

South East Europe Studies at Oxford

Seminar Series: Global South East Europe in a multipolar world

Diasporas in times of crisis: Agents of Change?

11 February 2015

The Case of Greece: Giving Voice to Exit

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Introduction

Greece's crisis has resulted due to widespread institutional underperformance in government, business and even civil society. Yet Greece possesses significant Diasporic populations in countries, including this one, which demonstrate superior institutional quality. So the first question that arises is why the Greek Diaspora was not a factor in crisis prevention in the first place.

The second issue is why, five years after the crisis, the Diaspora has been a marginal player in the resolution of the crisis and here I will offer illuminating examples, from both Greece's main opposing camps the so-called 'pro-memorandum' forces, now in opposition, and the 'anti-memorandum' forces, now, famously, in government.

Finally, I will briefly analyse issues of path dependency which have also had a bearing on the Diaspora's own capacity to interact with Greece during the crisis through philanthropic giving.

I would describe my approach as one of political economy which is informed of an understanding of the Greek state as a predominantly rent-seeking player internationally which prioritises using the international environment as a means to satisfy domestic groups and coalitions which are commensurately and compatibly rent-seeking themselves. My understanding is that this relationship – which I will call 'rent-seeking at home, rent-seeking in the world' - has shaped decisively Greece's relationship with its Diaspora and, to a considerable degree, the Greek Diaspora itself.

The Diaspora prior to the Crisis

A couple of years back, and in my then capacity as an adviser to the Mayor of Thessaloniki, I participated in a meeting with the Board of the World Council of Hellenes which is headquartered in Thessaloniki, Greece's second largest city. The Council has been established by an Act of the Greek Parliament and is supposed to represent Greece's Global Diaspora with its Board members being selected by Greek Diaspora organisations all over the world. Imagine my surprise when I heard the Board imploring the cash-strapped Mayor of Thessaloniki –his municipality's budget cut by more than 50 % since the break-out of the crisis - to pick up the bill for the couple of cleaning ladies which took care of the Council's premises as the Council itself was no longer in a position to cover their salary costs. This little anecdote will suffice I think in highlighting the abject failure of Greece's official Diaspora policy.

This is not to say that the Greek Diaspora was marginal to Greece's economy in the good years prior to the crisis. Back in the 1990's market liberalisation measures, which improved the performance of the Greek telecoms and finance sectors, undertaken due to the conditionalities imposed by Greece's effort to join the Eurozone, attracted to the homeland Greek ship-owners residing in London and elsewhere. Consequently, the Attica region and not London became the heart of Greek ship owning which, in the early 2000's, produced earnings for the Greek economy in excess of EU transfers. Greek ship-owners also invested excess capital in Greek finance and real estate in Greece itself and in the surrounding region of South Eastern Europe.

The managerial class that effected these operational transformations, in shipping, finance, telecoms, the IT sector, were themselves returned expatriates mostly of an Anglo-American origin, who, prior to the market reforms of the 1990's, could not be gainfully employed in Greece's statist economy. Last but not least, mostly London-based bankers of Greek origin mediated between the Greek state and economy and global markets to finance and generally effect these transformations up to, and including, massaging Greek public accounts so that Greece could gain Eurozone entry.

However, research on the contemporary Greek Diaspora has generally failed to investigate these contemporary networks of the wealthy and powerful and has mostly focused on mass Diaspora experiences. While I have not engaged in a thorough literature review from what I have seen thus far Greek Diaspora capitalists and managers, unless they have been safely buried for more than a century, don't get much attention from Greek Diaspora scholars. Investigating the sepia-tinted great-great uncle from Odessa or Alexandria is fine and dandy - not so the geeky, ex-classmate and graduate of Athens Metsovio Polytechnio, who is now a high tech multimillionaire in Palo Alto, California, or the brash minigarch of Pontic-origin in St Petersburg who has made it big in Putin's Russia.

Returning to my analysis, public policy in Greece has indeed, in the recent past, exercised a strong pull on Greek Diaspora networks and individuals. It is indicative however that it has done so unintentionally and as an unexpected side-benefit of pursuing priorities unrelated to the Diaspora itself. A possible comparative case, in our context, is the Manmohan Singh reforms in India, which also took place in the 1990's

when India was facing insolvency, and the effects they had in repatriating to India the IT professionals that proceeded in founding India's most successful export service sector, namely IT subcontracting.

Still when we come to policy intent, as opposed to the unintended consequences of policy, my thesis is that the reason that the Greek polity has not purposefully pursued an effective interaction with its Diaspora is because of its status as a predominantly international rent-seeker. Greece, as a small country, in a geopolitically important spot and with a possession of a rare symbolic asset – of the birthplace of Western democracy and culture – has employed throughout the post-World War II period a twin policy of (a) extracting resources from its patrons and partners and (b) ingeniously and tenaciously minimizing or neutralising the modernization conditionalities that its patrons and partners have attached to this resource-transfer exercise.

This half-successful strategy - of rent seeking in the world, rent-seeking at home - is both Diaspora-creating and Diaspora-repulsing. It is Diaspora-creating because as much as this strategy has improved, over time, Greece's material conditions and the affluence of its population, it has not done so to the level of other national economies to which Greeks have had the option to emigrate. Even prior to the crisis Greece, together with Portugal if I am not incorrect, was the poorest EU member country, excluding the post-1989 EU entrants from Central Eastern Europe. It is Diaspora-repulsing because those Greeks who migrate to other national economies that are based not on rent-seeking but on wealth creation, under internationally competitive conditions, have

neither, on the basis of choice and life-experience, the motive nor the aptitude to engage with their homeland.

Finally, rent-seeking, at home and abroad, creates in Greece the conceptual limitations, at both the elite and collective levels, that contribute to its reproduction. The conviction that we are capable of only spending money rather than creating it means that we, as a society and a polity, ignore the tremendous contribution that an effective relationship with our Diaspora can make in Greece's capacity for wealth creation and habitually underestimate the opportunity costs of not having such a relationship. As I suggested earlier, Greek scholars of the Diaspora are themselves conditioned by these conceptual limitations with their research ignoring those domains most relevant to Greece as a country that needs to make a living for itself and its people through its own exertions and not those of others.

The Polity's attitude towards the Diaspora during the Crisis

Looking at homeland / Diaspora interactions during the crisis, and prior to this January's elections, I will deal with two issues. First, on a sin of omission on the part of the leading coalition party government, namely New Democracy. Second, on a sin of commission of the main opposition party, SYRIZA.

The sin of omission on the part of New Democracy was, in my opinion, not to mobilise - and insitutionalise this mobilization - the wealthy Greek Diaspora behind the cause of Foreign Direct Investment, of FDI attraction in Greece. New Democracy was the most appropriate actor to do so both due to the center right's pro-business attitude and to Prime

Minister Samaras' personal salesmanship of the Greek economy to investors from abroad. By contrast, New Democracy and Prime Minister Samara's most highlighted FDI cause was that of gas and oil exploration and extraction through the process of parceling out, through auctions, to oil and gas companies plots in Greece's territory and territorial waters. Natural resource exploitation is, of course, the rent-seekers optimal economic growth strategy. To the extent that such resources are available, they guarantee income streams to be distributed at will and absent any conditionality, to favourable rent-seeking groups.

Two points here that relate to the Greek Diaspora. First, Prime Minister Samaras, when communicating his vision, and implementing policy, focused on natural as opposed to human resources. Second point, and related to the first, he privileged exclusive access to natural resources as opposed to human resources, the Diaspora being after all, a human resource bearing money and know-how, to which, under certain conditions, a homeland has, if not exclusive, at least privileged access. I believe that this focus on the exploitation of natural resources as opposed to the exploitation of human resources is no accident. Human resources – people – unlike natural resources have voice, to put it in Albert Hirschman's terms, and to bring on board the Diaspora would have meant for Prime Minister Samaras to give voice to exit.

The sin of commission of SYRIZA was in a domain as nominally privileged to that party, as FDI was to New Democracy and Prime Minister Samaras, namely higher education. Here I will speak with all the insight and preference that direct personal involvement brings. In 2011, again in my capacity as an advisor to Mayor of Thessaloniki Yannis Boutaris, I

was directly involved in the headlines-grabbing support by the Mayor of the Diamantopoulou higher education reforms that SYRIZA, while in opposition, directly opposed and so did the then rector of University of Thessaloniki, Yannis Mylopoulos, who led the anti-reforms effort nationally.

The Diamantopoulou reforms, and in particular the institution of the elected by faculty management boards of Greek state universities, brought Greece's scientific Diaspora into positions of great influence in Greece's universities. More than a hundred Greek academics, from Europe and North America, in many cases from institutions of Ivy League and Oxbridge levels of excellence, were elected members and even Presidents of these Boards.

Conversely, these reforms undercut the position of Greek faculty which in the past had parlayed alliances with student unions to dominate the leadership ranks of Greece's universities despite, by and large, their lack of proven administrative experience and a distinguished scholarly record.

Par excellence the Diamantopoulou reforms gave voice to exit and this is why they were resisted by the academic powers that be, such as Rectors Yannis Mylopoulos and Theodosios Pelegrinis, the latter of Athens University, both of whom pursued political careers at SYRIZA. The coalition of such personalities with student unions is a classic rent seeking coalition whereby social, power and monetary resources are acquired without the equivalent contribution in societal welfare materializing. It is also a Diaspora-shaping and Diaspora-repulsing coalition as the thirty-year stranglehold of this coalition in the higher

education domain has been decisive in creating Greece's scientific Diaspora and then keeping this Diaspora at arms-length from developments in Greece's higher education domain.

So, to sum up, during the crisis the main ruling and opposition party, New Democracy and SYRIZA, identified themselves with policy choices that demonstrated their preference, respectively, for generating or defending resources safely within Greece's rent-seeking paradigm, choices that were bound to, at best, keep key Diaspora constituencies indifferent and, at worst, to purposefully alienate them.

The Diaspora as a Bystander: the case of philanthropic giving

The Diaspora itself has been left a bystander in Greece even in philanthropic giving where, due to the acute effects of budgetary cut backs, in such areas as the health system, the arts and in social protection, one would expect much greater involvement. Indicatively fund raising in North America for Greece has been in the tens and not hundreds of millions of dollars by the highest profile Diaspora initiative to be borne out of the crisis, the US-based Hellenic Initiative. Other, older institutions, such as AHEPA, have been even more ineffective in fund raising for Greece. I believe this is due to the path dependency that the 'rent seeking at home, rent seeking in the world' outlook of the Greek polity has created long before the crisis' breakout.

The rent-seeking structure of the Greek polity, and society, that I have speaking about is hostile to the effective conditionality necessary in accessing Diaspora resources as such conditionality hurts those individuals and group interests that manage and profit from rent-seeking

relationships. Let me offer here as a comparable example the governance structure of the British Museum, with its distinguished Board and autonomous status, which is geared towards fund raising from sources other than the state with the National Archaeological Museum of Athens, Greece's flagship museum and indeed an institution, considering its collection, of global significance. The National Archaeological Museum, as most other state museums in Greece, has no board and its director is selected exclusively from the ranks of Greece's state-employed archaeologists often not on merit but due to party affiliation and connections. Its fund raising capacity is negligible, its curatorial policy stale, its premises run down. Can such a politicized, closed governance arrangement ever be capable of attracting Greek Diaspora funding? Of course not.

On the other hand, even those Greek institutions which would be receptive to such conditionality, be they state owned or belonging to the Third sector – hospitals, universities and their departments, charitable organisations - would face forbiddingly high transactions costs were they to interact with Diaspora individuals and organisations so that they could access Diaspora funding and expertise. The crisis has denied them funding from both the state and Greek corporate and individual donors thus starving them of the resources needed to approach potential Diaspora donors. And in the good days both state and Third sector institutions did not cultivate a Diaspora donor base preferring instead to parlay access to government into financial support in exchange for petty political favours less demanding than the level of, say, a Diaspora donor might have requested.

Significant Diaspora exceptions, to this paradigm, such as the Niarchos and Onassis Foundations are mixed breeds. They are institutions that possess ample resources by anyone's standards, past engagement with the Greek economy of their founders and a strategic commitment to have a presence in Greece. This mixture of characteristics has enabled them to make substantial contributions to crisis-hit Greece with investments in culture, crisis alleviation, education and health, fast approaching the one billion euros milestone. These foundations have done so by covering the transactions costs by themselves, conducting the necessary due diligence to locate the partners that they can work with and leveraging their uniqueness to establish an effective relationship with a generally ineffective Greek governmental machinery – by among other means having direct and unfettered access to the Greek Prime Minister himself and other Ministers of state.

What does the future hold?

To conclude, the rent-seeking external and domestic orientation of the Greek polity has been determinate in both shaping the evolution of the Greek Diaspora and repulsing its interaction with the Greek economy and society. The crisis has imparted significant but not yet decisive chinks in this rent-seeking armour. Consequently, and combined with the pre-crisis path dependency shaping the relationship between the Diaspora and the homeland, the Diaspora has not been a material factor in Greece's escape from its crisis predicament.

It would be no exaggeration to say that up to now government and opposition, of whatever ideological ilk, have made the choice to continue operating the rent-seeking polity, as opposed to dismantling it,

albeit at a significantly lower cost base. Considering, however, that this choice translates in a loss of affluence of nearly a third of GDP, since before the crisis broke out, and close to 30 % unemployment, this is hardly a sustainable strategy.

Clearly and more than ever, Greece needs to mobilize all available resources: in order to renew its institutional foundations, create an internationally competitive economy and restore its severely undermined international stature. Many of these resources either exist in the Greek Diaspora or are being dissipated through the creation of a new Diaspora wave, the so-called 'brain drain' phenomenon. Greece will sooner or later be compelled to actively and comprehensively solicit the support of its Diaspora in the cause of national renaissance.

Last but not least, the relevant policy agenda needs to be articulated and acted upon. What are the policies, whether generic or Diaspora specific, that can bring about a Diaspora / homeland interaction that can benefit Greece? What is the Greek Diaspora composed of and what kind of interactions with the homeland do the different component parts of the Diaspora recommend? What can we learn from other Diasporas and other homelands as we seek to define and execute a strategy that reconnects the Greek Diaspora with Greece itself? These are the questions we should be asking and the answers that we should be seeking in the months and years ahead. It is with this call that I conclude my presentation and I thank you for your patience and attention.