

1992 And All That

Since the 1985 publication of the white paper on the single market in Europe there have been thousands of conferences, newsletters and articles about what Europe will be like post-1992. January 1, 1993 heralded the beginning of the post-1992 era for Greece and the other eleven member-nations of the European Community. In this week's column we explore what Greece and Europe will be like now that the December 31, 1992 deadline is behind us.

Boom or Bust?

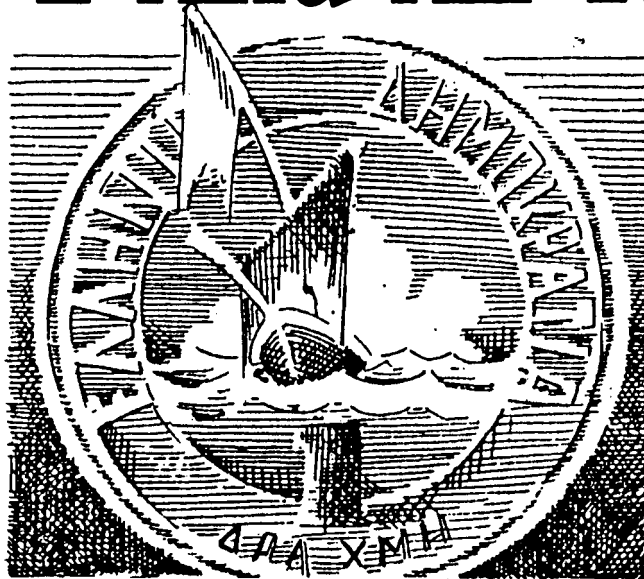
In the late 1980s, when Greece's economy entered its period of serious deterioration as a result of the Papandreou administration's outrageously uncontrolled fiscal policy, it was fashionable to speculate on what would become of Greece after 1992, when all twelve European Community (EC) members would allow free and untrammelled transport of people, money and goods between themselves.

Greece was so far behind its EC partners in productivity and overall economic development, particularly those in northwestern Europe, that there was talk of a two-speed Europe. In this two-speed Europe, Germany and the Benelux countries would take the fast lane to speedier economic growth, and Greece would be stuck in the slow lane.

In the slow lane, according to the skeptics, Greece would lag behind in economic growth, with its best hope for the future lying in the tourism industry. The image of the future Europe in this line of thought was one of an even richer Germany with its factories grinding out the latest in robot-produced technological goods, and people in northern Europe traveling comfortably at high speed with the latest rail technology.

Down in the south the Greeks would be transformed into a nation of waiters, bringing cold beers to the vacationing Brits and strumming the bouzouki. The more optimistically-minded Euro-speculators pointed to the fact that Greece has always performed well in situations of adversity. "When the going gets tough, the tough get going." After all, look at the grit of the Greeks from Thermopylae to the fierce resistance against the Germans in the battle of Crete. Some observers of Greece would offer that the correct characterization of Greek toughness is contained in the maxim, "when the going gets tough, the Greeks go on strike."

Unfortunately for Greece, its economic picture has not improved, as the unrestrained spending of Papandreou's final days was followed by a notably late call to austerity by the Mitsotakis administration. Today the talk of a



two-speed Europe doesn't even take into account economic sluggards like Greece. The fast lane is for Germany, France, Denmark and Benelux; the slow lane is for Britain, Ireland, Spain, Portugal and Italy, and Greece is left off on the shoulder of the road sitting on a donkey, getting smudged by the dirt and gravel kicked in its face by the fast and slow cars whizzing by.

The Good

Fortunately for Greece, its lackluster economic performance was not so much worse than that of its neighbors, several of which experienced a lousy 1992. While Greece's deficit and debt were spiraling out of control, so were Italy's. Even the German economic juggernaut is not what it used to be. In 1992 economic growth in Germany clocked in at a piddling 0.8 percent for the year, the lowest figure reported by the Gerries in ten years.

Greece nevertheless was one of the least distinguished members of the EC in 1992. Its economic performance was so poor that the EC did not disburse the second installment of a loan that Greece needed sorely. There were even rumors circulating in Brussels (EC headquarters) and Athens that the EC was contemplating booting Greece out of the twelve-member organization.

In spite of the difficulties Greece has had in the EC, membership in the group is without doubt a good deal for Greece. In the 1980s, the first decade of Greece's membership in the EC, the poorer regions of Greece benefited from hundreds of millions of dollars granted in the Integrated Mediterranean Programs. In the EC's own internal study of the Single Market (*Seventh Report...concerning the implementation...of the Internal Market*, September 1992) the EC

articulates its commitment to making the poorer parts of the EC (read Greece) better off. The vehicles for accomplishing this are the "Structural Funds," which are, "aimed...at reducing disparities between the various regions and the backwardness of the least-favored regions." The Structural Funds have generous budgets, and Greece should be grateful for that.

Now that the free movement of people, goods, capital and services is allowed among EC members, it must be an exciting time to be in Greece. A young, energetic, talented multilingual Greek can avoid the dead-end, stultifying and unrewarding prospect of working in a Greek institution (especially in the public sector) and high-tail it to Luxembourg or Germany where he or she can be at the cutting edge of the profession.

Ossified, backward, and unproductive Greek institutions will now hear the final clarion call to get their acts together or be faced with the prospects of bankruptcy in the face of competition arriving from the north and the west. The single market is for real--although Greece has been granted several exemptions (officially called "derogations") and is allowed to delay implementation of several aspects of the single market, it cannot hide from the fact that the deadline for the single market is past. After all, Greece wants to be remembered as the birthplace of democracy, not as the master of rule-breaking.

The Bad

One of the impediments to Greece's happy and fruitful participation in the open market is that Greece has no land border with another EC country. Just a few days after the official inauguration of the

single market, Greece's border to the north was closed to traffic by its hostile northern neighbor. Trucks laden with goods for the single market were not allowed to negotiate the perilous road through a fractured Yugoslavia. Many of 300-odd measures of the single market (such as #6, elimination of controls performed at the frontiers of member states in the field of road and inland waterway transport) relate to national frontiers.

Some of the measures involved in the single market seem to have nothing to do with Greece. Take number 167 for example, which was adopted in March 1988, and relates to the, "permissible sound power level of lawn mowers." When was the last time you saw a Greek mowing his lawn? Have you ever seen a lawn in Greece? Rule #167 about lawnmowers conjures up images of suburban Germans respecting their neighbor's right to peace and quiet. Even if there were lawnmowers in Greece you wouldn't be able to hear them over the din of the jackhammers and motorcycles with decibel levels in the triple digits.

The bureaucrats in Brussels have been keeping close tabs on all of Greece's infractions of the 300 measures of the single market. Although Greece is not the only country to have violations of the single market measures, it does have twenty-four, which is a high number of infractions for which infringement proceedings are under way. Some of Greece's infractions are serious and are nightmares for those who know Greece as I do. Greece is the only EC country to have infringement proceedings under way for the 1989 directive on motorcycle replacement exhaust systems. Don't you just love getting a blast of exhaust up your nostrils when walking the streets of Athens?

Greece also has infringement proceedings under way for its non-recognition of higher education degrees. I pity the starry-eyed Belgians or Danes who believe in the open market and travel to Greece with their superb educational credentials in hand only to be told that they have to get five translations, five hundred government stamps (affixed by pins, not staples,) seven certifications, and pass two tests to practice their profession in the land of democracy.

The single market has descended on Greece. In the words of the Brussels bureaucrats, "the prime responsibility for administering the single market rests with national and local administrations, which must apply community rules..." The structure is there. Now it is up to Greece to make it really happen. And if it doesn't Greece has only itself to blame.