and a 45-year-old OAE employee. Among the involved, although not arrested, were 9 private practitioners, 8 IKA doctors and 12 nationals. The latter were used to cheat on laboratory exams as they were the ones sick. Using their results, these Greeks went on forging documents to get the benefits granted for each respective illness. Furthermore, they also cash in for tax exemptions, reduced utilities tariffs and occupational accidents. From doctors to public servants and from 50 years to the young age of 26 were involved.

They also orchestrated job “accidents” to reap off disability benefits. The 53-year-old leading member used to find people who were not in debt with the various insurance organizations and offered his services to arrange any given disability scheme for a fee. To orchestrate an accident, he arranged the “witnesses” who did not even need to work in the area. He then would arrange with the OAE employee, for he was the one in charge in supervising these cases and handling the files. Out of the 41 cases of suspected work-related accidents, people involved confessed 34 were false. Damages to the Greek state are at least of 360,000 euros, given the fact that the amounts for each benefit varied by case and by time. However, the sum for work related accidents ranges from 2,000 to 5,000 euros. What is accountable is the number of individuals identified as *monkey* pensioners, as for 133 individuals have benefited from this scheme.

### **In conclusion**

Throughout the chapter, we have seen a set of disparate amounts from 70,000 to 20,000 people acquiring pensions illegally. However, according to the census made by the Department of Finance, there were less than 3,000; “*According to statistics from the General Secretariat for Information Systems, the final number of unregistered pensioners today stands at 385, up from*



2,798 at the end of October 2012. In these cases, pensions have been suspended anyway. from 17.09.2012.<sup>79</sup> The issue has been cleared, at least according to the reports, but this has not stopped the media from reproducing the lie that sadly has been accepted as a new truth. At the end, every major google search will lead to the dilemma that faces Greece along with the Troika, as well as with Germany in a more personal level. However, there lied faces, retired, unemployed, blinds and people tainted with a stereotype that hardly has any part of this discussion, only as a scapegoat; the source of malice and the course brought to themselves. In a crisis, were truth gets twisted, to move forward austerity measures, to sell newspapers, to incite anger and channel indignation towards the people. Not only this chapter dedicated to give faces and perspective of set people tainted with such harmful stereotypes, but raises the question of how set practices, along with such traumatic events that arises a collective PTSD in society, could cause a paralysis in people who want to change, to throw away any sense of hope and to break an individual's soul. Who ends up like a Hare after a scare to death, with a heart attack and instant death, at the mercy of *vultures* who reap benefits out of a collective misery?

According to Baudrillard's work, Hyperreality is defined by the new reality people believe which is based on an accepted falsehood, the reality created after an accepted lie. This new hyperreality is detrimental to everything we conceive, interpret and our actions based on the given hyperreality. The consequences of self-depreciating Greeks and to ignore flawed systems could explain why measures do not seem to correspond to the issues they pretend to fix on the economical scale, basically why actions seem disconnected from reality.

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<sup>79</sup> Christos Staikouras. "Press Release" *TaxHeaven* <https://www.taxheaven.gr/news/news/view/id/20337> (accessed on August 30, 2017).



### **Chapter III Corruption on the political and enterprise level**

#### **George Koskotas case: The corrupt tainted Greece's Socialist government**

One of the most iconic cases in Greece corruption History is the case of George Koskotas. A former banker and businessman born in Athens but raised in New York. An indictment was filed on July 16, 1980 on Koskotas himself, his brother, his wife, and George Katsioulis with sixty-five counts of conspiracy, federal tax fraud, false statements to the Social Security Administration, and mail fraud through a scheme to obtain unemployment insurance benefits for fictitious persons from the New York State Department of labor<sup>80</sup>, but he already went to Greece, where he got a job as an administrative officer at the Bank of Crete at the age of 25 in 1979. Five years later, he bought the Bank in 1984, at one year before the 1985 elections. By then, hires Panayotis Vakalis as the bank manager, a close friend of the PM Andreas Papandreou and the PASOK contender for the following. In 1987 he traveled to the US to attend a White House luncheon at which Vice President George H.W. Bush hosted. Noted by the Secret Service that he was under indictment, they arrested him at the Washington Hotel. Bailing himself out by paying one million dollars at the time, he managed to cheat the Greek embassy officials obtaining a travel document which he used to flee to Greece. Once arrived, things will change dramatically for Koskotas.

#### **Koskotas testimony about the interactions with Papandreou (1985-1988)<sup>81</sup>**

In 1986, Koskotas met Papandreou for the first time and was told by him that he should start a daily newspaper to embellish both PASOK and Papandreou himself. Unsatisfied with the constant opposition by the media, Papandreou urged Koskotas to start buying the opposition and

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<sup>80</sup>Citing from Justia US Law webpage. "Case: United States of America, Appellant, v. George Koskotas, Defendant-appellee 888 F.2d 254 (2d Cir. 1989)" *US Federal Government*. <http://law.justia.com/cases/federal/appellate-courts/F2/888/254/204241/> (accessed on January 23, 2017).

<sup>81</sup>This testimony is based on the accounts of Koskotas himself to a Times magazine reporter. Robert Ajemian, "Scandals The Looting of Greece," *Time*, June 24, 2001, <http://content.time.com/time/magazine/article/0,9171,1101890313-151390,00.html>.

shut them, even of the main newspaper in the country was bought because of this. The amount of wealth generated was so much, that in such short time, he also bought the Olympiakos Football team, requested by Papandreou, as he planned to announce the construction of a Stadium for the 1989 elections.

Following the escape from the US 1987 Koskotas said that PM Papandreou came to him knowing about his passport violation saying that he might go to jail. Right after he tells him that should not worry, instead, he has some favors for Koskotas and his bank, but it did not stop the favor asking even after Koskotas complied with the favors told that night. These favors went from giving money to fund the PASOK campaign (33Mn dollars); a 1.3Mn dollars payment for the PASOK youth festival; two 1Mn dollar payment made for PASOK events. Then, favors turned to a more personal level for the PM, as he requested Koskotas to squelch a critical memoir made by PM first wife who divorced him. Koskotas intrepidly went through foreign book agents and paid ninety thousand dollars to buy the book's world rights. Later, he bought the Greek weekly newspaper Evidomi, who was publishing nude photographs of Dimitra Liani, a buxom airline hostess who was secretly dating Papandreou. The last favor Koskotas did to Papandreou before being accused and suspended from his position as the bank Chairman, was before Papandreou went to London to get a heart surgery in 1988, the amount paid was six hundred thousand dollars.

Despite this detailed testimony, Papandreou was found not guilty in a trial based on the Koskotas scandal in 1988 when he was still in office. Furthermore, he won the next election and became for the third time PM until he resigned in 1993 due to poor health. Surprisingly, he is still considered by some poll results as the best PM since the Democratic government was born in 1975.<sup>82</sup>

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<sup>82</sup> Based in two different polls, one by in 2007 by Election Watch, published in Ekathimerini but made by Election Watch. Gianis Mavris, December 30, 2007, <http://www.kathimerini.gr/308896/article/epikairothta/politikh/tomh-sth->

### **Koskotas: Suspension, escape and imprisonment**

Following a government investigation in 1988, Koskotas was suspended as Chairman of his own Bank by Greek authorities by five counts of forgery and embezzlement. Not wasting time, Koskotas fled again to the US, where he got arrested. It is when he got interviewed by a Times reporter in Salem, Massachusetts. The charges from embezzlement, kickbacks and bribery and the disappearance of more than two hundred million dollars of public money. Found guilty, he was sentenced to 25 years in prison, until paroled in 2001. There were also four Ministers charged but only two went to jail, the Finance Minister Dimitris Tsovolas and the Transportation Minister, George Petsos. The Minister of Justice, Agamemnon Koutsogiorgias died of a stroke after being charged, and the Minister of Finance, Panayotis Roumeliotis, who was never on trial. Further research is needed to find why and how Roumeliotis never saw one.<sup>83</sup>

### **Siemens Scandal In Greece**

One of the most recognized companies in today's World is the German Company Siemens, the largest manufacturing, and electronics in Europe, which operates in Communications, Industry, Health, Energy, and Infrastructure. It is also the Company who paid one, if not, the largest fine in modern corporate history, 1.6 billion dollars across several countries. As for Greece, the Company has been present working since the beginning of the twentieth century and since the birth of the Republic, it had 11 projects, mostly on Infrastructure, Communications and Transportation.

In the following austerity measures that were implemented in the nineties, OTE (Hellenic Telecommunications Organization) was brought to the public market, meaning the Company is no longer administered by the owners, instead of preferred shareholders, who get access to the

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[metapoliteysh-to-1981](#). The second by The Paper newspaper. "Ανατροπές Στη Δημοσκοπήση Της ALCO Για Το Thepaper.gr," *The Paper*, February 25, 2013, [http://www.thepaper.gr/alco\\_feb13/](http://www.thepaper.gr/alco_feb13/).

<sup>83</sup> Marlise Simons. "Greek Ex-Premier Not Guilty in Bank Scandal," *New York Times*, January 17, 1992 <https://www.nytimes.com/1992/01/17/world/greek-ex-premier-not-guilty-in-bank-scandal.html>.

Company's bonds on the Athens Stock Exchange or London Stock Exchange. The more bonds you have, the more ownership the person has, except for the fact that Greece hold most of the ownership, therefore holding substantial power on the Company. This means that the Greek Government was moving towards modernization of his industries at the same time gaining enough capital to expand and modernize their infrastructure and services. This a perfect example on how through these channels corrupted companies get in direct connection with the Government to strengthen their influences to take advantage.

Siemen's scandal erupted worldwide in 2008, and most of the countries who worked with, started hastily an investigation on their own. By the end of the year, the PASOK government opened one since (when they considered) the Company's involvement on illicit actions.<sup>84</sup> This may seem like political strategy to boost both the Greek image as a country whose facing their corruption and boosting the PASOK image, who has been tainted with corruption and disappointment to the people in the years of the crisis. The irony is that the accusations take place on PASOK elected administration.

### **scheme at international level**

The investigation unfolded 64 people<sup>85</sup> implicated who took part on major bribes at international level, also known as the "8002 agreement". The agreement was a contract signed between OTE and Siemens for the latter supply digital equipment to digitize the former. The 8002

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<sup>84</sup>Hellenic Parliament official website, the link directs the user to the report made by the Commission of Inquiry to investigate the Siemens case in its entirety (in Greek). "Πορίσμα Της Εξεταστικής Επιτροπής «Για Τη Διερεύνηση Της Υποθέσης "Siemens" Στο Συνολο Της»" *Greek Parliament* Period 3 - Session 2 Examination Committee "For The Investigation Of The 'Siemens' Case In Its Entirety", Athens 2011. <https://www.hellenicparliament.gr/Koinovouleftikes-Epitropes/ektheseis?search=on&kwd=siemens> (accessed on July 26, 2020). Also present in [elvetia.org/siemens/pdf/porismnaexetastikis\\_Siemens.pdf](http://elvetia.org/siemens/pdf/porismnaexetastikis_Siemens.pdf) (accessed on August 15, 2020).

<sup>85</sup>For the complete list see Royal Bone, "Στο Εδώλιο 64 Πρόσωπα Για Το Σκάνδαλο Της Siemens," *ProtoThema*, March 10, 2015, <https://www.protothema.gr/greece/article/457820/sto-edolio-64-katigoroumenoi-gia-to-skandalotis-siemens/>.

agreement was worth 464.5 million euros and the profits were estimated at 885 million. One is Michael Christoforakos, a former Siemens executive in Greece who fled to Germany, where he got arrested by German authorities, who confirmed that payments were made to both ruling political parties in Greece. This whole scheme was uncovered following a Swiss government investigation in 2005 who found that Prodromos Mavridis, (Head of Telecommunications department of Siemens in Greece) was in possession of 23 million euros in deposits who were linked to money laundering. The slash funds and dubious payments were all made through tertiary companies in different countries, making hard to trace and detect therefore this type of investigations take a lot of time, in this case alone, at least 5 years.

### **The C4i Case**

In the post 9/11 context and the subsequent bombings and threats made by Middle East radical movements, the West including Greece, were aware of the potential threat the Athens 2004 Olympics could be as a target. Therefore, they employed the Science Applications International Corporation (SAIC), a US based Corporation to handle security to the Olympics. It came down to a consortium consisting various Communication Companies including Siemens<sup>86</sup>, who became the main supplier and subcontractor. One month before the official event, the Greek government received the services, it failed to work properly<sup>87</sup>, even when the government incorporated the system in 2007. The acquisition of the services proved to be an economical failure as well, spending almost three times the amount spent in the last Olympics (Australia, 2000), mobilizing the Greek armed forces to compensate for the deficiency, and even seeking compensation for the government between 80-100 million euros. Research points out the fact that Greece was really

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<sup>86</sup>The other Companies were Nokia, AMS, E Team and three other Greek companies.

<sup>87</sup>Kristie Ball and Laureen Snider. *Surveillance-Industrial Complex: A Political Economy of Surveillance* (New York, NY: Routledge, 2019).

concerned about security, and pretty much entrusted a US firm because the role the US have politically regarding the War on Terrorism. It is unclear how a system that partially worked was acquired by the Government who witnessed its failure.

In 2006, right before the acquisition of the C4I equipment and services by the Greeks, the German government launched an investigation to Siemens's top executives. Apparently, the German's interest aroused by the request of both Italian and Swiss judicial authorities for assistance regarding Siemens alleged corruption at corporate level. It resulted on arrest warrants to some top Siemens executives, one was Reinhard Siekaczek. His importance comes by his testimony, unfolding schemes in Egypt, Indonesia, Kuwait, Saudi-Arabia, Vietnam, and Greece, all from 2002-2004. As for 2007, prosecution reached 25 countries on which Siemens operated.

Regarding Greece's scheme, Siekaczek testified that Siemens had bribed political parties and senior officials to ensure that the C4I system was chosen for the Olympics. Among the names given, there was the back then the Siemens Head of Telecommunications department in Greece, Prodromos Mavridis, people in the Ministry of Defense along with the former head minister, Akis Tsochatzopoulos and Michalis Christoforakos. Mavridis and Christoforakos were also involved in the 8002-agreement case mentioned earlier.

### **The case of Apostolos (Akis) Tsochatzopoulos**

In the heat of the crisis, the Greeks have taken a more aggressive stance fighting corruption and Tsochatzopoulos is one example of it. A founding member of PASOK and serving as Minister ever since 1981 and in 2011 his schemes started to surface publicly. Taking after what I mentioned earlier about the Greek opening an independent investigation through a commission in the Parliament, it revealed that Tsochatzopoulos was implicated in the Siemens Scandal by the time he was Minister of Defense from 1996 to 2000. This meant the implicated will also be investigated



for other possible crimes. The bribery was for buying the Patriot and Hermes II missiles.<sup>88</sup> Tsochatzopoulos went against the media, arguing political persecution and defamation. By March, he got implicated in another scandal, after the German authorities implicated him after an investigation made to the German Firm Ferrostaal. The Firm was investigated under possible bribery to key people to sell their equipment. From this moment, the Greek Parliament voted for a criminal investigation, approved the majority.<sup>89</sup> The investigation uncovered over a hundred million euros in bribery related to German submarines and other navy equipment purchases.<sup>90</sup> It also implicated Tsochatzopoulos in the Vatopedi scandal.<sup>91</sup> Sentenced to twenty years in prison in 2013, he, his wife, his ex-wife, and daughter were imprisoned.

### **Lavrentis Lavrentiadis**

*“A dynamic entrepreneur, Lavrentis Lavrentiadis seemed to represent a promising new era for Greece. He dazzled the country’s traditionally insular business world by spinning together a multibillion-dollar empire just a few years after inheriting a small family firm at 18. Seeking acceptance in elite circles, he gave lavishly to charities and cultivated ties to the leading political parties.”<sup>92</sup>*

This is one of those cases that feeds the tarnished image about the famously called one percent, the wealthiest of wealthiest, the cream of the crop but not so to the banks as main protagonists of this story. Lavrentiadis, a tycoon, and the “Entrepreneur of the Year” by the

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<sup>88</sup> *Greek Parliament*, Period 3 - Session 2 Examination Committee "For The Investigation Of The "Siemens" Case In Its Entirety" pp. 290.

<sup>89</sup> Penelope, Galle. “Α.Τσοχατζόπουλος: Με 216 ψήφους υπέρ αποφάσισε η Βουλή την άσκηση ποινικής δίωξης εναντίον του Πηγή: <https://www.skai.gr/news/politics/atsochatzopoulos-me-216-psifous-yper-apofasise-i-vouli-tin-askisi-poi>” *SKAI*, January 7, 2011. <http://www.skai.gr/news/politics/article/173751/tsochatzopoulos-auto-den-einai-to-komma-mou/>

<sup>90</sup>BBC news. “Greek Former Minister Tsochatzopoulos Guilty of Fraud” *BBC news*, October 7, 2013. <http://www.bbc.com/news/world-europe-24428355>.

<sup>91</sup>BBC news. “Cash Trail Leads to Ex-Minister” *Ekathimerini*, August 9, 2012. <http://www.ekathimerini.com/144463/article/ekathimerini/news/cash-trail-leads-to-ex-minister>.

<sup>92</sup>Rachel Donadio, and Liz Alderman. “For Greece, Oligarchs Are Obstacle to Recovery” *New York Times*, December 5, 2012. [http://www.nytimes.com/2012/12/06/world/europe/oligarchs-play-a-role-in-greeces-economic-troubles.html?pagewanted=all&\\_r=1&](http://www.nytimes.com/2012/12/06/world/europe/oligarchs-play-a-role-in-greeces-economic-troubles.html?pagewanted=all&_r=1&)

Commercial and Industrial Chamber of Athens in 2006 and the auditing company Ernst & Young. Apart from the quote mentioned above, he also got involved in sponsoring institutions, museums and galleries and a considerable public relation by giving interviews about his personal life. He also got involved in charity donations, primarily to the Orthodox Church, especially after he reconnected with God after losing faith after his father passed away.<sup>93</sup> Everything went well until he sold Neochimiki in 2008 to Carlyle Group.

*“This is Carlyle’s first investment in a Greek company,” continued Mr. Easton, “and reflects our confidence in the country’s strong economic growth prospects as well as Greece’s position as a gateway to investment in Eastern Europe.”<sup>94</sup>*

Neochimiki is a chemicals company which Lavrentiadis inherited from his father, which he sold in 2008. In 2009, dispute surfaced when Carlyle Group were pushing Neochimiki to buy back its own shares sold to them when profits fell off economic projections. As it turned out, the Greek economic projections were not reliable as it seemed. But the problem consisted not in the economic projections, but in the manner Lavrentiadis bought back the shares he sold. As it turns out, he used his own power in his recently acquisition of Proton Bank to lend himself money to pay Carlyle Group.

When the buyback dispute surfaced in August 2009, Lavrentiadis, instead of buying back Carlyle, bought 31% Proton Bank shares<sup>95</sup> later in December, becoming the biggest shareholder. Thereafter the Bank started financing his schemes, by lending to much corporate loans above the limit and breaching ethical and procedural regulations, in other words, he made the bank borrow

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<sup>93</sup>Nikolaidis Illias. “Η άνοδος και η πτώση του Λαυρέντη Λαυρεντιάδη” *ToVima*. February 2, 2012. <http://www.tovima.gr/vimagazino/views/article/?aid=441496>

<sup>94</sup>*The Carlyle Group*, press release, May 8, 2008. <https://www.carlyle.com/media-room/news-release-archive/carlyle-group-acquires-chemicals-distribution-company-neochimiki>.

<sup>95</sup> George Georgiopoulos and Harry Papachristou. “Greece activates rescue fund to save Proton Bank” *Reuters*, October 10, 2011. <http://www.reuters.com/article/us-greece-proton-idUSTRE79911320111010>.

to himself regardless of the risk.<sup>96</sup> On top of that, it was the first bank seeking financial assistance to the Hellenic Financial Stability Fund, which was seeded by the European Financial Stability Facility, both agencies created in 2010 to stabilize the Greek banking sector. By October 2011, the Bank was saved by the mentioned agencies, splitting the Bank with the healthy loans into a nationalized “New Bank”, and the “Old Bank” with the unhealthy ones. The old was put into liquidation, declaring insolvency, selling his assets, and distributing the wealth among creditors and bondholders.<sup>97</sup> The latter of course is not everyone who owned bonds, but the preferred bondholders, like Lavrentiadis, and in the bottom of the link the common bondholders. Succinctly, 1.3 billion euros were spent on this deal, in great part because of corruption.

All these happened at the same time debates concerning privatization or nationalization, the devastation of the first memorandum and the foreign savior or foes occurred, but there were at least three things subtle things that triggered investigations and uncovered this scheme. First it was the audit made to the Bank when it asks for economic assistance, which revealed a 51 million euros gap in their books. Second, the investigation that followed by the ECB and the Greek government and the replacement of the CEO board. Third, the lawsuit made in 2012 by private Banks denouncing offenses of dishonesty, fraud, instigation and of direct complicity in the named acts, as well as establishing a criminal organization which lead Lavrentiadis to jail. After 18 months he was given parole because of his rheumatoid arthritis, after paying a 500 thousand euro fine and report and banned from leaving the country.

In the Western World, an entrepreneur or a tycoon is held in high regard, and respect,

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<sup>96</sup> IN News. “Μήνυση της παλαιάς Proton Bank κατά Λαυρεντιάδη και άλλων 12 προσώπων” *IN News*, January 23, 2012. <https://www.in.gr/2012/01/23/economy/minysi-tis-palaias-proton-bank-kata-layrentiadi-kai-allwn-12-proswpwn/>.

<sup>97</sup> BBC News. “Greek Lender Proton Saved By Bank Rescue Fund” *BBC News*, October 10, 2011. <http://www.bbc.com/news/business-15238193>.

especially when his story unfolds to success in a short time. Literature creates such a narrative, that all the sudden these people are smart and living proof that certain ideologies, paradigms, and certain economical models work, and it is up to the individual to take destiny with their own hands. Lavrentiadis is one case that twists this narrative, taking too much with his own hands and apparently, from his own pockets. Lastly, it is important to always doubt whether things are caused by the crisis, as this case unfolded, the Proton Bank met his demise not by the crisis itself but for malpractices.

### **The Fcpa And The Sec: A Global Tale Of Shared Corruption Practices**

In the US, the Foreign Corrupt Practices Act (FCPA) have proved effective to the Greek problem fighting foreign corruption. As we saw with the Siemens case, the limitations of the national state to fight against extraditions, other countries national laws and international laws limit the proper investigations of these type of crimes, ergo the judicial system cannot uncover other possible suspects and neither have a proper picture of schemes to create better laws. The FCPA is a US law that along with the US Securities and Exchange Commission (SEC), the government can protect investors, maintain a fair, orderly, and efficient markets by enforcing punitive actions to US companies abroad, through Federal courts. In a globalized world, it becomes easier for companies to scheme internationally, while Greece struggles, other countries are in a better position to uncover corruption at enterprise levels and thankfully when they uncover a new case it also proves to be helpful for Greece.

### **Securities Exchange Commission v. Comverse Technology, Inc.<sup>98</sup>**

Comverse Technology (Comverse) is a communications company created in 1981 by a few people, among them Jakob Alexander, who eventually becomes the CEO. The Company grew

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<sup>98</sup> *United States Security and Exchange Commission (US SEC)*. US SEC v. Comverse Technology INC. SEC 2011. <https://www.sec.gov/litigation/complaints/2011/comp21920.pdf> (accessed on December 3, 2018)

drastically and even became the first Israeli company who made it to the S&P 500 in Wall Street. In 2006 he was charged with 35 accounts of corruption and a case file made by the SEC on charges of violating books, records, and internal control provisions of the FCPA by making improper payments to obtain or retain business. The SEC also states that payments up to \$536,000 was made to individuals connected to OTE in Greece.

The intrepid scheme consisted of creating Fintron Enterprises in Cyprus and opening a bank account in 2003. Also, the contract made by Fintron and Comverse established a monthly retainer fee and agent “commissions” associated with each Comverse customer. From here payments were made by Fintron to whoever needed to be bribed in Greece to secure better deals. According to the SEC, Fintron had no role in developing, obtaining, or retaining business for Comverse, it was the latter who did the illegal business with their “customers”.<sup>99</sup> Regarding the \$536,000 in Greece, it was paid to secure a \$10 million dollar contract with the OTE, and it resulted in a 1.2-million-dollar improper benefit to the Company between 2003 and 2006.

### **SEC v. Smith & Nephew<sup>100</sup>**

Smith & Nephew is in fact a British medical company who has a subsidiary in Delaware, who manufactures medical equipment and its headquarters in Memphis, Tennessee. It also has another subsidiary in Germany, who also manufactures medical equipment. They both produce orthopedic, endoscopy and wound care products. Regarding Greece, the company had agents and Distributors to sell the equipment to doctors and hospitals. These distributors also operated Greek companies in Great Britain.

From 1997, the company and its subsidiaries created an offshore fund to channel money

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<sup>99</sup> *US SEC. v. Comverse Technology*, pp. 4.

<sup>100</sup> *US SEC. v. Smith & Nephew PLC*. SEC 2012.

<https://www.sec.gov/litigation/complaints/2012/comp22252.pdf> (accessed on December 3, 2018)

for bribing doctors to buy their equipment instead of competition. This scheme consisted in changing the pricing terms of both German and US subsidiaries sold their equipment to the Greek distributors, by charging a higher price than before the scheme and channeling the differential to the UK based Greek companies. The differential was then sent back to the Distributors in Greece so they could bribe doctors and deter any competition. Traces of this scheme were booked as marketing expenses by the British, German and US companies for 11 years until this practice ceased in 2008 when they stopped selling equipment to the Greek distributors. In overall \$9.4 million dollars were paid to the shell companies.

Apparently, this was all uncovered by a *qui tam* complaint made in 2005 against the US subsidiary, who later in 2009 was brought to attention by the Federal Court in Boston.<sup>101</sup> As for the FCPA, Smith & Nephew agreed to pay \$16.8 million dollars in penalties.<sup>102</sup>

### **SEC v. Daimler AG<sup>103</sup>**

Daimler, the automobile company who produces Mercedes Benz was also accused by the SEC to pay up to \$185 million dollars in 2010 for bribery and covering their schemes around the world. Cover ups were made with euphemisms such as “internal third-party accounts”, “useful expenditures” or “useful payments” on their books. The claim covers from 1998 until 2008 and up to 22 countries around the world. The nature of their bribes varied by country and year some, like the case in Turkmenistan, Liberia, Latvia, and Bulgaria, were made to secure deals with government customers. In Egypt, payments were made to officials to incorporate the Company’s

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<sup>101</sup> Press release by US Department of Justice, *Smith-Nephew* April 16, 2009 <http://www.smith-nephew.com/news-and-media/media-releases/news/us-department-of-justice/>

<sup>102</sup> Press release by the Department of Justice, *US Department of Justice*, February 6, 2012. <https://www.justice.gov/opa/pr/medical-device-company-smith-nephew-resolves-foreign-corrupt-practices-act-investigation>

<sup>103</sup> Press release by the Department of Justice, *US Department of Justice*, February 6, 2012. <https://www.justice.gov/opa/pr/medical-device-company-smith-nephew-resolves-foreign-corrupt-practices-act-investigation>

chassis to their armored vehicles.

As for Greece, Daimler's representative owned part of a state company that supplied vehicles to the Greek officials. The representative used his influence to secure the sale of 645 vehicles to the Greek government through phony consultants and intermediaries. The bribe was about 17 million euros, shared among Greek government officials and the Greek representative. Information regarding the specifics is scarce, partly because when companies get caught and prosecuted, they act by replacing or firing involved personnel. Therefore, there is little to no attention brought either by the media or the Greek government.

### **Other Cases<sup>104</sup>**

There are other cases that had been filed against Daimler in Greece, like the military vehicles sold between 1997 and 2000. Thanks to US investigators in the SEC. v. Daimler case, Greek's authorities started an investigation in 2012. On April 27, 2015, authorities prosecuted several Daimler managers involved in bribe payments, thanks to reports from US investigators. Later in August<sup>105</sup>, Daimler representative said the Company is willing to cooperate with Greek authorities. The case status remains unknown, as for no further information has been found.

### **Cheaper Luxury Cars**

In 2013, rumors spread about some German car companies not paying luxury tax on cars imported to Greece, allegedly because they were not expensive enough. As it turns out, both in Greece and in Germany newspapers followed tracks on the manner and found out that Mercedes Benz and BMW were introducing their luxury cars cheaper than usual, therefore evading luxury

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<sup>104</sup> Elisa Simantke, "Griechenland Verklagt Daimler-Manager," *Der Tagesspiegel*, April 28, 2015, <https://www.tagesspiegel.de/wirtschaft/korruptionsvorwuerfe-griechenland-verklagt-daimler-manager/11699342.html>.

<sup>105</sup> Ekathimerini. "Daimler ready to Cooperate with Greek Corruption Probe" *Ekathimerini*, August 31, 2015. <http://www.ekathimerini.com/201048/article/ekathimerini/news/daimler-ready-to-cooperate-with-greek-corruption-probe#item-comments>

tax.<sup>106</sup> Former member of the European Parliament (MEP), Dimitris Papadimoulis in his blog<sup>107</sup> wrote an interview he had with the European Commissioner for Economic and Financial Affairs about what possible things can be done from the Community level. However, the Commissioner, Pierre Moscovici, pointed out the limitations the OLAF (French abbreviation for European Anti-fraud office) had with these types of cases, specifically research instruments (e.g., access to bank statements). He also stressed out that these types of scams are, “well known phenomenon that affects all EU Member States.”

### **SEC. v. Johnson & Johnson<sup>108</sup>**

Expanding their market sales, Johnson & Johnson (J&J) acquired DePuy International in 1998 which was a British corporation with subsidiaries in Delaware who sells medical equipment such as artificial implants. The case, filed in 2011, uncovered a bribery scheme very similar to the one Smith & Nephew had in Greece during the same time. It consisted in a Greek Distributor buying overpriced medical equipment from DePuy and using the differential to bribe doctors to secure them as customers. Before the acquisition of DePuy by J&J in 1997, the scheme was well known to a phew at the executive level in DePuy. Not only well known, but very well established, as the file states that the Greek distributor had a great relationship with doctors in Greece and was able to maintain his clients.

By 1998, the acquisition was made, and an executive who knew about the scheme went to become a top J&J executive in the US in J&J’s medical device and diagnostics business. The

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<sup>106</sup> Titika Anousaki. “The Tax Evasion Case of Millions of Mercedes And Bmw’s Is Unnecessary” *NewsPost*, March 20, 2015. <http://newpost.gr/politiki/451726/sta-azhthta-h-ypothesh-forodiatyghs-ekatommyriwn-mercedes-kai-bmw>

<sup>107</sup> Dimistris Papadimoulis, Member of Parliament. “Moskovisi’s Response To The Tax Evasion Of German Car Companies In Greece” *Papadimoulis blog*, June 29, 2015, <https://papadimoulis.wordpress.com/2015/06/29/απάντηση-μοσκοβισί-για-τη-φοροδιαφυγ/>

<sup>108</sup> *US SEC*. *US SEC v. Johnson & Johnson*. US SEC 2011 <https://www.sec.gov/litigation/complaints/2011/comp21922.pdf> (accessed on March 25, 2017).



bribery resulted in \$24 million dollars in profit throughout 1998 until 2006.<sup>109</sup> What makes this case special is the way people involved tried consistently to hide the scheme through various methods and the correspondence regarding the “culture of bribery” and “the importance of this scheme to be profitable”. About the latter, there is a revealing response, sent by the DePuy vice president, to the Greek Distributor’s accountant memo:

*“I [am] very disappointed to read in your proposal that it contains references to [the Greek Agent’s] activities which cannot be mentioned in written correspondence with DePuy International. I have made this point many times and each time it happens you put us in a very difficult position.”*<sup>110</sup>

Right after the new EUCOMED<sup>111</sup> Code of Business Practice went into effect in 2005, the DPI vice president wrote to the Greek Distributor and his supervisor the following:

*“Everyone in the industry is a million miles from applying the letter or spirit of the EUCOMED code! Most industry players break every single rule in the book (support spouse travel, give non-medical gifts, etc.). If we applied the letter and intent of the guidelines today, we’d lose 95% of our business by the end of the year.”*<sup>112</sup>

Apparently, there was a preoccupation for both the scheme and the dependency of its profitability, and some executives at DePuy were worried that they will be on risk of getting caught, not only by possible whistle blowers, but regulation per se, something that made the involved executive to terminate the malpractice. But for him, “the only problem with the proposal was that we would lose half of our business even by year 3.”<sup>113</sup> Therefore he came with the idea of buying the Greek distributor, which would somehow cover up even more the scheme. This raised even more intrigue, not only because potential liabilities for everyone, but also because tax reasons, as

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<sup>109</sup> *US SEC.* US SEC v. Johnson & Johnson, pp. 4.

<sup>110</sup> *US SEC.* US SEC v. Johnson & Johnson, pp. 9.

<sup>111</sup> The EUCOMED is an organization founded in 1979 by national associations who is involved in policy making as a credible partner in the EU who represents 24 national associations and over 60 corporations. For more information visit their website at: [http://archive.eucomed.org/newsroom/36/19/Eucomed-celebrates-30-year-Anniversary-From-a-small-regulatory-office-to-a-recognised-EU-health-partner?cntnt01template=display\\_details](http://archive.eucomed.org/newsroom/36/19/Eucomed-celebrates-30-year-Anniversary-From-a-small-regulatory-office-to-a-recognised-EU-health-partner?cntnt01template=display_details)

<sup>112</sup> *US SEC.* US SEC v. Johnson & Johnson, pp. 10.

<sup>113</sup> *US SEC.* US SEC v. Johnson & Johnson, pp. 7.

for acquiring the Greek shell company.

This, however, did not stop the executive and DePuy, of acquiring the Greek distributor. Also, regardless the complaints, instead of ending the relationship with the Greek distributor by laying him off, they named him the head of the new company, called DePuy Helles. Aside of the impression of doing something, what really changed was the mechanisms which the scheme worked. Instead of buying at overpriced levels and paying the differential to a shell company who then gave the money to the distributor for bribery expenses, it would be buying the equipment internally and getting bribery expenses in other ways. Instead of “commission expenses” (to the shell company) it would be “professional education” or “support”. DePuy international gave a lot of training and dedication to the distributors in Greece.<sup>114</sup>

In 2003 this scheme was brought anonymously in a letter to an internal audit team. Sadly, the investigation focused more on allegations about a possible conflict of interest by local management and did not pay attention to the bribery. By 2006, a J&J internal audit uncovered the payments made to Greek doctors thanks to a whistle blower complaint. However, it was surfaced in 2007 by the media.<sup>115</sup> In the end, the scheme was not profitable thanks to fines imposed by the SEC and the US Department of Justice, the first, with two fines of \$21.4 and \$70 million dollars each and the latter a \$2.2 billion dollars to end civil and criminal investigations.

### **SEC. v. Novartis A.G.**

The latest case of corruption lies in the Pharmaceutical Industry, Kontonis Novartis is a Swiss Company who employs thirty-five thousand sales and marketing representatives around the world and with a record tainted in various scandals. On December 14, 2016, Iefimerida<sup>116</sup>

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<sup>114</sup> *US SEC.* US SEC v. Johnson & Johnson, pp. 9.

<sup>115</sup> Gardiner Harris. “Johnson & Johnson Settles Bribery Complaint for \$70 Million in Fines” *New York Times*, April 5, 2011. <https://www.nytimes.com/2011/04/09/business/09drug.html>.

<sup>116</sup> “Ο Κοντονής Στέλνει Την Υπόθεση Novartis Στην Εισαγγελία Του Αρείου Πάγου: ΕΛΛΑΔΑ.” *Iefimerida*, April

uncovered a formal complaint made by two Greek whistle blowers in the US Exchange Commission for unfair practices of bribing doctors and public officials in Greece to improve their position in the market. The two, were a chief of communication and corporate responsibility and a sales manager, who both submitted documents to the SEC to file a petition for investigation. It should not be confused with the case settled with the SEC earlier in 2016 for bribery to health providers. Also, the company is facing similar allegations in Turkey and South Korea, which were brought to attention also in the same year.

In less than a month, the Greek authorities intervened and searched the offices of the Company in Athens and asked the SEC for assistance. Right after the events, a Greek ex Novartis manager threatened to commit suicide in a Hotel in Athens. To further complicate the situation, the 44-year ex manager came down after an hour negotiating with a mediator crying and stating that it was all staged and will not bear all the company evils.<sup>117</sup>

The SEC has not yet confirmed if the investigation will take place, but there are already rumors that it will happen.<sup>118</sup> What stands out is that Greek government started hastily investigating the case, as for April 7, 2017 a cross party parliamentary committee prepares to investigate it. Furthermore, the current Justice Minister, Stavros Kontonis stated that the scandal involves thousands of Greek doctors and health professionals, surpassing the Siemens scandal.<sup>119</sup> Even more, there is a column in Greek newspaper To Vima stating that 2 politicians and editors

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7, 2019. <https://www.iefimerida.gr/news/307277/o-kontonis-stelnei-tin-ypothesi-novartis-stin-eisaggelea-toy-areioy-pagoy>.

<sup>117</sup> Dimitris Popotas. “Θρίλερ στο Hilton την Πρωτοχρονιά: Στέλεχος της Novartis απειλούσε να αυτοκτονήσει!” *Prothotema*, January 2, 2017 <http://www.protothema.gr/greece/article/641954/thriller-sto-hilton-tin-protochronia-stelehos-tis-novartis-apeilouse-na-autoktonisei/>

<sup>118</sup> Joshua Rodríguez. “Novartis Stock: Investigation Underway by SEC and DOJ” *CNA Finance*, January 25, 2017. <http://cnafinance.com/novartis-nvs-stock-investigation-underway-by-sec-and-doj/13403> (accessed on March 25, 2017).

<sup>119</sup> Ekathimerini. “Justice Minister Says Novartis Scandal Even Bigger Than Siemens” *Ekathimerini*, April 7, 2017. <http://www.ekathimerini.com/217535/article/ekathimerini/news/justice-minister-says-novartis-scandal-even-bigger-than-siemens> (accessed on August 15, 2017).

and journalists were also involved.<sup>120</sup> It a matter of time to see what unfolds from this case.

### **Yannos Papantoniou**

Born in 1949, Papantoniou (PASOK) had an outstanding career both as a politician and economist. He studied at the University of Athens, Sorbonne and at Cambridge. He then went into politics as one day Andreas Papandreou called him fascinated by one of his publications. From Member in the Parliament in 1981, he rose as Minister of Economy in 1994 until 2001. Then, worked as Minister of Defense from October 2001, until 2004. Throughout his life he also worked as an economist and a scholar, publishing books, articles and even working at the London School of Economics.

Things went south early this decade, as he and his wife Stavroula Kourakou were accused and sentenced 4 years in jail for evading taxes between 2000 and 2010. Investigation started right after their names surfaced on the Lagarde List, which was handled by the French authorities and consists primarily of wealthy people who hold bank accounts in Switzerland, thus avoiding taxes in their respective countries.<sup>121</sup>

Paying their way out of jail did not assure them much liberty, as in 2017 the Greek Parliament approved another investigation regarding some defense deals made when Papantoniou served as Defense Minister in 2001. The allegations were indications of breach of faith related to the purchase of Leopard tanks, Apache helicopters and other military equipment.<sup>122</sup> By April, newspaper Ekathimerini made public details in the ongoing investigation that could point out

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<sup>120</sup> Yianna Papadakou. “Novartis Scandal: Rambo Investigation, The “Lost” SDOE File, The Black Money Movement” *ToVima* February 12, 2017. <http://www.tovima.gr/society/article/?aid=861702&h1=true#commentForm> (accessed on March 25, 2017).

<sup>121</sup> Maria Papathanasiou. “Tax Evasion Charges for Former Greek Minister and his Wife” *Greek Reporter*, November 7, 2013. <http://greece.greekreporter.com/2013/11/07/tax-evasion-charges-for-greek-former-minister-and-his-wife/>

<sup>122</sup> Ekathimerini “Government calls for probe into arms procurements in 2001-2003” *Ekathimerini*, March 10, 2017. <http://www.ekathimerini.com/216789/article/ekathimerini/news/government-calls-for-probe-into-arms-procurements-in-2001-2003>

bribes and money laundering based on some bank accounts and transactions made under Papantoniou's term as Minister.<sup>123</sup> Later in June, prosecutor Eleni Touloupaki charged the couple of money laundering and barring them from leaving the country.<sup>124</sup>

### **Closing thoughts**

It is more than evident that historically, corruption has been present in the private sector. Most of these cases involved highly educated, and well-connected people, both foreigners and Greeks. It is also the nuanced aspect of limiting corruption to its national boundaries as cases shown here, most of the biggest schemes relied on operations in several countries, from different agencies, both private and public sector. In a country that has been stigmatized for common folk stealing for food, like pretending to be blind, there is also a different breed of corruption which lusts wealth in a hastily manner. It is true indeed that there is a presence of corruption that cannot be denied, yet it is also true that initiatives and laws have been enacted to tackle down an ongoing issue that made the crisis even worse. It hurts credibility and detracts any aspirational movements for change as the cynicism takes over.

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<sup>123</sup> Ekathimerini "Swiss probe yields more details about Papantoniou" *Ekathimerini*, April 27, 2017. <http://www.ekathimerini.com/218000/article/ekathimerini/news/swiss-probe-yields-more-details-about-papantoniou>

<sup>124</sup> Ekathimerini. "Ex-minister and his wife charged with money laundering" *Ekathimerini*, June 2, 2017. <http://www.ekathimerini.com/218958/article/ekathimerini/news/ex-minister-and-his-wife-charged-with-money-laundering>

## Conclusion

When I first looked at Greece what drew me in was the notion of how corrupt they were, and how it was portrayed to imply that their doom was solely because of their corrupted ways. That self-absorbed morality that the consequences faced are simply a byproduct of their actions. Skeptical I knew that this was nothing more than a puzzle of a broken frame, oblivious of most of the things I uncovered on this research. My political standpoint lied on the opposite fixation: One cannot simply explain things outside in; meaning one cannot blame circumstances or misfortunes outside of our agency as that presents itself as a political argument of convenience; blaming everything and not recognizing our agency on our lives.

The purpose of chapter one was to test the international and global framework to understand Greece. In no way the chapter is considered complete, and I desired a more detailed and a local approach to a narrative that needs it as public perception is imperative. This premise rests on the notion that social struggles are best understood in context when triangulation is made between social perceptions, the historical account and that powers that be agenda. Tranditis further details on how people marched on the streets as a reaction to the austerity measures and I believe that such triangulation will further deepen a more robust analysis on what I considered the hardest part of the thesis, which was apprehending the nineties. This was due to the sheer amount of moving parts such as the inflation reduction, the banking reform, the social perception on what did cause what, as it is difficult to argue if the actual process of joining the euro did improve or affect Greece's economy, which in turn makes the next decade harder to apprehend, because we see no perception of things and it coincided with the time Greece fell in love with borrowing for social development.

Not only the triangulation but also the need to understand on how people perceived the

past, as it helps greatly on why such political figures get elected based on what its followers judge its immediate past. Oddly, the austerity measures and the ones primarily responsible of setting in motion the transition to the euro were the ones who originally opposed it. And the ones who argued against austerity measures, where indeed the ones who indeed enforce even more after they got into power. I also wanted to point out these inconsistencies as I envisioned that it would help the reader to understand a bizarre aspect of politics, compared to wrestling as an entertainment.

Both in wrestling and politics there is a stage, actors, scripts, and montages, on which a plot takes place; we know that the actors and the fight is fake as in reality they are not enemies but people doing their jobs. We expect them to be entertained when we see them on the news, to see if our favorite wrestler/politician reacts to the new threat, or what witty remark he will say. We want our side to win not necessarily because they are correct but because we like them. When you confront a person about wrestling, he acknowledges that in fact is all a farse, but the entertainment value of derives from the fantasy as if was real. When it comes to politics, something troubling happens; even though the person will acknowledge that politicians do lie, that they want to preserve their jobs and lives out of the system, we still want to believe that indeed what they do is real, we still want to support their actions even if we still acknowledge their erroneous ways.

It did not matter how much people acknowledged the times the government lied to justify military conflicts, either Korea or Vietnam, yet they still believed the government to go to Iraq, even as evidence was questionable at the time. It does not matter, not at all. The very same thing happens with the media. Everyone agrees news are full of it, yet all is forgotten and now we are willing to believe the news so long the make an attractive clickbait title that bashes the people I am opposed. One reason I could think of this spectacle in Greece is because of the seemingly embarrassing situation Greece has always been in modern times. Defaulted 5 different times, allied

to bigger actors who does not seem to care to Greece's territorial dispute with Turkey. On Richard's Clogg words: "[Greece] ...has been forced into a subordinate, dependent and often humiliating position vis-a-vis the Great Powers."<sup>125</sup> Like the author, I believe that populism was on the rise, in the eighties, but he is not short of shortcomings. In one side, Clogg's interpretation overemphasize the left's populism and anti-American sentiments in Greece in the eighties. However, recent studies have pointed out that such sentiments were crystallized in the fifties with the American's unsupportive attitude towards Greece's needs on which they heavily relied on. We must not forget that Greece is a pawn according to geopolitics, therefore in such shameful context, national action was limited for the bigger cause, but I digressed. Back to the point, Clogg's book is an example of half of the picture I humbly tried to point out with my thesis, but his over fixation with the left blinded him of the most fundamental truth in ideologies. As Althousser<sup>126</sup> and Zizek's work points out, ideologies are not and does not care about facts, their primary function is to orient people's lives on what they see and to shed light on how to interpret things, giving them a sense of community. The left's discourse built in the eighties did not hold any sense of truth per se, but a collage of notions shared with the people even if they were contradictory. This explains why political parties were successful, and how the capitalist pro West was the one who fought the austerity measures when the crisis started, and the left could indebt a country while condemning the solutions they enforced behind the scenes. The search on who is more populist and how the populism of the "West's non-West left" dismisses the fact that ideologies are primarily responsible on detracting the crisis and solving it. The mountain of bigotry and politicking needs to be hiked, one by one such misconceptions and lies about what is perceived needs to be questioned and a new

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<sup>125</sup> Richard Clogg. *Greece 1981-89. The Populist Decade*. (New York, NY: Palgrave Macmillan, 2014). Introduction, page ix.

<sup>126</sup> Louis Althousser. "Ideology and Ideological State Apparatuses" "Lenin and Philosophy" and Other Essays. 1970. <https://www.marxists.org/reference/archive/althusser/1970/ideology.htm>



ideology will merge. I only hope so, because the outcome of a crisis is forgetting about the causes that led them, behind fiscal surpluses and “permanent” temporary jobs that will last less than the ones provided by the civil service in service of the political parties in power.

What the political parties said and did is a testament on how obsolete their political divisions are based upon. Almost as they lost purpose in society as the Socialist political party ideology born in the cold war cannot longer operate in such coherent way anymore. Same thing goes with ND. The political division based on pro or anti-foreigner is a detriment to the democratic process, and the undead from the past should move on and give course to new political process framework. This narrative based on contradiction, lies and misinformation, honors the chaotic nature on which we live in.

What made me settle on this subject, was the fact that initial perceptions of the crisis conveniently posited all the blame on those who they always tend to antagonize. From the common folk, the poor, and misplaced; to the elites, capitalism, Wall Street, Germany, and the United States. At the end, no one except the Greeks, and to a lesser extent, certain global institutions, cared about framing a picture that took everyone by surprise. The problem with blaming at something is that the person does not care about context but to reinforce their notions of the world. It does not care about a sober analysis, as their speech is predicated on what it is convenient for them. That predicament makes a political argument instead of a historical one, which feeds more misconception. This is what we saw in chapter 2, a political world feeding lies and misconceptions for people not to notice what was enforced through the backdoor.

By giving into the lie of how much people were stealing pensions and inflating the amount of monkey pensions they reinforced the already questionable dichotomy of whether Greeks are inherently corrupt and therefore the ones to blame or not. They did not care about the truth, nor

thought the social consequences of feeding such lies which will cloud people's judgement on things and therefore affecting the democratic process. The chapter also brings complexity the simplistic notion that Greeks are inherently corrupt, and the society fails due to the self-preservation nature of clientelist politics. Indeed, clientelist politics are a crucial part of Greeks predicament, but to oversimplify the analysis by shifting blame serves no purpose in enlightening what was going on. Furthermore, the media also plays a major role, and it begs the question to of the consequences of feeding into cynicism and indignation editorial lines. As these prove to be the more attractive or what is also called "clickbait" it also feeds to the worst aspects that erode democratic institutions. This is one of the crucial things analyses on democracy and institutions should consider, the actual role of the media throughout society, as a voice with its own interest and that feeds on the rupture between political discourses, reality, and perception.

Interestingly enough, a historical analysis needs to distinguish from political truths from historical ones. As for example, when it was said that the UE bailed out Greece and with it bailing out the German and French financial; that for it there was money to save banks but not the Greek people. This is what I call a political truth, a truth that on face value is holds validity and its factual, but historically it is a misleading statement. While indeed there was such initial bailout from the UE to Greece, for it not to falter on its obligations that pertained the German and French banks, it was also true that the money lent by these institutions where actual capital from workers' pensions and mortgage securities from France and Germany. Once in context it is not in actuality the implied false division between institutions vs the peoples, it came down to an emergency action doing damage control not spread the default and affect other's countries workers benefits.

The key to differentiate one from the other is to analyze their premises and their implications, or what its implied. By understanding that politics does operate on the need of

incomplete discourses their premises are always incomplete as well. Necessarily incomplete as the parties and its supporters tend to create dichotomies on false divisions that most of the time do not justify themselves, rather justifies the political party's existence, and therefore an incomplete statement.

When scholars like Liakos pointed out that the problem lied in the lack of democracy, it rightfully points out the lack of feedback between the agreeing parts of the social contract. However, it does not meddle with one tragic aspect of democracy: the constant lies, and misinformation repeated throughout the years, paving the way for contradictory and disparate worldviews. This impasse is what causes the lack of democratic dialogue and even worse, it predicated on bigotry and lies. In the eighties after so much debate, energy and attention wasted on campaigns of leaving the euro, PASOK did not rolled back the signing made in 1981; the rhetoric against the US was more of a facade, as Greece enjoyed much of the Marshall Plan when the program matched 5% of their annual GDP nor never got rid of the military installations. Nevertheless, if institutions are governed by peoples in political parties, they must be bound to higher standards than the common bickering. But parties do not want to keep themselves in check as the rat race to power seems appealing.

Greece's clientelism is not an example of how it hampers its economy, rather what happens to a decreasing economy in a country on which in turn the proportion of public becomes predominant over the private sector. This does not mean that Greek agency is not relevant to the analysis, but rather it posits it as a byproduct of what happened that also serves as a new obstacle to overcoming Greece's struggles. I understand the corruption as the symptom of a disease, an endemic issue because of things, like the analysis of George Soros, who does not emphasize on the details on how an import dependent country goes from boom to bust, rather on how to make

everything obsolete all together. As a side note, and as an example, Soros talked to the European leaders on the main issues they currently face in the 21<sup>st</sup> century, one being immigration. His proposal was not based on what to do with the issue, but proposed measures to make immigration obsolete, by heavily investing on migrants' countries for them to achieve their individual goals and save themselves to risk their lives migrating to Europe. This is precisely the type of approach Greece needs, not focusing on the symptoms but rather what causes them, and from a global perspective, it seems to me that global solutions are the key. If Keynes in the forties could pinpoint the correlation between global economic distribution between countries and how it could potentially avoid economic disparities and the rise of extremism, I believe that with the knowledge and economic power as a more mature society can do better. But rethinking the global order is not only a matter of saving Greeks, Spaniards, Italians, or the Portuguese, but could also prepare us to readily confront the global issues we face today.

The biggest question should be: Why hasn't the crisis been solved? What deterred societies to move and respond according to their issues and use their democratic powers and pressure governments to act in a consistent meaningful way? Why didn't the EU take seriously the feedback from the IMF even when it was backed by the US and many renowned economists? To me the incapacity of resolving the crisis is even more important than what "caused it" as we know causes are numbers and faulty policies, if we ignore why and how they got there in the first place. But populism deters any meaningful action, and the ones it did change, led to the creation and perpetuation of new lies. In the eighties it was the cold war rhetoric and the exclusion of Greece from the euro, then it was the sense of progress that came with new institutions hoping for a change for the better, and then it was the false correlation between crisis and penance. The social contract could not have been more clear: it is not a clientelist society that holds hostage a state, nor it is the

fixation on identity politics and the divergent interest of newer generations, nor exclusively the macroeconomic imbalances that were ignored, but rather all of them at the same time, and acknowledging that there is not a real hostage here, but a mutual (and inconvenient) relationship with the peoples in Greece and what they are willing to accept, acknowledge and change.

Political views from elected individuals do not change the general political view from the parties they belong, nor a country does change in five years with half-baked measures butchered between divisive parliaments. Germany and the EU must acknowledge that the framing of its institutions is working against the status quo that they are trying to portrait. There is no going back with the crisis, and if they wish to strengthen the EU, they need to do whatever it takes to help the Greek dilemma, so long as the Greek elites figure out how to amend the political landscape that has descended into despair, hopelessness, hatred, and fear.

It is imperative to understand the crucial difference between politics and politicking as it seemed that politicians in the last 40 years did not commit to their “ideals” and when executing them, they seem to respond more to the logic of party preservation rather than taking Greece to economic success. Political parties should work together to find a common ground and to reframe what is important to safeguard democracy in Greece. In other words, the more they blame for their misfortunes, the more it reinforces the idea of a government that it is not run by the people; nor it provides the hope needed to have ethical citizens. I do not necessarily subscribe to the preoccupation of the possible rise of tyranny, rather something even worse, the death of a nation. Meaning that I am more afraid of the idea of cynicism and indifference taking over people to the system they are part of. National discourses are not enough to preserve a nation, let alone one that thrives with the best it has to offer, as people migrate abroad, starve out or even die.

It is also difficult to conclude that either party had the correct diagnosis of the problem and

the right solution for the Greek economic crisis. However, it seems moot as parties cannot rule for long periods of time and there is no continuity in politics to make a long-lasting impact like in cases abroad. Also, pretending a correct answer from such perspective, presumes that political parties can properly work and with Greece, which to me it seems that the social damage over centuries of crises and discrimination, mixed with some exceptionalism and the false sense of entitlement derived from their classical past, results in a collective trauma with contradictions and lack of commitment, greatly because the constant abuse they get from politicians and the elites. The elites don't seem that interested in running a successful country, as they turn to political dynasties such as the Papandreou and the Venizelos. Nor they seem committed to properly inform the peoples on the matter as most of them spent time demonizing Greeks in their catharsis while agreeing with demands that could worsen the crisis. Or maybe they really want it, until they succumb into propaganda that detracts all possible progress.

Furthermore, the necessity of focusing on the private sector was an imperative as on these times there is still an obsession that private sector flushes away the bad aspects of humans that only seemed manifested on the public sector. As for the Greek experience, private companies ravaged on the privatized public sector, therefore such division between public and private change is merely a legal one. The real problem for companies in a broken economy is not whether they focus on maximizing profit or service, but how to keep revenue as the wealth of a nation shrinks. Nowhere you will find the equivalent economic papers sharing the same explosiveness on the public vs private predicament like it is found in politics. However, you will find complexities that do not really appeal to the political palate nor enticing to its followers.



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