West European Politics,
Vol. 28, No. 2, 358–380, March 2005

Routledge
Taylor & Francis Group

The Politics of Privatisation: Redrawing the Public–Private Boundary

GEORGE PAGOULATOS

ABSTRACT *Privatisation in Greece represented a reversal of the entire post-war and post-authoritarian interventionist policy paradigm. The privatisation decision resulted from pressures associated with the EC/EU and globalisation in general. The Simitis governments reactivated a privatisation programme comparable to that of ND in the early 1990s, but distinctly pragmatic in its reasoning, gradualist in its pace, and non-conflictual though unilateralist in its policy implementation. A central feature of the 'Simitis privatisations' was the flotation of successive minority stakes in public enterprises leading to retention of public control even though the government kept only a minority stake in the privatised enterprises. Privatisation was most far-reaching in the banking sector, with important broader implications for the entire economy. Despite the remarkably more favourable overall conditions under which the Simitis governments implemented privatisation as compared to the ND government in the early 1990s, privatisation policies continued to provide ad hoc opportunities for considerable socio-political opposition.*

Of all policies that impact on the state–market balance (financial deregulation, market liberalisation, reduction of public expenditure, etc.) privatisation is probably the most salient and direct. Not only does privatisation amount to a radical redrawing of the public–private boundary (Müller and Wright 1994), but it also constitutes a momentous reversal of the entire post-war policy paradigm.

As in most other Western economies, the public enterprise sector in Greece was built gradually during the twentieth century through successive waves of state consolidation. Except for certain public specialised credit institutions (including the Agricultural Bank, the National Mortgage Bank and most notably the Bank of Greece, the country's central bank) established in the late 1920s, the first notable wave of state initiative in the public enterprise sector occurred after the

Correspondence Address: Athens University of Economics and Business, Department of International and European Economic Studies, Patission 76, 10434, Athens, Greece

ISSN 0140-2382 Print/1743-9655 Online
DOI: 10.1080/01402380500060031

end of the Second World War and through the 1960s. This *developmental* wave of public enterprise creation (rather than nationalisation) included public utilities such as telecommunications and electricity, a national tourism organisation, and several development institutions aimed to advance the country's industrialisation, offsetting private sector inability or market failures. The second major wave of nationalisations took place during the post-1974 transition to democracy, as was also the case in Spain and Portugal (Maravall 1993). Aiming to assert national economic control over key sectors, to emit a message of government resolve to major capital-owners, and to appeal to wider radicalised social strata, the New Democracy (Νέα Δημοκρατία, ND) government of Constantine Karamanlis in 1974–77 nationalised Olympic Airways, a number of major firms such as refineries, and most notably the country's second largest banking group, Commercial Bank, through which an additional group of industrial subsidiaries came under state control. This could be labelled the *democratisation* wave of nationalisation. The third major wave of nationalisations occurred under the first Pan Hellenic Socialistic Movement (Πανελλήνιο Σοσιαλιστικό Κίνημα, PASOK) government of Andreas Papandreou. To a certain extent, this *socialist* wave of nationalisations ('socialisations') reflected a government strategy of assuming control over 'strategic' sectors of the economy, as with the nationalisations of Larco (mineral exploitation), Pyrkal (munitions industry), the Lavrion lead mines and the Heracles General Cement Company (Georgakopoulos *et al.* 1987; Teitgen-Colly 1987). By 1983, 19 out of the top 50 industrial concerns in Greece were controlled either directly or indirectly by the state – a single-year increase of eight very large firms (Bermeo 1990: 4). This *dirigiste* rationale was subsumed under a broader job-saving effort to rescue a large number of faltering, over-indebted industrial firms. Thus the Industrial Reconstruction Organisation (Οργανισμός Ανασυγκρότησης Επιχειρήσεων, OAE) was established in 1983 as a holding company for an initial 44 larger-sized ailing firms, to which many others were later added. Though OAE was supposed to overhaul the ailing firms and preferably return them to the market, any privatisation intention was frozen until 1990, by which time their debts had multiplied.

Thus the state of the wider public enterprise sector in 1990, when privatisations began, reflected the outcome of these three major successive waves of nationalisation. In that sense, privatisation represented a reversal of the entire post-war policy paradigm of state expansion. It signified the conclusion of the three corresponding waves of the post-war period (economic development, democratisation and socialist transformation), the third less successful than the previous two. In reality, the process of expansion of state ownership was slowed down or halted during the second (1985–89) PASOK government, but policy paralysis and electoral politics eventually prevented a full economic policy shift from materialising, despite the 1985–87 stabilisation programme. Thus privatisation (along with a major economic policy shift to orthodox policies of disinflation, public deficit reduction and market liberalisation) was initiated by the 1990 ND government.

Pressures and Incentives

As with the other privatising governments in the 1980s and 1990s, the privatisation decision resulted from a confluence of motivations and contextual pressures. These were associated with either the EC/EU or globalisation in general. The *fiscal* revenue-raising incentive was the most direct and powerful incentive for privatisation from the beginning of the 1990s until the present. The constraining Maastricht/EMU framework and the rather inelastic servicing costs of a public debt exceeding the country's GDP imposed a very conservative fiscal policy stance characterised by the need to generate primary budget surpluses. Privatisation allowed the government to raise public revenues without having to rely on an equivalent and politically unpopular increase of tax receipts.[1] As a more enduring effect, privatisation would relieve the state budget from the subsidies or loan guarantees extended by the state. Such was the case of the ailing OAE firms, whose costs of continuation were rising exorbitantly. Their privatisation/liquidation was the only way to terminate a source of severe financial bleeding for the government.

Revenues from the privatisation programme became significant after 1998, aided by the growth of the capital market, which gave a decisive boost to privatisation. The state raised a total of €1,767 million in 1998, €3,252 million in 1999, €535 million in 2000, €1,640 million in 2001 and €2,335 million in 2002. This placed Greece among the top positions in the EU-25 in terms of total privatisation proceeds, the sum of which for the entire 1990–2000 decade ranged in the 12% area in terms of GDP, lower than Hungary (27.5%), Portugal (26%), Poland (15%) and the Czech Republic (12.5%), equal to Ireland, but higher than Italy and Finland (a little less than 10%) (OECD 2001a). Normally these proceeds should be used to alleviate the public debt, but the government used a part of them to finance current expenditure.

EC/EU pressures were associated with the momentum of the European single market imposing deregulation especially in sectors such as finance, energy, telecommunications and air transport (Clifton *et al.* 2003). In the manufacturing sector, privatisation was necessitated under EC competition policies and Commission pressures to discontinue the – illegal – extension of state aid in the case of heavily indebted firms. EC-imposed obligations could have a general nature, such as a wider public sector reduction objective undertaken in convergence programmes, or more sector-specific objectives, such as with state-owned shipyards or Olympic Airways. After the 2000 Lisbon agenda, the privatisation momentum was subsumed into an explicit

EU-driven policy project of enhancing competitiveness and growth through market liberalisation, financial market development and re-regulation.

Broader *economic* reasons also had a role to play. General spillover effects for the economy were anticipated to result from the productivity gains of privatised enterprises. The effort to save firms and jobs was another motive of privatisation when it came to ailing enterprises threatened with closure if no interested buyers were to be found. (Normally, of course, privatisation is associated with redundancies rather than the retention of jobs – see Ramanadham 1993: 22.) Towards that objective, in the case of large firms governments went out of their way to ensure attractive conditions for the new company owners, through means including state aid. Such was the example of the Skaramanga Shipyards, which however was one of the several privatisations where the new ownership failed to resuscitate the ailing privatised firm. (Other cases included the Eleusis Shipyards, the Athens Papermill, etc.)

A number of *microeconomic* incentives have been typically associated with privatisation (Vickers and Yarrow 1989; Bishop *et al*. 1994; Jackson and Price 1994). Privatisation was expected to induce greater competition, terminating the budgetary or consumer subsidisation of public enterprises. Privatisation, and the public listing of firms in the capital market, generated a disciplinary framework of efficiency-improving corporate governance. For example, the listing of the National Bank of Greece on the New York Stock Exchange in 1999 imposed convergence to the higher international accounting and corporate governance standards, thus enhancing the bank's international market credibility, regional role and position as 'national champion' in the domestic market. In that sense, even the public offer of small minority stakes of large public enterprises and utilities had significant effects in the structural modernisation of these corporations, forcing them to adjust to the standards required by international institutional investors, who were strongly attracted by certain partially privatised utilities like the Public Power Corporation (Δημόσια Επιχείρηση Ηλεκτρισμού, DEH), Greek Telecom (Οργανισμός Τηλεπικοινωνιών, OTE) and Hellenic Petroleum (Ελληνικά Πετρέλαια). Institutional investors are not bound to invest time and effort in improving the corporate governance of privatised companies, but they do impose good corporate performance through the potential exercise of their exit option from the company's stock (cf. Hirschman 1970). This exit option, reflected in the company's share price, acts as a force of corporate modernisation and efficiency.

Related was the objective of access to domestic and international capital markets so that the firms could raise funds for their technological investment and modernisation, implement international partnerships and strategic alliances, and attain the necessary size in order to compete better in the globalised European markets (OECD 2001a: 54). A typical example of all these objectives combined was OTE facing the extended 2001 EC deadline set for the complete liberalisation of the telecommunications sector. The same was the case for DEH given the official abolition of the state monopoly in the electricity sector in 2001. In that sense, privatisation emerged as a logical corollary of competition-driven sectoral and structural liberalisation in the EU. Clearly, the entry of new private competitors in the telecommunications or electricity markets following liberalisation and the abolition of state monopolies itself signified a form of sectoral privatisation in the broader sense of redrawing the public–private boundary at the expense of the former. For example, in 2001 the National Telecommunications and Post Commission (Εθνική Επιτροπή Τηλεπικοινωνιών και Ταχυδρομείων) granted 38 individual licences, following the granting of five in 2000; these included licences in fixed wireless access, satellite networks, voice telephony, wireless networks, wired network infrastructure, second- and third-generation mobile telephony, etc. (OECD 2002: 159). These are momentous developments in a market that was traditionally dominated by one public monopoly.

Viewed more critically, corporate exposure to capital market constraints may lead to efficiency gains (hardening soft budget constraints), if compared to the earlier regime of political control, but it is far from devoid of potential undesired affects. Capital markets are notoriously shortsighted, prone to 'bubbles' and herd behaviour, placing a premium on share-price performance rather than investment decisions leading to longer term optimisation or an expansion of sales and employment. All these considerations notwithstanding, the subjection of privatised firms to the discipline of capital markets should be regarded as efficiency improving if we take into account their previous particular history of serious mismanagement and accumulated deficiencies.

Ideological motives had made a brief appearance during the ND government of 1990–93, when privatisation was – to some extent – justified along the lines of a neo-liberal rhetoric. However, the legitimising discourse of privatisation after 1993 has been predominantly pragmatic and non-ideological. Admittedly, those two cannot be easily separated. Far from neutral, the dictates of 'pragmatism' are themselves framed under a particular ideological hegemony, containing normative assumptions and blueprints, and transmitting implicit or explicit pressures to conform to policy orthodoxy. An example of the signalling function of discourse has been that since the 1990s the EU has replaced the term 'public services' with the term 'services of general interest', indicating that such services may well not be provided by public but by private enterprises. It should be noted, however, that well into the mid- and late 1990s the European and international policy orthodoxy itself was less enthusiastic towards privatisation as compared to the 1980s and early 1990s. That was partly because there simply remained less to be privatised, but also because of growing disenchantment with some of the effects of privatisation.

The pro-privatisation policy orthodoxy espoused by the EC, advocated by international organisations such as the OECD and promoted by globalised market players such as financial firms and investment banks, was nested in an international environment of market and policy interdependency generating pressures towards conformity. Policy linkages within the neo-liberal reform agenda necessitated parallel action in interdependent fields in ways that made it impossible to disentangle normative discourse from 'objective' policy conditions. The neo-liberal agenda exhibited a self-enforcing quality, one set of policies leading to another. For example, as financial liberalisation deprived European governments of the ability to influence real interest rates, the cost of servicing large public debts rose dramatically. As a result, governments were compelled to offset public debt by generating consecutive primary budget surpluses (that is, net of interest payments). For countries with high public debt and deficits like Greece, the policy mix of fiscal discipline was completed with the need to maximise public revenue through privatisation. And for privatisation of larger enterprises to succeed, a developed capital market was pivotal, reinforcing the need for financial liberalisation (Pagoulatos 2003: 108; cf. Stiglitz 2003). Privatisation itself acted as a stimulus to the development of the capital market. Indicative of the rapid financial development creating a very conducive environment for privatisation but also reflecting its effects, equity capitalisation rose from 2% of GDP in 1985 to 15% in 1994 to 169% in 1999, receding to 98% in 2000 following the sharp decline of stock prices (Capital Market Committee 2001: 40). The Greek stock market boom of 1998–99, encouraged by a favourable international economic environment, was triggered after March 1998 when successful currency devaluation and entry into the EMS generated a wave of positive expectations regarding the country's accession to EMU. This was indeed achieved in January 2001.

Political motives are usually associated with conservative/neo-liberal governments, which may employ privatisation as a (systemic) means of implementing broader societal transformation or (less ambitiously) as a tactical instrument for undercutting the influence of militant unions or opposition coalitions (Feigenbaum *et al.* 1999: 41ff; Wright 1994: 17). Such motives did not play any notable role in the Greek privatisation programme. No detailed Thatcherite master plan existed, even under the ND government, for systematically undercutting union power and spreading 'popular capitalism'. But it could be claimed that certain privatisations under all governments were tactically directed towards government-friendly business groups seeking to strengthen their market position. This was generally easier to achieve through trade sales rather than public offerings in the stock exchange.

Policy Ambition and Discourse: The Question of Public Control

When in opposition in 1990–93, PASOK had ardently opposed the privatisation of major public enterprises by the ND government, accusing it of a 'sell-out of national wealth'. A first emboldening of privatisation ambition had occurred already under the ND government, when the privatisation programme, initially directed to ailing public enterprises, expanded to include profitable ones as well. After returning to power in 1993, PASOK under Andreas Papandreou relegated privatisation to lower policy priority, and the little if any progress made was mainly confined to the liquidation or sale of some ailing OAE firms. There was also a notable policy shift after 1993, in promoting corporate restructuring before privatisation, thus reversing the ND tendency to prioritise privatisation over restructuring.

The Simitis governments after 1996 reactivated a privatisation ambition comparable to that of ND in the early 1990s, but distinctly pragmatic in its reasoning, gradualist in its pace, and non-conflictual in its implementation. PASOK's more moderate and non-ideological version of privatisation emphasised the retention of public control over major public utilities such as OTE and DEH. This, under the second Simitis government in 2000–04, evolved into a bolder policy of crossing the 49% threshold even in profitable public utilities. In most such cases (as eventually with OTE), public control would still be made possible through a blocking minority stake given the wide dispersion of the rest of the company's stock. The ground was opened with specific legislative amendments passed in late 2000 to allow private majority stakes for OTE, followed in 2001 by similar legislation for Hellenic Petroleum and Olympic Airways.

Following the 1993 return of PASOK to power, the term 'privatisation' (which had become widely unpopular) was replaced by '*metohopoiese*', an ideologically neutral benign shortcut term signifying partial privatisation via minority stake flotation through the Athens Stock Exchange (Χρηματιστήριο Αθηνών, ASE). Only from the late 1990s, when the improvement of economic conditions inspired wider confidence over the government's policies and the pervasive nationalism of the early 1990s had subsided, did the government return to an uninhibited use of the term 'privatisation'.

The difference was not just of a linguistic nature. The key issue at stake with larger public enterprises and utilities was whether, and to what extent, privatisation would result in a loss of state control over the management. That is why the most controversial aspect in the privatisation of large public firms was whether it involved the entry of a strategic investor, who would thus undertake at least part if not full control of the management.

In some public enterprises and utilities, existing legislation prescribed levels below which state control could not fall. Such was the case with DEH, where a minimum 51% of equity ownership by the state was legally mandatory, the Football Prognostics Organisation (Οργανισμός Προγνωστικών Αγώνων Ποδοσφαίρου, OPAP – 51%), Hellenic Petroleum (34%), etc.[2] A similar restriction of 51% for OTE was subsequently lowered to 34%, to allow the public offer of consecutive tranches, as a result of which equity control of OTE by the state was reduced to 34–35%. This still allowed the government to control the company's management, given the wide dispersion of the rest of the company's shares. In other cases of partial privatisation, as in the National Bank, the percentage of shares directly owned by the state has shrunk to single digit levels (7.5%), but the government practically continued to exercise its control as minority shareholder indirectly through the various domestic quasi-public institutions like the Greek church or pension and insurance funds which own significant (though added together still minority) stakes in the bank's equity capital. For instance, insurance funds are principal shareholders in the National Bank (about 20%) and Commercial Bank (about 40%). Traditionally, the management of these insurance funds continues to be appointed by the government. Such indirect control can go a long way. For example, in 2004 the newly elected government intervened in the appointment of a new president of the Athens Stock Exchange despite the fact that the Hellenic Stock Exchange is a company fully (100%) privatised, its shares held by Greek banks. (In order to maintain a good working relationship with the government, privately owned banks sought a common point of agreement with the Economy Ministry, typical of the consensus-oriented 'club' politics of the banking sector.)

In its second term, the Simitis government shifted more decisively towards seeking to attract strategic investors, but job-saving requirements limited international interest.[3] In the case of Hellenic Petroleum, the government sought a strategic partner to jointly participate in the company's management, to an extent that remained to be decided. The effort came near completion before the 2004 elections, but the final outcome was to be determined by the new ND government. In the case of Olympic Airways the strategic partner would undertake the management entirely – but the search was unsuccessful. The strategic partner policy was applied more successfully in the privatisation of banks, most significant of which was the partnership of the partially privatised Commercial Bank with the French Credit Agricole. The quest for a strategic partner in certain public enterprises under privatisation became a consistent policy objective, deemed necessary to inspire confidence in investors, implement corporate restructuring and facilitate European strategic corporate alliances.

The surrender of majority control by the state in certain public enterprises and utilities, apart from increasing state revenues, satisfied the preference of investors who would otherwise be reluctant to buy the stock of companies under the majority control of what many considered (in OECD phrasing) a 'whimsical public owner' (OECD 1998: 155). At the same time, the retention of government control over the management of privatised public utilities prevented the emergence of privately controlled monopolies (wherever that was a threat) and satisfied the need to combine the pursuit of shareholder value with a respect for public interest objectives. These of course were more systematically pursued by the establishment – directly following sectoral liberalisation – of independent regulatory authorities (in energy, telecoms, etc.) to safeguard competition, systemic safety and consumer protection.

Thus, if a principal question of privatisation is whether the government retains, or not, management control after the company has been privatised, the answer is far from straightforward. The formal legislative framework certainly does not provide a clear answer. After legislation in 2001, the administrations of formerly state-controlled banks and public enterprises should be elected by a General Assembly of shareholders (instead of being appointed by the government), to which the administrations would be fully accountable for their policies (instead of being subject to government authorisation and control).

It is the quality, content and scope of government control that differentiates the early twenty-first century from the late 1970s or 1980s. The chief executives of the privatised OTE or National Bank or Commercial Bank (in all of which the state is a minority shareholder) are still appointed by the government (though only after official approval by the General Assembly of shareholders) but are by no means considered subject to government hierarchical control, as they used to be. These institutions will still cooperate with the government (particularly with the Economy and Finance Minister) and will facilitate government policies whenever possible, but their statutory commitment to defending shareholder value has greatly increased their bargaining power towards cabinet ministers (cf. Shleifer and Vishny 1994). For example, the National Bank and the Commercial Bank have been able, in exchange for purchasing a new issue of government paper or helping out the government on another matter, to demand inclusion in key public sector projects or other lucrative arrangements, and bargain in the same way that other private sector competitors like Alpha Bank would do. In defence of their corporate interests, the CEOs of such large privatised institutions have recently been in the position to effectively resist pressures emanating from the governing party and other cabinet ministers in a range of cases that would have been inconceivable in earlier times.

We thus witness here a micro-level operation of the 'external constraint' (the *vincolo esterno* – Dyson and Featherstone 1996) that has become famous at the macroeconomic level. An externally imposed or adopted constraining institutional framework maximising direct subjection to globalised market forces has allowed governments as much as the administrations of privatised companies to eschew political pressures in defence of macroeconomic/corporate efficiency. Exposure to equity ownership by international institutional investors has operated as the proverbial mast to which the Ulysses of the privatised corporate sector have tied themselves to defend themselves from the government Sirens, in the same way that their governments over the 1990s had bound themselves to the Maastricht criteria to eschew the political temptations of macroeconomic profligacy.

Policies, Obstacles, Outcomes

The banking sector proved a champion of the privatisation momentum. This was not surprising. Banking was one of the first sectors of the economy to become exposed to foreign competition emanating from the European and global financial marketplace. Financial liberalisation had begun gradually in the second half of the 1980s and was completed in the first half of the 1990s. Following the extension of an EC deadline, short-term capital movements in Greece were completely liberalised in 1994. Banks were themselves investors in a range of companies and were among the oldest companies listed in the Athens stock exchange. Thus banking was the *par excellence* sector that was subject to the dynamics of financial markets.

Privatisation in the banking sector was the most far-reaching, and carried significant implications for the entire economy. By virtue of its results rather than its underlying political intentions, financial reform was instrumental in dynamically transforming the political preconditions of economic adjustment, for at least three reasons. First, the marketisation and privatisation of the predominantly state-controlled banking sector and its opening to international competition expedited its transformation into a cutting-edge sector forced to adjust and expand into new products and services in order to withstand cross-border market pressure in a rapidly evolving financial environment. The need to respond to the new post-liberalisation realities brought about the formal disengagement of state-controlled banks (SCBs) from government hierarchical control and public sector hiring and accounting procedures. Clearly, two of the principal unspoken economic reasons for continuing state control over major banks, i.e. easier government access to finance and a line of defence of the currency in the event of an external speculative attack, lost their importance in the framework of financial integration and EMU. (Though, under conditions of financial internationalisation, the substantial issue remains of retaining the largest banks under Greek control, to keep them oriented towards domestic enterprises, thus financing economic growth.) External competitive pressure, privatisation of several SCBs, and marketisation of labour relations undercut the influence of established bank employee unions, previously powerful bastions of wider public sector trade unionism, itself the strongest pillar of post-1974 organised labour.

Second, the EC-imposed capital adequacy standards after 1992 forced banks to widen their capital base and privatise most of their (predominantly loss-making) industrial subsidiaries in order to limit their non-financial investments. Consequently, as financial reform led to the privatisation of important SCB industrial subsidiaries, their transfer to the private sector meant a significant redrawing of the public–private boundary in the industrial sector to the detriment of both the public sector and the corresponding trade unions. As a trend, expanding the private at the expense of the public enterprise sector tends to decrease labour union militancy, as workers in the private and especially the tradable sectors are more subject to competitive pressures for wage moderation than those in the sheltered sectors (Moene and Wallerstein 1999: 237).

Moreover, privatisations in general gave a decisive boost to the stock market, spreading equity ownership to wide sections of the population. Similar to other advanced OECD countries (OECD 2001a: 56ff.), the privatisation of most public enterprises was implemented through public offerings, many of which were massively oversubscribed. These have contributed not only to a broadening and deepening of the capital market but also to the spread of share ownership and the emergence of an equity culture. Privatisation, combined with financial liberalisation, led to the emergence of a wider stratum of shareholders and bondholders in the financial system, and eventual stakeholders in the 'orthodox' policies that ensure the financial system's sustained growth. Spread across the political spectrum, owners of financial stock (whose better-off section forms the new domestic rentier class) have an interest in 'sound finance' and market-oriented structural reforms. Their entrenchment and wide political spread strengthens the convergence of mainstream parties towards orthodox economic policies and, *ceteris paribus*, may tend to offset the resistance of trade unions to market liberalisation and privatisation.

Bank privatisations had begun with the sale of two small banks (Bank of Piraeus and Bank of Athens) by the ND government, which failed in its more important effort to privatise the middle-sized Ionian Bank. The effort was continued by the post-1993 socialist governments, and finally succeeded in 1999 after two unsuccessful tenders and fierce resistance on the part of the bank's union. Though a number of other smaller banks had already been privatised, the sale of the Ionian Bank enhanced the credibility of the government's privatisation programme and was pivotal in the restructuring of the entire banking sector. From the late 1970s, two large state-controlled commercial bank groups dominated the sector, National Bank and Commercial Bank, controlling over 80% of the market. This virtual duopoly began to weaken in the 1990s, as one after the other their smaller bank subsidiaries were privatised. As the Ionian Bank was the most important subsidiary in the Commercial Bank group, its privatisation not only reduced the latter, but also contributed to the strengthening of the buyer and major private competitor, Alpha Bank, with which Ionian Bank was merged. Through successive waves of mergers and acquisitions three major purely private banking groups consolidated their position, challenging the market position of National Bank and Commercial Bank, both subject to privatisation processes though still within the realm of state control. Thus, bank privatisations generated a radical restructuring of the financial sector through consecutive mergers and acquisitions, which transformed a state-controlled highly oligopolistic sector into one of equally high concentration but also cutting-edge, internationalised and competitive institutions. By the early 2000s, the number of directly state-controlled banks was reduced from ten in 1995 to three (Agricultural Bank, General Bank and the Postal and Savings Bank) (OECD 2002: 134). By the end of the second Simitis government, the General Bank was well on the way to privatisation. This practically left the Agricultural Bank as the only universal banking institution subject to complete state control, and operating somehow as a long arm of the governing party under all governments, PASOK and ND alike.

Almost all other areas of privatisation were far less successful, for various reasons. Legal problems, including claims of previous owners and convoluted ownership regimes, were the main obstacle in the case of the OAE firms. This was despite the fact that their privatisation/liquidation was soon surrounded by significant cross-party consensus, mostly because of their mounting financial cost. Though consecutive governments through the 1990s had announced the eventual termination of OAE with the liquidation of any firms whose privatisation effort had failed, OAE was finally dissolved as late as 2002. By that time the OAE firms since the beginning of its operation had cost the government a total of slightly less than €3 billion (OECD 2001b: 76).

Lack of market interest was a major obstacle to privatisation. In the cases where privatisation proceeded through public auction/trade sale, the state owners made high demands in terms of price and job protection guarantees that made it very difficult to find interested buyers. The experience with certain companies (such as the Eleusis Shipyards) privatised with the full extent of their problems concealed from the buyers, which later failed, loomed as a deterrent to interested investors. Public managers and supervising ministers preferred to pronounce the privatisation call fruitless than to become enmeshed in (potentially criminal) accusations of a scandalous 'sell-out'. And for the latter to be avoided the best possible privatisation terms had to be ensured. This was also the case with privatisations implemented through the stock exchange, where the effort was to ensure that the market index was high enough, that the market was not saturated by too many public offers, and so on. This imposed a very cautious, step-by-step pace in the implementation of privatisation.

In several cases, direct or indirect state aid was provided to facilitate privatisation by giving advantage to the new owners; such forms of aid included direct subsidies, recapitalisation, loans below market rates, writing off debts, loan guarantees, etc. (cf. Smith 1998: 67; Lavdas and Mendrinou 1999; Chari and Cavatorta 2002: 122). Such methods were practised discreetly by Greek privatisers under the watchful or explicitly prohibitive eye of the European Commission, especially in the case of heavily indebted entities like OAE enterprises. Providing informally preferential treatment to the new owners in public procurement also formed an indirect post-sale subsidy aimed at facilitating the privatisation (for example, Skaramanga Shipyards).

A notable shortcoming of Greek privatisation in general was that it was initiated before any proper regulatory institutions were set in place. Several privatisations throughout the 1990s contributed to increase market concentration, even generating oligopolistic tendencies. The Competition Committee, established in 1995 as an independent regulatory authority, was vested with some financial independence in 2000 but remained without any practical authority over privatisation.

Structural features of the Greek market circumscribed both the implementation and the scope of privatisation. An example already seen was the capital market, whose small size and 'thinness' placed a cap on the government's privatisation ambition in the early period. An additional example was the limited reliance, far less than desired, on public–private partnerships (PPPs) in public construction projects. The objective of PPPs was to economise state resources by sharing the cost of large public infrastructure projects with the private sector. PPPs were tantamount to redrawing the public–private boundary by relegating the state to a role of supervision and monitoring, while the project design, planning, financing, construction and management (or a combination of these) were privatised. The European Commission encouraged PPPs in the construction of public infrastructure funded by Community Support Framework funds. Highways, bridges and other major projects (most notably the Eleftherios Venizelos Airport of Athens and the Athens Metro) were built under such concession agreements between state and private consortiums. These projects were assigned under auction tender techniques combining in some cases both operations and construction in Build–Operate–Transfer (BOT) agreements (OECD 1998: 154). The government would have preferred most of the facilities for the 2004 Olympic Games to be built through PPPs. The relatively small size of even major Greek construction companies,[4] their unwillingness to undertake risks, and the stake of large construction companies in national privately owned media groups, vesting them with significant political influence, prevented this from happening. An unstated implication of concession agreements and PPPs was to strengthen large domestic public construction companies, reinforcing the market's oligopolistic tendencies as companies often collaborated in demanding lucrative terms, reducing entrepreneurial risk, and 'sharing' the projects. The reliance on PPPs for the Olympics-related investment projects was virtually non-existent.[5] The infrastructure requirement for the Olympics (estimated at €4.6 billion in late 2003 but rising fast) was financed exclusively from the public investment budget, adding well over 4% GDP to the public debt (Hope 2003). Along with the skyrocketing costs of security, the Olympics had a debilitating effect on public finances. Thus, market structure generated constraints on privatisation.

At a broader level, the above points of scepticism also indicate one of the shortcomings of privatisation policy, namely its inherent proneness to particularism, government patronage and public–private collusion. And there lies an interesting contradiction in the function of privatisation. Privatisation is a regulatory public policy, seeking to reform the state ownership structures that (through various incentive distortions: principal–agent problems, moral hazard situations, electoral cycles, etc.) lead to inefficient resource allocation. In that privatisation is what Majone (1996a) classifies as an 'efficient' policy, aiming to improve general welfare – as opposed to a redistributive policy, aiming to improve the welfare of a certain social group at the expense of another. However, in its implementation, privatisation may create considerable opportunities for particularistic decisions, individualised decisions transferring public resources to private economic interests. In Lowi's (1964) classic policy typology, this entails elements of a distributive rather than a regulatory policy.

Politics and Policy-Making

If policies generate their politics (Lowi 1972) so does the political context determine the effects, the public reception and even the content of specific policies. In a society imbued with clientelistic traditions and a political environment prone to adversarialism and polarisation, privatisation was bound to be perceived or denounced in such terms. Conversely, Europeanisation over the 1990s, ideological and political convergence between ND and PASOK, a gradual build-up of policy success in the country's major economic (EMU) and political (foreign policy) projects, also alleviated the surrounding circumstances of privatisation. Consequently, the government from the late 1990s was gradually emboldened over privatisation, becoming less defensive in its pursuit. Apart from the PASOK party, a significant part of the labour unions (excluding those belonging to the Left) had also come to terms with at least the inevitability of privatisation, tempering their earlier fierce opposition.

Contrary to what one would have anticipated back in 1990–93, when PASOK in opposition passionately campaigned against the privatisation policies of the ND government, promising to reverse them after coming to power, privatisation proved to be one of the most enduring structural policies of the 1990s and early 2000s. With the exception of one major company (the Athens Bus Company) renationalised after PASOK's return to power, all other privatisations initiated by the ND government were (later rather than sooner) followed up by the socialists, who even expanded the privatisation agenda. Thus privatisation was characterised by cross-government policy continuity visible in few other policy sectors, monetary policy being the most notable among them (which, however, was carried out by the Bank of Greece and not directly by the government). Indicative of this continuity was the fact that privatisation by all governments was implemented under the same 1991 privatisation framework law, which was amended as late as 2003 and then only slightly.[6] In general, after the failure of some early experiments with 'shock therapy' privatisation in 1992–93, the

PASOK governments subscribed to a gradualist, piecemeal approach to privatisation. This approach was, among others, necessitated by the fact that many privatisations were implemented through the stock market, which the government was careful not to saturate with excess supply that would press prices downward.

The overall environment was certainly more conducive for several reasons. First, the ND opposition was, in principle, an advocate of privatisation, despite a brief nationalist-populist stint under its 1993–96 leadership. Second, in a Nixon-goes-to-China way, PASOK itself was more convincing of the pragmatic necessity of privatisation and comforting to its friendly trade unions and traditional centre-left electorate (Pagoulatos 2000a).

Third, some significant policy learning had taken place (within the broader public sector, the governing party, the opinion leaders and the public), serving to combine all the above with the pragmatic necessity or even desirability of privatisation (cf. Hall 1993). In the second half of the 1990s, privatisation was gradually divested of most controversial elements. Early privatisations/liquidations, very much involving ailing industrial firms, were associated with heavy redundancies, which – combined with vociferous labour protests – helped render privatisation unpopular. In contrast, after 1996 privatisations were mostly about minority public offerings of profitable firms, which helped the policy appear more 'aseptic' and technocratic, shedding much of its 'social aggressiveness' and unpopularity.

Fourth, economic and market conditions were much more favourable compared to the highly adverse early 1990s, when severe macroeconomic imbalances in Greece (let alone the parliamentary frailty of the government) were combined with acute financial instability and recession in Europe. Gradually from the mid-1990s the economy was stabilised, earlier negative market expectations were reversed, and by the end of the 1990s the Greek economy and financial market (together with the EU) were booming (Pagoulatos 2000b). This greatly facilitated privatisation efforts, enhancing private investment prospects and increasing domestic and international demand for Greek stocks. The bursting of the stock market bubble after 2000, as the world economy slid into near recession, did not irreparably disrupt the positive momentum, and the Greek economy continued to grow at higher than EU rates.

Despite the widening socio-political consensus or benign neglect surrounding the withdrawal of the state from the economy, privatisation policies never ceased to provide handy opportunities for the opposition parties or opposing media groups to chastise the government for 'scandalous' concessions to government-friendly private interests, for succumbing to non-transparency, corruption and the pressures of the notorious (though far from non-existent) 'intermeshing interests' (*diaplekomena*). It was the notably lesser frequency and intensity of such opposition attacks, and the specifically targeted rather than sweepingly generalising character of the accusations that differentiated the political context of privatisation under the Simitis governments from that of the early 1990s. A sign of continuing subjection to at least some degree of political controversy was the fact that privatisations tended to slow down in the period directly preceding national elections; this could be claimed to be the case in 1996, 2000 and 2004 (cf. OECD 2001b: 73). Traditionally, electoral periods incited an overtly cautious and defensive stance in the conduct of the government's privatisation policies. As the political stakes from any misstep were maximised, ministers and their subordinates preferred to stay away from controversial actions, and the overall logic of deferring structural adjustments prevailed.

It should be noted that some otherwise sensible privatisation projects were cancelled or substantially curtailed under the weight of opposition pressures of the kind mentioned above. One example was the future of the 2004 Olympics facilities after the Games' completion. The government's initial attempt to establish a framework under which these state-owned facilities would be leased or sold to the private sector came under severe opposition attack, and the legal clauses allowing their post-Olympics privatisation were rendered more austere if not prohibitive. Other examples concerned the tourist development of state-owned sights. The deficient record of environmental protection and widespread public administration corruption in the provision of building licences repeatedly generated another extreme of 'environmental demagogy' by a section of the media and opposition prone to extravagant public accusations. The reasonable fear of environmental violations in the process of tourist development at times generated a less reasonable backlash against the tourist (or other) development of certain sights, instead of a more vigilant implementation of strict environmental regulations, causing the repeated cancellation of important private investment projects.

A different pattern, of powerful antagonistic private interest pressures ending up cancelling each other out, was evinced in certain privatisation projects. The Greek Aerospace Industry (*Ελληνική Αεροπορική Βιομηχανία*, EAV) was a telling example. In its attempted sale two consortia competed. Each consortium was allied with specific domestic media groups, and directly or indirectly involved powerful business coalitions active in military procurement and foreign military–industrial corporations backed by their respective governments. The fierce competition and the high stakes, combined with the certainty of polemic opposition by the eventual loser consortium, led the government to the decision to back down on the privatisation.

The most prominent privatisation failure was undoubtedly Olympic Airways (renamed Olympic Airlines), which over the 1980s and 1990s had accumulated huge debts, swallowing copious state subsidies. Its privatisa-

TABLE 1
MAIN PRIVATISATIONS IN GREECE

1991	
Bank of Piraeus	International competitive tender (67%)
1992	
Heracles General Cement Co. (AGET)	Trade sale (70%)
Athens Bus Company	(Renationalised in 1994)
Eleusis Shipyards	Trade sale
1993	
Bank of Athens	Block trade through stock exchange (67%)
Hellenic Sugar	Trade sale
1994	
Neorion Shipyards	Trade sale
1996	
Greek Telecom (OTE) I	Initial public offering (8%)
1997	
Greek Telecom (OTE) II	Second public offering (12%)
1998	
Macedonia Thrace Bank	Block trade through stock exchange (33%)
General Bank	Private placement and listing (33%)
Bank of Crete	International competitive tender (97%)
Hellenic Petroleum I	Initial public offering (23%)
Bank of Central Greece	Block trade through stock exchange (51%)
Greek Telecom (OTE) III	Additional secondary public offering (10%)
Athens Stock Exchange	Private placement (10%)
1999	
Ionian Bank	Trade sale by holder Commercial Bank (51%)
Greek Telecom (OTE) IV	Additional secondary public offering (14%)
Public Gas Co.	Exercise of Hellenic Petroleum option (22%)
Athens Water and Sewage	Break up into two entities; initial public offer of the services entity (30%)
Olympic Catering I	Initial and secondary public offering (25%)
Olympic Catering II	New public offering (25%)
Duty Free Shops	Trade sale (67%)
2000	
Hellenic Industrial Development Bank	Initial public offering (30%)
Hellenic Petroleum II	Secondary public offering (12%)
Hellenic Vehicles Industry	Trade sale to strategic investor (43% and management)
Athens Stock Exchange	Initial and secondary public offering (10%)
COSMOTE	Initial public offering (15%)
Commercial Bank	Strategic investor and alliance (7%)
Agricultural Bank	Initial public offering (13%)
2001	
Football Prognostics Organisation (OPAP)	Initial public offering (5%)
Corinth Canal	Concession agreement (100%)
Salonica Port Authority	Initial public offering (25%)
Salonica Water and Sewage	Initial public offering (26%)

(*continued*)

TABLE 1
(continued)

Skaramanga Shipyards	Trade sale (100%)
Public Power Corporation (DEH) I	Initial public offering (16%)
Greek Telecom (OTE) V	Exchangeable bonds (9%)
2002	
Hellenic Industrial Development Bank	Trade sale (67%)
Football Prognostics Organisation (OPAP)	New public offering (19%)
Greek Telecom (OTE) VI	New public offering – accelerated book building) (8%)
Attica Beaches – Marinas	Long-term operation contracts
2003	
Hellenic Petroleum	Trade sale to strategic investor (17%)
Duty Free Shops	Trade sale (33%)
AGNO Dairy Company	Trade sale (100%)
Greek Casino of 'Mont Parnes'	Trade sale to strategic investor (49%)
Football Prognostics Organisation (OPAP)	New public offering (25%)
Athens Stock Exchange	Last tranche (33%) leading to 100% privatisation
Piraeus Port Authority	Initial public offering (25%)
National Bank of Greece	Accelerated book building (11% to institutional investors)
Public Power Corporation (DEH) II	New public offering (12%)
2004	
General Bank	Minority stake to strategic investor (22%)

Sources: OECD, Ministry of Economy and Finance.

tion was first attempted during the 1990 ND government, and since then repeated restructuring/privatisation plans had failed one after the other. Failure throughout that period was a textbook combination of nearly every possible privatisation obstacle: from early governmental reluctance and procrastination to legal-institutional obstacles, from a militant trade union capable of effective industrial action to accusations of a sell-out. In the end, ministerial commitment was there but adverse market conditions following 11 September 2001 and the lack of interest from any serious international carrier proved insurmountable.

A common feature of privatisation policy-making under all governments was the centralised and unilateralist policy style (Pagoulatos 2001) introduced by the Mitsotakis government and continued by those of Papandreou and Simitis. Government policy-makers were convinced that, similar to other structural reforms like labour market liberalisation, privatisation was not bound to elicit any support from the trade union rank and file. However, contrary to other structural reforms, the labour interests directly affected by the specific policies were usually limited to the employees and unions of the companies under privatisation. This narrowed the scope of directly affected interests and allowed government privatisers the flexibility to ignore protests or even engage in direct confrontation with the particular union, as with the Ionian Bank, a fight that the government was eventually bound to win. In all privatisation decisions the government cooperated closely with the management of the public corporations (DEH, OTE, Hellenic Petroleum, etc.). Such cooperation was generally easier than it had been under the 1990 ND government, where bolder privatisation efforts were sometimes obstructed by rhetorically 'pro-privatising' but in reality unwilling managers or supervising ministers of the entities under privatisation. That is far from saying that there were no disagreements between ministers or with the company managers regarding the policy specifics and methods of privatisation. Interministerial disagreements were at times publicised, requiring the mediation of the Prime Minister in order to be resolved.

While unilateralist and occasionally impositional, the policy style was generally cautious and non-conflictual, especially where status quo economic interests were concerned. The scope of privatisation policy was moderate, circumscribed by heavy portions of political realism. Difficult to defy were certain powerful business coalitions negatively affected by particular privatisation policies, where in some cases opposition led to a standoff, as mentioned earlier. The showcase of PASOK's tactical pragmatism over privatisation – and different from its ND predecessor – was OTE. The ND government's privatisation ambition (along with the government itself) had collapsed from power in 1993 over the contentious transfer of a 35% stake plus management of OTE to an international telecoms operator, and the stock market flotation of another 14% (Lavdas 1996: 245–46). The key issue then was the loss of management control. OTE's main domestic private procurer company and long-time beneficiary of preferential procurement practices at the time had led forceful opposition to the project. Opposition to the 1993 OTE privatisation had rallied effectively behind a nationalistic rhetoric accusing the government of a 'sell-out of national wealth', in a coalition that also comprised hostile unions, other allied business interests, media, and party factions within both ND and PASOK, offering effective veto points in Parliament. The privatisation was cancelled, and the successor governments of PASOK proceeded to an 8% initial public offering as late as 1996. The Simitis governments approached the privatisation of OTE through a characteristically gradualist strategy that sought to minimise direct conflict with powerful status quo interests while, on the other hand, charting a course of structural and sectoral reforms that would gradually erode their control. Apparently, the lesson learned from ND's failure was one of tactical compromise on the most contentious privatisation and other policies in order to sustain a broader consensus and the political viability of the government's paramount political projects, successful EMU accession and a momentous foreign policy shift being top among them. In the end, the cumulative effects of piecemeal reform were tantamount to structural change (albeit with a significant time lag, and a costly one too in terms of efficiency losses), as can be testified by the minority stake the state now owns in OTE. The liberalisation of OTE from its domestic procurers came gradually as a result of EC-imposed competition rules, and market-imposed corporate governance standards derived from exposure to institutional investors.

Conclusion

For all its shortcomings and side-effects, privatisation was a central policy towards the modernisation and Europeanisation of the Greek economy. Europeanisation here implies increasing transnationalism and subjection to conditions of greater interdependence that enhance the internalisation of EU policy norms (Featherstone 2003: 7) accelerating policy convergence (Radaelli 2003: 33). The abolition or contraction of state ownership control in the public enterprise sector signified the abandonment of the post-authoritarian nationalisation model, itself a continuation of the post-war developmental era (Pagoulatos 2003). Privatisation dramatically expanded the sphere of the market economy, thus enhancing the integration of the Greek economy into a globalised European one. Denationalisation combined with deregulation allowed the alignment of vital domestic economic sectors (banking, telecommunications, to a lesser degree energy, etc) with European and international market conditions and standards in those sectors. At the same time, national privatisation and deregulation necessitated an EU-level sectoral re-regulation to effectively counter the various market failures arising from the abolition of direct state intervention. This promoted convergence to a European regulatory state or system (Majone 1996b). International market interdependence and the entry of global and European investors as shareholders or strategic partners/allies in major privatised companies accelerated the Europeanisation of corporate elites, practices and attitudes. In the increased exposure of the private enterprise sector to market forces along with the retention of considerable public control, the 'Simitis privatisations' represented both change and continuity of governance.

All that said, a broader socio-political appraisal of privatisation yields less unambiguous conclusions than a straightforward neo-classical economic analysis would suggest. Privatisation enhanced the domestic weight of internationally oriented economic actors and the influence of foreign investors on domestic policies in support of further market liberalisation. Privatisation thus crucially contributed to a redrawing of the public–private boundary via not only institutional reform but a reallocation of structural power as well. On the winning side are the familiar gainers from globalisation: transnational actors; mobile factors of production and holders of liquid assets, including a globalised and expanding domestic financial sector, as well as high-skilled, white-collar professionals. On the losing side are immobile factors of production, notably workers and employees in the wider public sector and their representative unions. Privatisation overall undercut potentially profligate ministers and public managers, and their traditional instruments of political patronage, while transferring greater control to democratically unaccountable globalised market actors. It enhanced structures of managerial discipline and corporate efficiency, probably to the consumers' benefit, yet expanded the realm of market values at the possible expense of competing value systems in society. Privatisation resulted from a justified preoccupation with serious state failures, yet its effects might, down the road, revive attention to problems of market failures. In all such accounts, the deeper far-reaching societal implications of privatisation are yet to be gauged.

Notes

1. This rationale was also acknowledged by the government (e.g. Ministry of Economics, Annual Budget Introductory Report 1997: 18).
2. These percentage restrictions were the Greek distant substitute of an explicit 'golden share' policy. The 2003 privatisation law established the so-called 'special share', mandating a process of due announcement by the state of the exact public interests that needed to be safeguarded and the way in which this would be implemented. This process was never applied in practice, being substituted by the specifically legislated percentage restrictions mentioned above.
3. See de Frutos and Pechlivanos (2004) for an economic argument of why even a government interested in minimising job losses in privatised firms should optimally downplay such concerns to attract more robust interested investors.
4. In 2003 the ten largest Greek construction companies together had a total turnover equal to just over 20% of the entire sector. The ten largest Greek construction companies added together amounted to only one-sixth of the largest European construction company or half the largest Spanish company, etc. (Papayannides 2004).
5. In other ways, the organisation of the 2004 Olympic Games added a new momentum to private investment, as part of a broader policy of inviting FDI (Foreign Direct Investment) to contribute to the build-up of infrastructure. In that context, for instance, the embargo on new hotel construction in Athens and Thessaloniki was removed. In 2002, in view of the Olympic Games, a large part of public tourist property was transferred to the Hellenic Tourist Property (Ελληνικά Τουριστικά Ακίνητα, ETA), a company established with the objective of a more efficient management and the prospective privatisation of some of its holdings, and an eventual listing in the ASE (Ministry of Economy and Finance, 2002).
6. Amendments included the obligatory appointment of financial advisors in all privatisation transactions in order to raise transparency and effectiveness, a broadening and greater flexibility of privatisation methods, all changes aimed to facilitate privatisations and strengthen private sector interest.

References

Bermeo, Nancy (1990). 'Greek Public Enterprise: Some Historical and Comparative Perspectives', *Modern Greek Studies Yearbook*, Vol. 6, University of Minnesota, 1–21.

Bishop, Matthew, John Kay and Colin Mayer (1994). *Privatization and Economic Performance*. Oxford: Oxford University Press.

Capital Market Committee (2001). *Annual Report 2000* (Ετήσια Έκθεση 2000), Athens: Capital Market Committee.

Chari, Raj S., and Francesco Cavatorta (2002). 'Economic Actors' Political Activity in "Overlap Issues": Privatisation and EU State Aid Control', *West European Politics*, 25:4, 119–42.

Clifton, Judith, Francisco Comín and Daniel Díaz Fuentes (2003). *Privatisation in the European Union. Public Enterprises and Integration*. Dordrecht: Kluwer Academic Publishers.

de Frutos, Maria Angeles, and Lambros Pechlivanos (2004). 'Auctioning Off with a Split Mind: Privatization Under Political Constraints', Mimeo: AUEB.

Dyson, Kenneth, and Kevin Featherstone (1996). 'Italy and EMU as a "Vincolo Esterno": Empowering the Technocrats, Transforming the State', *South European Society and Politics*, 1:2, 272–99.

Featherstone, Kevin (2003). 'Introduction: In the Name of "Europe"', in Kevin Featherstone and Claudio M. Radaelli (eds), *The Politics of Europeanization*. Oxford: Oxford University Press, 3–26.

Feigenbaum, Harvey, Jeffrey Henig and Chris Hamnett (1999). *Shrinking the State. The Political Underpinnings of Privatization*. Cambridge: Cambridge University Press.

Georgakopoulos, Theodore, Kyprianos Prodromidis and John Loizides (1987). 'Public Enterprises in Greece', *Annales de L'Economie Publique, Sociale et Cooperative*, 75:4, 351–67.

Hall, Peter A. (1993). 'Policy Paradigms, Social Learning, and the State: The Case of Economic Policymaking in Britain', *Comparative Politics*, 25:3, 275–96.

Hirschman, Albert O. (1970). *Exit, Voice and Loyalty*. Cambridge: Harvard University Press.

Hope, Kerin (2003). 'Careful to keep their prudent reputation', *Financial Times*, 'Special Report: Greece', 11 November, 3.

Jackson, Peter M., and Catherine M. Price (1994). *Privatisation and Regulation. A Review of the Issues*. Harlow: Longman.

Lavdas, Kostas (1996). 'The Political Economy of Privatization in Southern Europe', in Derrek Braddon and Deborah Foster (eds.), *Privatization: Social Science Themes and Perspectives*. Aldershot: Dartmouth, 233–60.

Lavdas, Kostas, and Maria Mendrinou (1999). *Politics, Subsidies and Competition*. Cheltenham: Elward Elgar.

Lowi, Theodore J. (1964). 'American Business, Public Policy, Case Studies, and Political Theory', *World Politics*, 16:4, 677–715.

Lowi, Theodore J. (1972). 'Four Systems of Policy, Politics and Choice', *Public Administration Review*, 32:4, 298–310.

Majone, Giandomenico (1996a). 'Temporal Consistency and Policy Credibility: Why Democracies Need Non-Majoritarian Institutions'. EUI Working Paper RSC 96/57.

Majone, Giandomenico (1996b). *Regulating Europe*. London: Routledge.

Maravall, Jose-Maria (1993). 'Politics and Policy: Economic Reforms in Southern Europe', in Luiz-Carlos Bresser Pereira, José-Maria Maravall and Adam Przeworski (eds.), *Economic Reforms in New Democracies*. Cambridge: Cambridge University Press, 77–131.

Ministry of Economy and Finance (2002). 'National Report on Structural Reforms: Greece'. December.

Moene, Karl O., and Michel Wallerstein (1999). 'Social Democratic Labor Market Institutions: A Retrospective Analysis', in Herbert Kitschelt, Peter Lange, Cary Marks and John D Stephens (eds.), *Continuity and Change in Contemporary Capitalism*. Cambridge: Cambridge University Press, 231–60.

Müller, Wolfgang, and Vincent Wright (1994). 'Reshaping the State in Western Europe: The Limits to Retreat', *West European Politics*, 17:3, 1–11.

OECD (1998). *Economic Surveys: Greece 1997–1998*. Paris: OECD.

OECD (2001a). 'Recent Privatisation Trends', *Financial Market Trends*, 79 (June).

OECD (2001b). *Economic Surveys: Greece 2000–2001*. Paris: OECD.

OECD (2002). *Economic Surveys: Greece 2001–2002*. Paris: OECD

Pagoulatos, George (2000a). 'The Six Syndromes of Structural Adjustment or What Greek Privatization Can Teach', in Achilleas Mitsos and Elias Mossialos (eds.), *Contemporary Greece and Europe*. Aldershot: Ashgate, 223–42.

Pagoulatos, George (2000b). 'Economic Adjustment and Financial Reform: Greece's Europeanization and the Emergence of a Stabilization State', Special Issue on 'Europeanization and the Southern Periphery' (ed. Kevin Featherstone and George Kazamias), *South European Society and Politics*, 5:2, 191–214.

Pagoulatos, George (2001). 'The Enemy Within: Intragovernmental Politics and Organizational Failure in Greek Privatization', *Public Administration*, 79:1, 125–46.

Pagoulatos, George (2003). *Greece's New Political Economy. State, Finance and Growth from Postwar to EMU*. Basingstoke and New York: Palgrave Macmillan.

Papayannides, Antonis (2004). 'Ζητείται 'Ατμομηχανή' για την Ανάπτυξη' [Looking for an 'Engine' for Development], *Economicos Tahydromos*, 15 April.

Radaelli, Claudio M. (2003). 'The Europeanization of Public Policy', in Kevin Featherstone and Claudio M. Radaelli (eds.), *The Politics of Europeanization*. Oxford: Oxford University Press, 27–56.

Ramanadham, Venkata Vemuri (1993). 'Privatization: Constraints and Impacts', in Venkata Vemuri Ramanadham (ed.), *Constraints and Impacts of Privatization*. London: Routledge, 1–63.

Shleifer, Andrei, and Robert Vishny (1994). 'Politicians and Firms', *Quarterly Journal of Economics*, 109:4, 995–1025.

Smith, Mitchell P. (1998). 'Autonomy by the Rules: The European Commission and the Development of State Aid Policy', *Journal of Common Market Studies*, 36:1, 55–78.

Stiglitz, Joseph E. (2003). *The Roaring Nineties. A New History of the World's Most Prosperous Decade*. New York: W.W. Norton and Co.

Teitgen-Colly, Catherine (1987). 'Le Secteur des Enterprises Publiques en Grèce', in (coll.) *Les Entreprises du Secteur Public dans les Pays de La Communauté Européenne*. Bruxelles: Institut Européen d'Administration Publique: Bruylant, 179–234.

Vickers, John, and George Yarrow (1989). *Privatization. An Economic Analysis*. Cambridge, MA: MIT Press.

Wright, Vincent (1994). 'Industrial Privatization in Western Europe: Pressures, Problems and Paradoxes', in Vincent Wright (ed.), *Privatization in Western Europe: Pressures, Problems and Paradoxes*. London: Pinter, 1–43.