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## Ocean Shipping: By Far the Best Growth Model for Greece

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**Abstract:**

*Today there is unanimous agreement that the country's production model must change. But Greeks are very confused about the direction of the necessary changes. For, as the recent elections revealed, the vast majority of citizens have been brainwashed into believing outrageous promises about what the Greek leviathan state can do for them. Hence, the situation may be expected to worsen, unless Greeks start soon to realize: first, that the model of nearly centrally planned economy that we inherited has failed us miserably; and, secondly, that it must be replaced by a new model based on the flexibility of competitive markets and export oriented policies and entrepreneurship. If and when this change of mind and heart takes effect, the answer to the question which economic growth model is best for Greece will become self-evident. It is the model of ocean shipping because in the same time that a small number of dynamic Greeks control 17% of world trade shipments and contributes not less than 6% to the country's GDP, organized minorities of politicians, labor unions, professional associations, etc., do everything in their power to keep Greece in the role of a global beggar. The aim of this paper is to document that the model of ocean shipping, in which Greeks dominate for centuries, offers by far the most promising growth model, because it can get us quickly out of the impasse we find ourselves presently.*

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## 1. Introduction<sup>2</sup>

*Mutatis mutandis*, the damages that Germany sustained during the Second World War were far greater than those suffered by Greece. Yet presently Germany and Greece find themselves in completely disparate circumstances. After the war Germany rebuilt its economy by combining a relatively small and efficient state sector with a relatively large and vibrant private sector. As a result, now it stands once again as the powerhouse of Europe. On the contrary, after two decades of spectacular economic growth (1954-1974), Greece entered a phase of long term decline that gave way to an unprecedented reversal of fortunes and more recently to great hardships for the Greek people.

The striking difference in the outcomes that Germany and Greece experienced is due neither to the difference in the size of the two countries, nor to differences in their natural resources, the climate, or any other physical parameters. To my mind, the root cause is that the politicians and economists who rebuilt and led Germany in the postwar period believed in the virtues of democracy and free market economy, whereas the high priests and fellow travelers of the Socialist Union of Greece, who shaped the country's postwar institutional and economic order, promoted a relatively large and inefficient state sector in conjunction with a relatively small, inward looking, and predominantly state-controlled private sector.<sup>3</sup> No wonder therefore that Greece went bankrupt in 2009, losing its sovereignty and succumbing to the control of its international creditors<sup>4</sup>.

Now everyone agrees that the production model in Greece must change. But Greeks are very confused about the direction of the necessary changes. For, as the recent elections revealed, the vast majority of citizens have been brainwashed into believing outrageous promises about what the Greek leviathan state can do for them. Hence, the situation may be expected to worsen, unless Greeks start soon to realize: first, that the bastard model of centrally planned economy that we inherited from the past has failed us miserably; and, secondly, that it must be replaced by a new model

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<sup>3</sup> To learn more about the views and the policies that the members and the intellectuals antecedents of the Socialist Union of Greece have promoted, interested reader may start from the hints in Bitros (2013).

<sup>4</sup> It is rather amazing that the same people who are responsible for ruining Greece spare no effort to absolve of their historical responsibilities all those politicians, academics, and other leaders who shaped the postwar social and economic order in Greece. Unfortunately, this order evolved and still continues to remain closer to a collectivist state, rather than the free market economy that was mandated by the numerous treaties Greece signed with the European Union, beginning back in 1957 with the Treaty of Rome.

based on the flexibility of competitive markets and export oriented policies and entrepreneurship. If and when this change of mind and heart takes effect, and I hope that it happens sooner than later in order to avoid a humanitarian crisis of major proportions, the answer to the question “which growth model is best for Greece” will become self-evident. In particular, it will emerge that, while a small group of dynamic Greek entrepreneurs excel in ocean shipping across the world, organized political and economic minorities in Greece keep the country in the role of an undignified global beggar (Thalassinos et al., 2012).

The aim of this paper is to document that the model of ocean shipping industry, in which Greeks dominate for centuries, offers by far the most promising growth model, because it can get us out of our present impasse quickly.

## **2. Indices of global leadership and potential benefits for the Greek economy**

One does not need a lot of numbers to establish that the Greek owned fleet of ocean going vessels stands at the top of this international industry. Nor is it necessary to resort to complicated arguments to establish that it holds tremendous direct and indirect benefits for Greece. So, the following brief remarks should suffice.

According to the newspaper Naftemporiki,<sup>5</sup> by the end of April 2014, the ranking of the Top-5 world powers on the basis of the transport capacity of their fleets, measured in Dead-weight-tons (Dwt), was as depicted below:

**Table 1.** Top-5 world shipping powers

<b>Country</b>	<b>Number of Vessels</b>	<b>Dwt</b>
Greece	4,894	291,735,318
Japan	8,357	242,640,509
China	6,427	190,601,765
Germany	4,197	126,550,373
S. Korea	2,651	83,534,652

From this it follows that the Greek-owned fleet ranked first in the world. Additionally, according to the same source, the reported transport capacity of the Greek fleet represented more than 15% of the world tonnage.

Of particular significance is also to note that the Greek-owned fleet has held the lead in world rankings even in the face of the following challenging developments in recent years:

- The transport capacity of the world fleet has been growing at a robust pace

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<sup>5</sup> See <http://www.thetoc.gr/eng/economy/article/greek-owned-merchant-fleet-first-again>

- World trade has been slowing.
- The charter rates have stabilized almost at half the level in which they were when the global financial crisis erupted in 2008.

By implication, we may surmise that the Greek shipping companies have got the flexibility to adapt to changing conditions in the World Economy and do so not only to survive, but also to flourish by adding new vessels, reducing the average age of their fleets by building larger and technologically more advanced ships, and improving their competitiveness by lowering continuously their operating costs.

Turning next to the benefits for the Greek economy, these may be distinguished into direct and indirect, and actual as well as potential.<sup>6</sup> With respect to the actual benefits, the sector's contribution to the country's balance of payments has been always positive. For example, in 2012, it contributed a surplus of 7.34 Billion Euros, which was equivalent to 33.3% of the deficit in the trade account. Moreover, in 2009, this industry employed 34 thousand employees and, if we add those that were employed indirectly, the total number of employees was 192 thousand; The salaries paid to the sailors reached 926 Million Euros; And, if we include the indirectly associated activities, the contribution of ocean shipping to the country's total value added reached 13.3 Billion Euros or 6.4% of GDP.

Regarding the potential benefits of this industry, these are summarized in the table below. From them it follows that ocean shipping holds enormous prospects for the country. Looking

**Table 2.** Valuation of potential benefits from Greek Shipping

Benefits	Occupation (Thousand people)	Added Value (Billion Euros)	Wages (Billion Euros)	Taxes (Billion Euros)
Direct	75	8,6	3,5	1,2
Total	552	25,9	10,0	1,9

at the second column from left, we see that, within a few years and under certain favorable institutional and social changes, ocean shipping has the potential to more than double the number of employed Greek sailors and nearly quadruple the number of those who are employed in related activities. In this respect there is no doubt that this sector offers very significant opportunities to alleviate the present exorbitant rate of unemployment, especially among younger people. But according to the estimates reported in the remaining columns, its contributions to personal incomes, public finances and GDP growth are not less significant.

<sup>6</sup> All data referred to below come from Tsakanikas (2013).

In view of the above, there arise several questions. Of major interest for further analysis are the following: (a) How can we explain that citizens from a small European country of 11 million people control the largest fleet in the world, surpassing economic giants like Japan China and Germany? (b) In ocean shipping there is no Ministry of Merchant Marine nor Competition Committee or any other international institution that sets the rules for competition, oversees their implementation and imposes penalties on those who violate them. How do these markets operate so efficiently without the supervision of a supranational regulatory agency? (c) Contrary to ocean shipping, where Greeks entrepreneurs excel under all conditions of shipping markets, coastal shipping in Greece has been always problematic. What is wrong; Why do people from the same industry fail when they get involved in coastal shipping? (d) What can we learn from the great success of Greeks in ocean shipping which might help in mobilizing domestic entrepreneurship? I will come to the answers after the following brief digression to highlight the continuity of management principles that have contributed to the Greek success in this industry over the centuries.

### **3. Lessons from the “Merchant Houses” of the Greek shipping diaspora**

Questions like the above attracted my attention in the context of scientific inquiries into the reasons that might explain the emergence and flourishing of big "Merchant Houses" in the communities of Greek diaspora from the mid-18th century. The results are summarized in Bitros, Minoglou (2006, 2007) and show that a key element was their ability to adapt to changing conditions in international markets so as to maintain their competitiveness. Then, as it is true today, international markets self-regulated in the sense that they created endogenously the rules of acceptable conduct by the participating businesses, as well as the procedures for resolving disputes and imposing the expected penalties on those that deviated. In this environment the room for opportunistic behavior and efforts at changing unilaterally the rules were limited, if not non-existent, because the worst that could happen to a business was “to create” a bad name and be excluded from the exchanges. Thus the Greek businessmen from the colonies that flourished in the Mediterranean and the Black Sea realized the challenges of and the benefits from integrating into these markets and they managed to claim large shares by establishing famous commercial and shipping enterprises. These findings lead to the following proposition:

Self-regulation within the “Merchant Houses” was based on three pillars. The first concerned the commitment of the partners and associates to the triptych "trust - reliability - reciprocity". Those who participated in the various layers of management did not inherit these virtues from their natural parents. These virtues were embedded into their character:

- Firstly, through the schooling they received, particularly in the early years when the character is formed;

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- Secondly, through daily exercise of these virtues in the context of the family, the school and the community life, which was influenced also by the local churches, and,
  - Thirdly, through the pressure that the community exercised on the individuals to avoid aberrant behaviors, which might render one an outcast in his own community.

**When Greek entrepreneurs realize that the rules under which markets operate are given and beyond one's reach, they concentrate on how to excel in competition with the others and then, for all practical purposes, their capabilities are limitless.**

From time to time, there erupted notorious jealousies among leading families, entrepreneurial rivalries and personal animosities. These could be viewed as natural in the daily symbiosis of racial groups living according to their distinct traditions in foreign lands. However, the Greek communities or *paroikies* were generally inspired by strict moral codes and such incidents were confronted as exceptions to the rule. Thus, reflecting on the social climate that prevailed and encouraged the establishment and success of the “Merchant Houses”, we may surmise that:

The second pillar was the nature of the leadership in the “Merchant Houses”. This was characterized by stability and long-term perspective. Both these merits were secured in the context of an eponymous family reigning at the top of a partnership; The reason being that, as the establishment of large enterprises at the time required resources that exceeded the financial capabilities of a single family, the prevailing institutional form for financing such business undertakings was to pull resources from several minor partners and manage the operations under some joint agreement. Apart from the collection of the necessary funds, this form of collaborative management facilitated the succession in the various layers of management and thus offered continuity of leadership. But at the same it was beset by the following serious disadvantage.

**Successful entrepreneurship goes hand in hand with high moral standards. The moral character is formed in the early years of life and consolidated through daily exercise in the context of the family, the school and the community at large. Therefore, for entrepreneurship to emerge and thrive in a community, the moral uplifting of all its members is a prerequisite.**

Since the “Merchant Houses” were actually multinational networks, information on transactions, competitors, technological developments and business opportunities was exchanged among partners from mouth to mouth and over long distances. As a result some partners were tempted to use the information for their own account.

Such incidents were quite frequent particularly among those partners and associates who operated in foreign lands and far from the center. To discourage such phenomena, potential perpetrators knew in advance that they risked heavy personal penalties, including the possibility of being stigmatized in the community. However, no morals, no business responsibility, no penalties and no social sanctions were severe enough to prevent them from happening and disrupting the cohesiveness of the managerial team. Drawing on the above, we may conclude that:

Last is the third and final pillar. The Greek diaspora entrepreneurs who founded great “Merchant Houses” did not succeed only because they had superb leadership skills or they were fortunate in making successful successor choices. They succeeded also because they built into their enterprises organizational structures that enabled them to operate simultaneously and effectively in many countries. They had neither internet nor privately distributed computer networks or teleconferencing for communicating over long distances. Yet they excelled because, through the management structures they put in place, they managed to limit the opportunities that the distance afforded to their associates to use the information and the resources entrusted to them for their own advantage.

**Aside from alertness to business opportunities and threats, successful entrepreneurship demands executive leadership characterized by stability, continuity and long-term perspective.**

How important this pillar was, we can understand from the following passage that Smith (1776, 638–41) wrote, roughly in the same period that Greeks started establishing their famous “Merchant Houses”:

Nothing can be more completely foolish than to expect that the clerks of a great counting house [Authors’ note: he means the Company of East India] at 10,000 miles distance, and consequently almost out of sight, should, upon a simple order from their master, give up at once doing any sort of business upon their own account abandon for ever all hopes of making a fortune, of which they have the means in their hands; and content themselves with the moderate salaries which those masters allow them. [. . .] They will employ the whole authority of government, and pervert the administration of justice, in order to harass and ruin those who interfere with them in any branch of commerce, which by means of agents either concealed, or at least not publicly avowed, they may choose to carry on [. . . .] I mean not, by anything which I have here said, to throw any odious imputation upon the general character of the servants of the East India Company, and touch less upon that of any particular person. It is the system of government, the situation in which they are placed, that I mean to censure, not the character of those who have acted in it. [Author’s note: Emphasis added].

Therefore, a fourth important conclusion is that:

**Apart from the knowledge, experience and ethical character of executives and workers, and apart from the bylaws and schemes of incentives and disincentives, the foundation of multinational enterprises requires putting in place systems for the coordination and effective implementation of decisions taken regionally as well as centrally.**

Regarding the third pillar, the insightful interpretation of the available historical evidence by Harlaftis (1996) highlights the building blocks of an innovative model, which has evolved over the last two centuries in the Greek-owned segment of the ocean shipping industry. In particular, in this model: (a) every vessel is considered to be a distinct production unit that creates value added for the controlling enterprise by operating globally; (b) there is clear separation of decisions between the management on board the ships and the dispersed offshore offices, and (c) coordination from the center is meant to ensure the minimization of operating costs and the maximization of revenues from each and every ship. Younger generations of Greek ship owners who venture in ocean shipping have adapted this model successfully by enriching it with modern technological developments in the fields of shipbuilding, information technology, telecommunications and management.

Bearing in mind the above findings and conclusions, let me now turn to the answers of the four central questions I raised in the previous section.

#### **4. A small country with a great ocean shipping tradition**

When referring to the Greek champions in the high seas, the most common explanation for their success is attributed to the seamanship that Greeks are known for at least from the times of Ulysses. But, since from a technical point of view it should not be difficult for any nation to emulate the Greek model for operating large fleets of ships on a global scale, exceptional seamanship should not be a sufficient condition for explaining how a small number of entrepreneurs from a European country of 11 million people are able to control the largest fleet of ocean-going ships in the world. To achieve this feat, seamanship should be complemented by other unique talents.

Thinking in this direction, the data show that contemporary Greek entrepreneurs in the ocean shipping business get exemplary financial support from the world banking system and insurance companies. By itself this evidence implies that they enjoy high indices of trust and reliability. But from experience it is well known that these valuable attributes are very hard to acquire and even harder to maintain. The reason being that they accumulate slowly over the course of many decades, they are repeatedly tested and confirmed, particularly in periods of crises, and they can be lost quite easily. Why then global banks and insurance companies embrace Greek



ship owners with so much confidence? A reasonable hypothesis is that, in addition to meeting their demanding criteria in terms of creditworthiness, Greek ship owners have some unique meritorious characteristics stemming from the Greek ocean shipping tradition. More specifically, if global banks and insurance companies perceive contemporary Greek ship owners as worthy successors of the "Merchant Houses", in essence with their support they attest to the effect that the Greek ship owners who venture nowadays in ocean shipping:

- Maintain high ethical standards in their business dealings,
- Know particularly well the "idiosyncrasies" or "innate vicissitudes" of international shipping markets,
- Demonstrate superior entrepreneurial alertness, which enables them to see and dare<sup>7</sup> undertake business opportunities ahead of their competitors,
- Manage large fleets of vessels moving around the globe with exceptional leadership and organizational skills, and
- Provide the comforting continuity of the long perspective that emanates from the process of management succession in the Greek model of ocean shipping. In this profitable but highly risky business, which is known for violent and unpredictable cycles of economic activity, this is hardly a minor advantage to the creditors.

In conclusion, drawing on the knowledge from my inquiries into the case of Greek ocean shipping in the last two centuries, I am convinced that the above interpretation explains quite well the past successes and the bright prospects of this leading sector for the Greek economy.

### **5. Freight markets operate efficiently and without any regulation because they operate competitively**

In Greece, at long last, it has come to be widely accepted that domestic businesses must become oriented and adopt organizational structures that will enable them to monitor their effectiveness in the same self-regulating manners as those in the ocean shipping industry. Can this miracle happen anytime soon or must we wait for a few decades? No, it cannot happen quickly enough, because establishing robust business organizations depends on how competitive the markets in which they operate are.

Ocean shipping companies adopted the mechanisms of self-regulation for many years until they became second nature to them.<sup>8</sup> This happened not by choice but

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<sup>7</sup> The term "dare" is employed here to imply the undertaking of uninsurable entrepreneurial risks or otherwise risks that entail high degrees of uncertainty as to the expected outcome. In the history of ocean shipping we come across incidences in which Greek ship owners were emboldened by undertaking overly risky ventures like, for example, breaking through the marine blockage of a certain country. In such isolated cases the element that dominates is not entrepreneurial risk taking but the dare devil's inclinations in gaining competitive advantage at all costs.

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because the markets in this industry are so competitive that no business can expect to survive by resorting to opportunistic behaviors. Hence, if we wish to transplant the organizational model of ocean shipping to the Greek economy, it is absolutely essential to change the institutional framework in the domestic markets so as to render them widely more competitive than they are presently.

Unfortunately, the Greek government and the Greek competition authorities, instead of aspiring to open up all markets to keen competition, they tolerate a generalized system of policies that suppress it to a great extent. To fully corroborate this assertion, a handy source of evidence is the recent study by OECD (2013), which is known as the "OECD Toolkit". According to the guidelines in this study, the structural reforms that we have to adopt as a country, if we wish our economy to become competitive by international standards, number several hundreds. However, despite the commitments to this effect that our governments agreed to as part of the two austerity programs we signed since 2012 with our EU and IMF creditors, very few structural reforms have been introduced so far. Even worse, the most important ones from the latter are under risk of being reversed since, according to the pre-election and post-election declarations of ministers of the ruling SYRIZA government, the institutions of a free market economy and competitive markets in particular are instrument of exploitation of workers by capitalists!!!

To sum up, for the Greek model of ocean shipping to be transplanted and consolidated in the domestic economy so as to yield results in line with its great capabilities, the labor and capital markets in our country must become as widely open to competition as possible. The deep structural reforms that would be required for this purpose are most unlikely in the foreseeable future because, as I stressed in the introduction, the Greek people live under the spell of socialist illusions regarding the benevolence of the leviathan state. So whenever Greek citizens decide to welcome the necessary structural reforms, the opening of all markets to competition should follow without reservations and second thoughts. Then, I can see of no reason why domestic entrepreneurship will not manage the same wonders that Greek ship owners achieve for centuries in the high seas.

## **6. The problematic state of coastal shipping**

In the quotation above from Adam Smith I underlined the last sentence in order to draw attention to his important observation that, if employees in the performance of their duties are prone to selfishness and cunning, it may not be their fault. The reason is that adopting such attitudes may be stimulated and encouraged by their work environment or else by the system in which employees are asked to fulfill their job responsibilities. In an equivalent way, for the problematic state of coastal shipping

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<sup>8</sup> Self-regulation in ocean shipping has benefited significantly from the gradual incorporation of custom law in the international country agreements.

industry, the root causes may lie neither with the ship owners nor with the crews, but with the Greek governments and the regulatory state authorities. This is a reasonable hypothesis because, in the light of the administrative conditions they have imposed on this industry, in essence competition has been replaced by opaque mechanisms of administrative control through which those who "invent and apply the institutional settings of the industry" serve first and foremost their own interests.

Today the industry of coastal shipping operates under the administrative fixing of fares, routings and sailing frequencies of vessels, crew lists, and numerous other variables by the Ministry of Merchant Marine. According to news carried by the newspaper "To Kerdos", the expert representatives of creditors asked in May 2013 for the abolition of all restrictions on ticket prices, compulsory routings, crew lists, etc.<sup>9</sup> What the three general secretaries of the above Ministry replied was that:

Coastal shipping in Greece cannot be liberalized. In activities that need to be improved, feasible improvements will be undertaken. However, shipping in the Aegean is peculiar and it does not allow for full liberalization.

After this statement, it is certainly appalling that the Greek Competition Commission looks the other way when the issue comes to the oligopolistic structure of routes in the Aegean.<sup>10</sup>

In conclusion, the key to answering the question why coastal shipping is in deep trouble lies on the state institutions that deliberately and systematically suppress competition. Therefore, if some sort of resetting is to take place any time soon, it is advisable to start with the full liberalization of coastal shipping, the transformation of the Ministry of Merchant Marine into a department in another transport related Ministry, or even its abolition,<sup>11</sup> and a clear mandate the Greek Competition Committee to apply the competition laws appropriately.

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<sup>9</sup> See <http://www.sarc.gr/readmore.php?id=804977&grp=387768>.

<sup>10</sup> There is no doubt that the problem of connecting the islands with the mainland by sea is thorny. It is particularly acute for those islands with too few permanent residents to justify regular ship service, whereas it worsens in winters when these island have not tourist visitors and ships cannot dock easily because of the bad state of port infrastructure. But the problem can be confronted neither by imposing surcharges on the fares in profitable sea lines nor with forcing coastal ship owners to service unprofitable routes. Simply servicing these routes will have to be subsidized through transparent auctioning mechanisms from the general budget.

<sup>11</sup> It is known that Greek ship owners reacted negatively when this Ministry of Merchant Marine was abolished by the government of prime minister George A. Papandreou. But I am sure they will agree in the context of a far reaching reform of the public sector.

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## 7. Lessons in entrepreneurship from ocean shipping

Earlier I stated that the markets in ocean shipping are self-regulating. This implies that they generate and enforce on all participating firms the necessary rules for utilizing as efficiently as possible all available information on both the demand for and the supply of such shipping services. Thus, the Greek ship owners who venture in these markets, knowing full well that they cannot change the rules to their advantage (See the first finding from the experience of “Merchant Houses” in Section 3), have acted as all other successful Greeks in the prosperous communities of the countries to where they emigrated. By drawing on their organizational and business capabilities, they have managed to continue the centuries old miracle of Greeks in the high seas. I call it a miracle because, after everything else is considered, still it is very difficult to explain how a small number of ship owners from a European country of 11 million people control the biggest fleet of ocean-going vessels in the world.

In this miracle Greek ship owners have found powerful allies in the global banks and insurance companies. Of course they have got their support not out of grace but because they have won and maintain high reliability indices. So what should we learn from this example? The strong links of global banks and insurance companies to Greek ship owners ascertain that, even under extremely competitive conditions, Greek entrepreneurs are capable of accomplishments of a world scale. They can win back the trust of our friends and partners in the European Union by returning Greece once again to a robust growth path. They can establish and operate multinational companies, as Greek ship owners do every day. They can discover business opportunities where others see none, etc. In short, the capabilities of the entrepreneurial champions among us are not limited to ship owners of ocean-going vessels. They are widely dispersed among entrepreneurs in coastal shipping, in agriculture, in manufacturing, in the services and generally throughout the economy. But due to the highly dysfunctional institutional setup in our country, they have been forced to compromise and lost their competitive spirit and outward looking orientation. In particular, the reasons why entrepreneurs in Greece have not performed on a par with their capabilities are summarized in the following passage from Bitros, Karayiannis (2013, 268).

The path to the current crisis started long before 1974. In particular, it began in the early 1950s, when the authorities decided to pursue the model of economic development with import substitution.<sup>12</sup> Because of this choice, except of maritime and tourism, in which entrepreneurs by necessity had to struggle in international markets to gain shares, the ambitions,

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<sup>12</sup> There is ample evidence that the same development strategy was adopted by other countries as well. But later on they replaced it with a model based on export growth. The same did not happen in Greece.

the plans and the prospects of Greek entrepreneurs were confined in the narrow markets of the Greek economy. From this remark it follows that the model of development which was adopted nurtured over time entrepreneurs with claustrophobic and defensive reflexes and with deep dependencies from the political system and the state banks. Unlike Greece, so different countries like e.g. Germany, Taiwan, Singapore and South Korea found their way to high and sustainable economic growth in the post war period by adopting growth models based on exports. What would have happened if Greece had followed their example? Then Greek entrepreneurs would have become outward looking and the performance of Greek enterprises would not be limited by the small scale of the Greek markets. The model which would have been established would be that of the open and competitive economy and no government would dare distort it with mindless interventions..

Therefore, at this critical juncture for our country, the issue is none other than how to release the power of Greek entrepreneurship through deep reforms in the institutional framework of the state and the economy. Most urgent among these reforms are: (a), the replacement of the 1975 constitution with a brief and simple one in the direction of an open society and free economy; (b) the implementation of the structural reforms described in the OECD toolkit, and no only; (c) the restitution of the independence of the competition authorities in all sectors, so that they may apply the competition laws free from political and especially partisan influences. Should the necessary reforms be enacted, our country may become once again after several decades the growth tiger of southern Europe, following in the steps of the other Greek global tigers in ocean shipping and tourism. The sooner the citizens realize that this is the surest road to personal and social security and material progress, the fewer generations of Greeks it will take for the first encouraging results to emerge.

## **8. Conclusions**

From the above it follows that that the growth model that holds the best potential to get us out of our present impasse is the model of open and competitive markets, within which Greek ship owners have thrived for centuries. But to make progress in this direction, we must forsake the socialist stereotypes that are systematically cultivated in Greece and have misled our citizens to view the institutions of a free market economy as insensitive to social needs. The leviathan state is skillfully propagated among the people as the sole guarantor of liberty, equality and social cohesiveness. But in essence it acts as a protective shield for the corporatist practices of organized minorities.

It is about time that the myth of the big and socially sensitive state should be revealed for what it is. It should be made clear to Greek citizens that the maintenance of a huge public sector sucks all vitality of the Greek society and damages the interest of those exactly that it pretends to protect, namely the lower

income classes. Socially effective may be only a small state sector whose public managers respect the efforts of every citizen by avoiding unbearable and confiscatory taxation, outsourcing bloated government services and making sure that all markets are open to actual and potential competition. For, only then entrepreneurship will emerge on a big and outward looking scale to do for the Greek economy the same wonders Greek ship owners are doing in the high seas.

This monumental reversal cannot be implemented at present because: (a) education, especially in the primary and secondary grades, where citizens form their character, is managed centrally through a mandatory common core of subjects designed to serve the interests of statist; (b) the media of individualized and mass communication are controlled in one way or another by governments, and (c) the irresponsible political system, which ruined Greece in recent decades, will not reform on its own. Therefore, as article 120 of the 1975 Constitution commands, it is left upon Greek citizens to rise up to the challenge of times and take control of their future by demanding that: (a) Apart perhaps from the suggestion by the state of a common core of subjects, the responsibility for the education of Greek children be passed over from the large state bureaucracy in the Ministry of Education to the responsibility of Greek parents in the schools and the local communities; (b) the state stops mingling up in all media of communication, because in democracy the state is not legitimized in any way to manipulate the opinions of citizens, particularly in ways that perpetuate the staying power of political parties and politicians; (c) all markets associated with media of communication be open to competition, including the bidding for radio frequencies; (d) owners of communication media be forbidden from participating, directly or indirectly, in the construction of public works or the provision of other state financed services, and not the least, (e) the state stops interfering in the banking system for any purpose, including the discrimination among favored and disfavored citizens in their business undertakings.

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