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New Virtues for Greece About to Be Put to Test

By John Vinocur

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ATHENS -- Up above, on its hill, the Parthenon, eternal proportion and reason, lit up at dusk like a furniture showroom. Down below, at 9 P.M. on a Tuesday night, a traffic mess, a stalled, fetid post-dusk mix of soots and car exhausts and construction dust, a teachers union demo, barricaded streets, cops peering indifferently at such minor chaos, and a taxi driver turning toward the man hunched on his back seat.

"You must get out here," the cabbie says, deciding he will battle this piece of daily reality no further. "But where am I?" the passenger replies. "You must ask," the driver answers, his arm sweeping wide to designate the dark world beyond.

Greece and Athens have changed, goes the refrain these days. Fair-and-square winners of the compe-

tion to stage the Olympic Games in 2004, candidates for the euro with a couple of years' delay, the country and the capital's reputation for institutionalized intrigue, unreasonableness, and futile excess has been replaced by a good scout's list of merit badges for lowered inflation, reduced deficits and all the other non-Byzantine insignia of straight-shooterism. The Greeks, a visitor is told again and again, are bringing order to their house.

At the same time, no one is mistaking this place for Schleswig-Holstein.

The government talks in self-congratulatory terms about its victories over inflation, but it spikes upward in August and will roll over the target figure for the year. A law provides that for every five public sector employees who retire, only one should be hired. But the Federation of Greek Industries insists that the total of state-paid workers is actually increasing. The coun-

try's top union official estimates that the country's underground, off-the-books economic life represents about 40 percent of the nominal economy. But the minister of culture says this local particularity actually results in "more social cohesion" and Greeks living better than Britons.

In the last week, air traffic controllers announced strikes, flight attendants at the bankrupt state-owned Olympic Airways said they would refuse to work overtime and demanded more staff, and the huge drilling-machine boring the tunnel for the Athens Metro hit subterranean problems, bringing Page One-type traffic chaos above ground. European Union statistics put 24 percent of Greek households below the poverty line, and the Greeks themselves, in a poll published in July, chose Nikos Konstantopoulos, head

See GREECE, Page 5

GREECE: Hard Test Is Around the Corner for New Virtues Promoted by Government in the Cause of European Monetary Union

Continued from Page 1

of a leftist party emerging from the defunct Euro-Communists, as the country's favorite politician.

Yet, the current upbeat mood is such that a Greek businessman indeed spent time explaining to a visitor that when the Metro works (it has been planned since 1959), when Athens has a new airport, and when a new north-south highway is completed it will mean fewer cars in the capital, meaning less congestion, signifying less air pollution, and, just perhaps, no more taxi drivers abandoning fares in mid-nowhere — a knee-bone-connected-to-the-ankle-bone vision of an alabaster future, downtown from the Acropolis.

The essential force in this effort is the Socialist government of Prime Minister Costas Simitis, which decided Greece would have to begin to approximate the standards of the rest of the European Union, meeting qualifications for entry into its common currency by 1999, or be relegated into a league of the economically irretrievable.

This has meant a vast attempt to impose a system of new virtues on a country and a culture whose self-esteem has been deeply tied to resistance to state authority. The reforms center on responsibility, from enforcing tax laws to scrapping do-nothing jobs for political clients to requiring motorcyclists to wear safety helmets. All of this comes as part of an approach that is portrayed as breaking with the sometimes self-pitying, sometimes near hysterical incoherence of Greek policy during the 1980s and early 90s.

"Greece had a bad name, a very bad name in 1993-94," Finance Minister Yannis Papantoniou said in an interview. "A very bad name. Nobody believed me when we said we were going to try to achieve the EMU convergence criteria. Most people thought this was just another trick. There was systematic disbelief in what we said. The attitude was we were incapable of being consistent or stable."

"In fact, we had been a pathetic failure. We had one percent growth from 1976 to 1995 and 20 percent inflation. Now the impression has changed. Now my European

colleagues take it as a serious possibility that we will join them in the EMU. And the same thing is true of the banks."

The numbers that Greece reports these days to the European Union are signs of real progress, but in no sense a guarantee that the country can achieve the Maastricht convergence criteria next year or in 1999, and actually qualify for the European monetary union after the initial wave.

The primary goal is bringing the deficit toward the 3 percent target by stages, with a movement from 7.4 last year to a planned 4.2 percent at the end of 1997. Among other things, this supposes real success in bringing down inflation. Moving upward at 5.6 percent in August, it was running above the hoped-for level, but Yannis Stourmaras, chairman of the government's council of economic advisers, said in an interview that inflation would be about 3 percent at the end of 1998.

In the widest sense, much of these measures of success have been built on Mr. Simitis's ability to convince the Greeks that Europe is their salvation, and that some sacrifice is involved — and not necessarily, as Greek practice used to dictate, just for the other guy.

Iannis Triantafyllou, a psychiatrist who recently returned to Athens after studying and practicing in France and Germany for 24 years, said, "One of the most pleasant sides to my return is the feeling I have that Greece is moving toward reasonability. Take the European Union and Greece. It used to be, 'I grab the father's money, and then I go steal his daughter, too.'"

"Not so much any more. Incredible things are happening. They're actually cracking down on drunken driving and not having a helmet when you ride a motorcycle. If you hit exhibitionism and showing-off and irresponsibility in this country, then you are serious and can get results."

But there is some sense that the government is running out of levers. Jason Stratos, president of the Federation of Greek Industries, feels bedrock has been reached in fighting inflation, and that the rest of the way will be very difficult. The government's hard drachma policy has helped, he said, but has also cut back the competitiveness

of the Greek private sector by 20 percent.

Now the most difficult steps are at hand. That means privatization and ruthless job-cutting in an economy that Mr. Stratos defines as 60 percent wholly or partially in state hands, including a banking sector that is 70 percent state-controlled.

A fortnight ago, the annual report of the Organization for Economic Cooperation and Development on the Greek economy commended the progress made since 1994, but said that the govern-

ment's strategy needed "expeditious decisions and swift implementation to remain viable."

Much of the task depends on the unions, allies in theory of the Panhellenic Socialist Movement, or PASOK, Mr. Simitis' party. Christos Polyzogopoulos, president of the Greek General Confederation of Labor, says that "the unions will support the Maastricht targets if there is social sensitivity." But then the caveats come. "At first, workers considered the Maastricht treaty as positive.

But now they are more and more skeptical and could become opposed. Europhiles are disappearing because it's a development without social awareness."

Mr. Polyzogopoulos steers around privatization and massive job cutting by saying, "if we could integrate half of our black economy into our nominal economy, we'd have no trouble at all" in making the Maastricht targets. He put at 400,000 the number of workers who did not enter official accounting.

In some PASOK quarters,

this "phenomenon" still finds friends and rationalizers. The most artful explanation comes from Evangelos Venizelos, the minister of culture, who said, "the main advantage of our country is a flexible frame of mind, a liberal approach. It's a postmodern approach. The Greek mentality had a lot of problems with industrial society, but we're in tune with post-industrial society. We live better than they do in Britain, and we know how to preserve the social peace."

Serving as Olympic host is

a psychic boost, and an incitation to finish a number of major infrastructure projects largely made possible through European Union funding. But the Olympics also emphasize the critical nature of the next two years for achieving the targets because heavy expenditure for the Games will begin to kick in around 2000, bringing as many as 130,000 jobs, but also inflationary pressure from an estimated \$1.6 billion in costs.

Growth is currently at a 3.5 percent rate, a good perfor-

mance reflecting the country's improving reputation, but there are no new money pots at the horizon. There is even the frightening notion that tourism, sometimes listed as the country's single largest money maker, is in deep trouble, with the idea spreading, according to the publisher Antonis Liberis, that "Greece is a five-star site with two-star infrastructure and two-star service."

"This is not something that can be changed from one day to the next," Mr. Liberis said, "and there is the problem because the big issue is service, and that means our mentality."

Even if the convergence numbers eventually add up at the key junctures, and the European Union, with a few years of common currency behind it, decides that Greece has demonstrated its ability to sustain its economy at the desired community level of performance, "who would say that we've reached Europe's standard of living?" Mr. Stratos asks, sounding rather forlorn.

Then he brightens. He says, "We have strong family ties and don't have serious social problems. Nobody goes hungry in Greece. And the night clubs are packed."

ALGERIA: 200 Civilians Are Slain in Escalation of Butchery Close to Capital

Continued from Page 1

news agencies reported. By either figure, the massacre was the second deadliest since the insurrection against the military-backed government began in Algeria in 1992. The most lethal night of killings took place Aug. 29 in Sidi Rais, also near Algiers, where the government counted 98 dead and hospital sources counted nearly 300.

People in communities just outside Algiers, where most of the recent killings have taken place, are reported to be abandoning their homes and forming self-defense squads to repel the nightly violence. In some places,

according to reports, the technique has worked and lives have been saved.

The state of siege felt in these areas is matched at the official level by an apparent state of denial. Only one day before the massacre in Baraki, the Algerian prime minister, Ahmed Ouyahia, appeared on state-run television to repeat the government's contention that its uncompromising approach to terrorism was paying off.

The increased vigilance of the population, the determination of the security forces and the end of political bargaining with outlawed Islamic political groupings, Mr. Ouyahia said,

had left Algeria with only "residual terrorism."

The latter term has been used for months by the Algerian president, Liamine Zeroual, even as hundreds more have died at the hands of Muslim terrorists, paramilitary forces, government-armed village militias and unaffiliated gangsters posing as some of the above.

Last week, the U.S. government reiterated its support for the Algerian government's approach in a farewell letter presented to Mr. Zeroual by the departing U.S. ambassador, Ronald Neumann.

Condemning the killings of Algerian civilians as "an outrage to all civ-

ilized people," Mr. Neumann's letter expressed support for "military measures, consistent with the rule of law, to protect civilians" and other political and economic reforms that Mr. Zeroual "has publicly chosen." The statement also encouraged "national reconciliation and the inclusion in the political process of all who reject violence."

The prospects for reconciliation looked slightly brighter in mid-July when the government released two leaders of the fundamentalist Islamic Salvation Front. But one of them, Abassi Madani, is again under house arrest, and the government has said it was not negotiating with the Front.