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Neo-Medievalism: Austerity and Extremism in Greece

John Rapley believes that 'neo-medieval' forms of governance are appearing on the global stage. In fact, this phenomenon may not be confined to the developing world. Embryonic forms of neo-medievalism have appeared in Greece and could spread to the rest of Europe.

By John Rapley for ISN

During the negotiations over an extension of Greece's bail-out, the country's finance minister hinted that German demands for his government to stick to the existing reform programme would assist the rise of the neo-Nazi group Golden Dawn. If provocative, the comment was perhaps not inapt. Following the Great War, allied insistence on a reparations regime they considered both entirely reasonable and Germany's fault helped create an environment which facilitated Hitler's rise. The second time around, the victorious allies allowed pragmatism to trump principle. Bismarck would have been proud.

However much the Greeks may be responsible for their current sorry lot, the connection between the current crisis and Golden Dawn's rise is apparent. Arguably, though, it is not a phenomenon peculiar to Greece. In recent years, [new actors](#) have been penetrating the spaces vacated by retreating states in developing countries and creating informal structures of governance that overlap with those of the formal system - what I have called neo-medieval governance. Greece might be one of the developed countries where embryonic forms of this type of governance have begun to appear.

Austerity and state retreat

Long before joining the Eurozone, the Greek state - not unlike those of many developing countries - was notoriously inefficient, corrupt and clientelistic. But for better or worse, its patronage networks succeeded in drawing enough Greeks into the orbit of the state that it was able to consolidate what had been, after all, a shaky democracy. The country's previously internecine politics was thereby largely stripped of ideological content and became a game of 'who got what from whom' - unedifying perhaps, but at least peaceful.

Such regimes tend to produce insiders and outsiders, with the spoils of politics concentrated among supporters of the government in office. With all citizens meant to share the cost of public administration but its benefits disproportionately distributed within patronage networks, there tends to be a reduction in what is called 'tax morale.' Because the regime is seen to serve particular interests, tax compliance tends to drop. In Greece's case, this was compounded by a

political-economic model in which a handful of business families have enjoyed outsized power. In return for policies which generate rents for their business interests and turn a blind eye to their own tax evasion, these families built close ties to the political class and used them to cement their own social and political positions.

These two features, low tax morale and close ties between oligarchs and politicians, have been a recurrent feature in the politics of the developing world. One of their by-products has been a tendency toward chronic fiscal deficits, which require either monetisation or borrowing. Such regimes have therefore tended to produce either high inflation or, where the option was available, high debt.

This is why Greece's entry into the Eurozone would prove to be a fateful step. By tying the country's monetary policy to a continental financial system dominated by more-prudent countries, and by providing implicit guarantees to Greek public debt, monetary union opened a floodgate of cheap credit to Greek governments. Compounding profligacy with some wonky book-keeping, the Greek state amassed a public-sector debt that made it one of the world's most-indebted countries. Nevertheless, because the resulting boom in consumption helped support demand for north European industry – and because it was widely believed before the financial crisis that continental growth would eventually drag Greece towards a level of output that would sustain the accumulated debt – a peculiar credit system that detached the cost of Greek debt from its risk was allowed to persist.

When the crash came, the view of the many Greeks who hadn't enjoyed the spoils of good times was that the burden of adjustment should be shared between Greece and its creditors. In the event, the agreed plan put the burden of fiscal adjustment squarely on the shoulders of Greek citizens, and the result has been a depth of austerity that has hitherto been seen only in the developing world.

Massive cuts in state spending eroded long-standing clientelistic networks, causing many supporters of the old parties to drift. Some [found outlets in extremist political activism](#), to which the police, apparently eager to permit pressure-release, sometimes turned a blind eye. Golden Dawn, in particular, may have enjoyed special indulgence from a security service long known for its anti-communist sympathies.

The typical profile of a Golden Dawn supporter appears to correspond to the image of the person least likely to be in one of the older patronage networks. In the wake of the public-sector rollback and the consequent recession, Greece's unemployment rate has risen to 25%. Youth unemployment, however, has risen to 50%, for the obvious reason that the weight of austerity has tended to be distributed in such a way as to most protect those most entrenched in the system – a feature of the current wave of austerity that is hardly confined to Greece. New employment or recent hires tend therefore to be the first to get cut. As a result, Golden Dawn's support [is drawn disproportionately from among young male voters, with self-employment also being a recurrent variable](#) (perhaps not incidentally, the role of small businesspeople has been a common element in right-wing populism in many countries from at least the days of France's Poujadiste movement). In fact, among first-time voters, [only Syriza attracted greater support](#), a worrying statistic in the event the Greek crisis were to persist and the new government consequently lose support.

Although some of Golden Dawn's gestures, like its blood-donation drives and food-distribution programmes, are largely symbolic, the party is nonetheless providing rudimentary services to its supporters in those communities where its presence is most established. For business backers, Golden Dawn [provides basic security or the eviction of immigrant squatters for supportive property-owners](#). For unemployed supporters, it can help line up jobs by, for instance, [working with sympathetic employers to find jobs for their supporters, and intimidating business owners who employ immigrants](#). The party's grassroots groups also provide security patrols and ATM-escort services to the elderly, and in Agios Panteleimon (a high-immigrant area) [party gangs enforce their](#)

[own law with the threat of violence.](#)

The exception or the rule?

Golden Dawn's fierce xenophobia – even among Europe's resurgent far-right it is exceptional in giving citizenship an ethnic basis – plays into a peculiar feature of Greek politics. It is true that the politics of immigration has become a very current issue across much of Europe in the age of declining indigenous populations. However, until the turn of this century, Greece had virtually no experience with immigration, having been a net exporter of people. Thanks to the prosperity bought by European integration, and the access illegal immigrants got to Europe through Greece's 'soft underbelly' in the islands near the Turkish coast, the country became a magnet for immigrants from North Africa and Asia.

The mayor of Athens, Georgios Kaminis, argues that two particular features colour the Greek politics of immigration [1]. First, Greece's historic insularity and dependence for its fate on the machinations of other countries has created a latent xenophobia. Second, because the immigrants coming illegally into Greece are using it as a way-station to western Europe, they have little intention of staying. So just as Greeks resist them, they resist integrating into what they see as a temporary residence. The result is that Golden Dawn has been able to establish a presence in communities where unemployment, which is driving the party's rise, is highest; these happen to be the neighbourhoods where immigrants can afford to live.

Yet if Greece's politics of immigration are unusual, it may be less a qualitative difference with the rest of Europe than a quantitative one. Indeed, in many respects one can make the case that Greece merely represents the more extreme end of a spectrum of politics that, across Europe, is bringing a rise in informal governance. The era of austerity has begun, and if current demographic and economic projections hold true, it will only worsen. With governments locked into spending commitments on health care and pensions, the aging of the population will force a further reallocation away from discretionary spending just as the tax-net contracts. The result will be that younger workers will be asked to pay more taxes for fewer government services. This is exactly the sort of development which risks reducing tax morale. The state may find its legitimacy questioned elsewhere in Europe as a result.

In the short term, Golden Dawn does not seem to pose an imminent threat to Greek democracy. Although the third-largest party in parliament, it still attracts only 6% of the vote. Meanwhile, its distribution networks and security apparatus appear to have reached only a rudimentary level of development – far short of those found in the developing countries where neo-medieval governance structures have spread furthest. As such, Golden Dawn's petty barons do not so much represent a supplanting of the state as the ability of anti-establishment groups to exploit the vacuums created by severe austerity. Consequently, were the Greek economy to get back onto a path of sustained growth, enabling the state to re-energise its distribution networks, the party's growth prospects would likely diminish.

Yet the dangers of complacency are great. Not only is such rapid, sustained growth far from a foregone conclusion. The early signs of informal governance in other parts of Europe serve as a warning of a challenging future. Even in Britain, ostensibly one of the continent's most robust economies, police have openly said there are many offenses they can no longer police due to a resource-constraint which is set only to worsen. Rather than regard Greece as Europe's poor country-cousin, therefore, European leaders might do well to see it as the family member that is simply further out on the limb on which they are all now perched.

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[1] Giorgios Kaminis, Interview (Athens), 30 January 2015.

Dr. John Rapley is a researcher at the Centre for Development Studies at Cambridge University. He has worked at universities in Britain, the US, Canada, France, South Africa and the Caribbean. From 2003-2011 he left the classroom to create the Caribbean's first independent think tank, the Caribbean Policy Research Institute. He also has a long history as a public scholar, and has published in a wide variety of newspapers and magazines, from the Jamaica Gleaner to Esquire.

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