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THE INEFFICIENCIES OF THE GREEK LEGAL SYSTEM

Megan Colville



Introduction

To combat the economic crisis and face its enormous debt, the Greek government is searching for ways to increase income rapidly and reduce spending immediately. Many Greeks are unaware that shortcomings in their justice system are detrimental to the nation's social and economic well-being (Tsakyrakis). The effects of court reforms on the nation's financial system are not as obvious as those of pensions and taxation reform, and the direct quantitative results are more difficult to measure. Therefore, reform of the justice system is not a high government priority. Furthermore, the judiciary is often ignored in reform efforts due to its fierce independence, resistance to government encroachment, and inaccessible information (United States Department of State). Yet Greece requires substantial structural reform to stimulate economic growth, reduce bureaucracy, and prevent a relapse (Embassy of the United States; Embassy of Greece). Economist

Stefan Voigt describes the judiciary as the means by which a government commits itself to the promises it makes (p. 101). Thus, as the Greek government searches to gain public trust and general cooperation with its newly enacted laws and austerity measures, it should more seriously consider reforming its system of justice.

A 2011 annual report by the United States Department of State harshly criticized the inefficiencies of the Greek courts. The European Court of Human Rights (ECHR) has also denounced the nation for this deficiency. Stavros Tsakyrakis, Greek attorney and associate professor of law at the University of Athens, argues that the delays in the system are vast and deleterious. According to Tsakyrakis, reform of the judiciary would lead to substantial economic benefits and cost savings for Greece. The Embassy of the United States agrees that the courts must run more quickly, especially in taxation cases. Both the U.S. and Greek Embassies acknowledge the pervasive problems and believe that reform should be a priority.

The Greek Judicial System

The Greek constitution divides court jurisdictions into two main sectors: civil/penal and administrative. Each sector is further organized into three levels of courts: courts of first instance (lower courts), courts of appeals (appellate courts), and the Supreme Court. New claims typically begin at the court of first instance (However, under certain unusual circumstances they are heard directly by the Supreme Court). Typically, if the losing party contests the lower court's decision on the grounds of erroneous procedure or failure to apply relevant law correctly, then the case is heard by the court of appeals. If the appellate court's ruling is also challenged, the case then advances to the Supreme Court. While the Supreme Court's decision is final and cannot be appealed, the Court can remand the case to the lower court for a full or partial retrial if it finds procedural wrongdoing. In certain cases, this cycle of appeals and retrials occurs multiple times before a final resolution is achieved.

While criminal cases, such as illegal business practices, may impact economic well-being, civil and administrative suits more significantly affect a nation's economy. Civil courts hear conflicts between private parties, including contract disputes or property damage, whereas administrative courts hear all administrative matters, such as civil service, social security, public works' competitions, tax issues, and any compensation claims against the state (Symvoulío tis Epikrateias). Due to the broad and extensive reach of the entire judicial branch, I will focus mainly on the deficiencies of the administrative courts and the overarching negative effects of the administrative and civil court shortcomings on Greece. Problems caused by inefficiencies in the criminal courts, though substantial, are beyond the scope of this paper.

Inefficiencies of the Judiciary

An important function of a judiciary is to bring charges and obtain resolutions quickly (Embassy of the United States). A recent study by Michael Mitsopoulos and Theodore Pelagidis reveals a steady increase in the time needed to dispense justice in Greek courts (2010, pp. 17–18). In one random sample they found that 20 per-

cent of cases had not been settled even after ten years and that 65 percent of cases were between five and ten years old and awaiting new verdicts in appeals court. Another sample of 100 cases from 2006 had an average age of 7½ years in the courts, with 30 percent of cases over seven years old, one that was 26 years old, and another that was 33 years old (Mitsopoulos and Pelagidis, 2010, pp. 26–27).

The increasing number of new lawsuits filed each day, combined with the sluggish disposal of cases, contributes to the growing backlog in Greek courts. The ratio of cases remaining at the end of a year to the total number of cases introduced each year continues to rise steadily (Mitsopoulos and Pelagidis, 2010, p. 17). Tsakyrakis believes that the existing backlog of cases is so immense that the problem has become insurmountable. He reported in May 2011 that there were 140,000 cases pending in the administrative court of first instance and 11,000 pending in the court of appeals. Trial lengths, which add to this build up, are in turn adversely impacted by the backlog they help to cause. As of March 2011, new commercial disputes in Athens were being scheduled for their first appearance in court in 2013 (Papaioannou, p. 2).

The prevalence of appeals is another factor that slows the courts. There cost of appeal is low, and the majority of first-instance decisions are appealed (Papaioannou, p. 12). Since different courts often produce contradictory rulings, the probability of having an unfavorable verdict reversed on appeal is significant. This lack of consistency in judgments thus creates greater incentive to appeal. Clearly, the time needed to resolve a case increases with additional court reviews. Furthermore, when cases reach the highest court after multiple appeals, they can be remanded for full or partial retrial when procedural errors are found. While statistical information regarding retrial in administrative courts is essentially impossible to gather, statistics from civil courts reveal that over 40 percent of cases heard by the *Areios Pagos*, or civil Supreme Court, are sent back to the appeals court for retrial (Mitsopoulos and Pelagidis, 2010, p. 25).¹ Although this rate is similar to the remand rate in other countries, retrials are an additional postponement, adding both to the length of trials and to Greece's

already enormous backlog (Mitsopoulos and Pelagidis, 2010, p. 28). Some cases can even get stuck in a cycle of repeated retrials if lower courts do not properly follow procedure or ignore or misinterpret relevant laws.

The excessive length of trials is a significant problem for the courts and Greece as a whole. Various international councils have criticized the nation, including the European Court of Human Rights, which sanctioned Greece for violating Article 6, Section 1 of the European Convention on Human Rights—the right to a fair trial within reasonable time (European Court . . . , p. 1). Every lengthy trial is a potential violation of these sanctions, which award financial compensation from the state to the parties in the suit. Additionally, the large gap between time of filing and time of decision publication makes information difficult to gather and statistics hard to collect (Embassy of the United States). The public is often unaware of court decisions, such as the punishment of large tax evaders, inhibiting the court's function of deterrent. Moreover, lengthy trials act as a disincentive to business growth and investment since entrepreneurs and investors are apprehensive about getting entangled in potentially perpetual litigation.

To increase the efficiency and clearance rate of the courts, the judiciary needs to streamline its processes (Embassy of the United States). Judicial oversight boards and higher courts should set standards of efficiency to encourage case disposal and monitor progress (Papaioannou, p. 12). They should also place a strict limit on the number of postponements allowed and establish penalties for lawyers or parties who intentionally delay proceedings. Greater consistency of verdicts across courts and judges would help to reduce the number of appeals and, consequently, the average length of cases.

¹This research is difficult because appellate and lower court judges have the subjective authority to decide which cases to publish, which results in few published decisions. Access to unpublished cases is restricted to those parties with a legal interest in obtaining the judgment. While the Supreme Court must publish all cases, only the reasoning directly relevant to its decision is provided. The publication does not include a historical summary of the case or relevant dates that would indicate a case's duration in the system (Mitsopoulos and Pelagidis, 2010, p. 24).

While allowed in civil and administrative trials, settling cases outside of court is uncommon in Greece, possibly due to national traditions and the citizens' characteristic pride (Tsakyrakis). However, the backlog could be significantly reduced if cases were settled rather than tried. Despite many attempts to promote settlement procedures, Greek citizens still choose to solve their legal disputes in court (Koussoulis). Justice Konstantinos Koussoulis of the Supreme Administrative Court attributes this disregard for out-of-court settlement to the Greek tendency to refuse compromise. While it would be difficult to bring about enthusiasm for the practice, the judiciary could take various actions to encourage the use of settlement. Improved procedures, such as reduced fees or priority hearing dates, could be implemented to provide incentives to litigants, attorneys, and judges to resolve cases without going to trial.

Another factor contributing to the backlog and the inefficiency of the courts is the low expense of litigation (Koussoulis). In 2009, the litigation fee was a mere 15 euro and the average award of court expenses in Mitsopoulos and Pelagidis' 100-case sample was only 1,161 Euro (2010, p. 28). Greeks tend to look to the courts for solutions, creating unnecessary work for the judiciary in cases that could be solved elsewhere (Tsakyrakis; Koussoulis). To discourage frivolous litigation and promote out-of-court problem-solving methods, court fees should be increased appropriately.

Not only is the quantitative performance of the courts inadequate, but the qualitative performance is often deficient as well. Greece lacks a strict practice of common law. Lower courts tend to create their own rulings, which frequently conflict with previous higher court verdicts on similar issues. As Professor Philomila Tsoukala of Georgetown University Law Center remarked, "Who knows what outcome you will receive when you go to court?" These inconsistencies in rulings encourage citizens to take their problems to the courts and appeal unfavorable first-instance verdicts (Mitsopoulos and Pelagidis, 2010, p. 18). In a 1999 study, F. Andrew Hanssen discovered a positive mathematical relationship between this uncertainty of judgments and the rate of litigation (as cited in Mitsopoulos and Pelagidis, 2010, p. 22).

Mitsopoulos and Pelagidis also suggest that the rise in appeal rates may be correlated with a decline in the quality of first-instance court decisions (2010, p. 18).

In addition to contributing to the growing caseload, inadequate judicial verdicts result in other problems as well. An unpredictable judiciary could deter cautious investors who feel insecure about the legal protection of their assets and fear the possibility of being caught in legal disputes (Embassy of the United States). Citizens recognize the unreliability of the judiciary, and this awareness adds to their distrust of the court system and the Greek government as a whole.

Mitsopoulos and Pelagidis cite insufficient organization, excessively burdensome procedures, and severe restrictions in the way legal services are supplied as factors that impact the quality of judicial decisions (2010, p. 18). Hence, in order to improve the quality of verdicts, measures should be taken to reorganize the judiciary, simplify court processes, and remove unnecessary and extreme barriers. Requiring lower courts to follow precedents set by higher courts, and establishing a custom of common law, will improve the consistency of judgments across all courts.

The poor quality of judgments is often a result of inexperience. Judges lack both adequate general training and instruction in contemporary subjects (Tsakyrakis). To become a judge, a Greek must pass an exam and attend a School for Judges and Prosecutors. The maximum age for entrance to this school is forty, so the majority of judges start young (Tsakyrakis). Graduates enter the public sector directly without attending law school or having any real-world law practice, experiences that could develop their abilities to make informed, educated decisions. Judges are not elected but are appointed by presidential decree and are therefore less accountable to the public. With no procedures for quality control, the system allows judges to do very little yet earn respectable pay and pensions. Advancement of their careers is almost guaranteed by seniority rather than skill, clearance rates, or quality of decisions (Tsakyrakis). These practices do not typically encourage a strong sense of commitment and dedication to the position.

Buscaglia and Dakolias found that level of pay does not significantly affect judicial performance. Therefore, simply raising salaries will not improve the quality and efficiency of judges (as cited in Mitsopoulos and Pelagidis, 2010, p. 19). There is evidence that non-pecuniary factors, such as measuring performance, fostering accountability, and advancing caseload management, will improve judicial performance (Mitsopoulos and Pelagidis, 2010, p. 19). Therefore, the judiciary should implement methods for performance assessment. A responsible party, such as the judicial oversight board, should observe and analyze assessment data. Prospects of promotion are also shown to affect the behavior of judges; consequently, performance data should be more significant as criteria in promotion considerations than the simple number of years of experience (Mitsopoulos and Pelagidis, 2010, p. 19).

To cultivate better judicial performance, Greece should also improve schools and training programs for judges. A study in Pakistan conducted by Matthieu Chemin found that a major training program for judges both quickened the judicial process and boosted productivity, resulting in a GDP increase of approximately 0.5 percent, whereas the program itself cost only around 0.1 percent of GDP (as cited by Papaioannou, p. 13). Similarly, wider curricular requirements and higher test standards would reduce the number of decisions formed on limited knowledge and the delays caused by lack of judicial familiarity with the subject matter. Elias Papaioannou, an economics professor at Dartmouth College, suggests that the curriculum include topics such as modern corporate finance and accounting practices, competition issues, and stock-market fraud so judges can better address contemporary commercial disputes (p. 13).

Revising the eligibility requirements for judgeship is another possible improvement to the system. In the United States, it is customary for judges to obtain their Juris Doctorates first and then work as attorneys before running for judicial positions. Following this model would allow Greek judges to gain valuable legal experience. Elections would establish accountability to the citizens and require judges to perform well in order to be reelected.

According to Justice Koussoulis, ineffective controls on judges' performance should be a main concern. Furthermore, an independent judiciary is vital to promoting impartiality and guarding against the influence of undue external political pressures. Consequently, courts self-regulate by maintaining their own oversight boards, or judicial councils. These judicial councils are responsible for administrative measures such as the observation of court proceedings and the promotion and discipline of judges. In Greek administrative courts, judges with at least two years of experience in their appointed positions are eligible for random selection to the judicial council for terms of one year.

The council is essential to a well-functioning judiciary but has many shortcomings. Judges on the council retain the same amount of casework as non-members of the council and therefore lack ample time to devote to council responsibilities (Koussoulis). Not only do they have insufficient time, but judges picked for the council also may not desire the position. Since selection is by chance, board members do not necessarily care about the job and therefore may not apportion it proper attention. In addition, the one-year terms disrupt routine and continuity. These deficiencies in the council may easily go unnoticed since there is no mechanism in place to monitor its operation.

The structural inadequacies of the judicial councils need to be addressed. If reorganized, these councils could improve the overall efficiency of the judiciary through increased accountability of judges and better monitoring of corruption. Justice Koussoulis proposed changes such as establishing four-year terms for members and instituting an election process. Elections would better ensure the qualifications of judges and their dedication to the council. Koussoulis also recommends decreasing the caseload for judges who serve on the council so that they can focus more attention on the responsibilities of the council position. If these measures are implemented, the council will be staffed with well-qualified judges who will have the means and motivation to devote time and effort to the position.

While an obvious solution to some of the judiciary's problems is to employ more judges, a 2008 report ranked Greece eighth of forty-

seven countries in a judge-to-population ratio, which suggests that the nation already has an adequate number of judges (Tsakyrakis). The lack of ample administrative support staff, however, can delay judicial processes. When judges are required to complete paperwork and other clerical tasks, it adversely affects their productivity by shifting their time away from deciding cases (Koussoulis; Mitsopoulos and Pelagidis, 2010, p. 19). A study by Buscaglia and Dakolias confirms that time spent by judges on administrative activities correlates with lower clearance rates, whereas time spent on adjudicative tasks is strongly associated with an increase in clearance rates (as cited in Mitsopoulos and Pelagidis, 2010, p. 35). Moreover, this lack of support staff delays the release of verdicts in Greece, the publication of which are typically released at least six months after cases are decided (Papaioannou, p. 2).

While hiring more judicial assistants, clerks, and other administrative personnel would require a slight increase in government spending, it has the potential of reducing both the backlog and lengths of trials significantly. Another solution is to invest in and implement new technologies to speed up administrative work. Papaioannou believes computerization and IT are desperately needed in the courts. Court-specific websites that provide real-time information on court schedules and hearing times will ease confusion among lawyers and plaintiffs (Papaioannou, pp. 11–12). Buscaglia and Dakolias found that capital infrastructure, such as case-management systems, is typically inexpensive and has been found to improve clearance rates (as cited in Mitsopoulos and Pelagidis, 2010, p. 35).

Until recently, the Greek legal profession was among about 70 professions that were regulated by the government, a practice that severely impeded competition in these fields (Daley). One regulation index on the ease of market entry for lawyers named Greece the most restrictive of all European Union countries, ranking it well above most other nations in the study (Mitsopoulos and Pelagidis, 2010, pp. 20–21). Factors such as pricing of services, advertising, location, diversification, business forms, intra-business cooperation, and intra-professional cooperation were all regulated in some way by the Greek government.

Paradoxically, Greece sets low requirements for lawyers in terms of education, practice, and examinations (Mitsopoulos and Pelagidis, 2010, p. 20). To attend law school, graduating high school students must pass a test that essentially assesses their ability to memorize a study book (Tsoukala). They then study for four years and take the bar exam. The combination of this education and regulation established a standard of lower quality legal services at higher costs. To maintain income and maintain steady workloads, lawyers actively seek clients and encourage lawsuits. This practice results in unnecessary trials and adds to the growing backlog.

In their 2010 publication, Mitsopoulos and Pelagidis argued for deregulation of the legal profession in order to increase competition and improve efficiency (p. 33). Regulations restrict market competition and make attorneys obligatory for certain legal procedures, essentially creating a fixed income for law professionals. With encouragement from the European Union and the International Monetary Fund, the Greek government passed a law in early 2011 to open all closed professions. However, lawyers remain a powerful force in society and have heavily protested the law. To date, not much has changed in the practice of the legal profession (Embassy of Greece). The elimination of barriers will help improve both the quality of justice and the economy. Also, to coincide with the reduction of business restrictions, stricter education requirements should be placed on lawyers.

Many opportunities exist for lawyers to act unethically. Greek lawyers are notorious for tax evasion and have been known to lie to clients in order to augment the demand for their services (Savvides; Mitsopoulos and Pelagidis, 2010, p. 28). Corruption among judges, due to lack of experience and accountability, combined with the Greek public-sector apathy, is also a problem. Disreputable judges can delay the process to extract bribes from litigants (Sotiropoulos). A 2008 study found that 25 percent of public officials were breaking the law (Sotiropoulos). Although statistical data about dishonest judges is scarce because requesting information from disciplinary courts is illegal, the U.S. Department of State described the Greek courts as “ripe with corruption” (Sotiropoulos; United States Department of State).

The public also feels that judges are more likely than not to be corrupt (Ellis). The judiciary must solve the corruption problem in order to gain public trust and improve the effectiveness of the courts. To discourage corruption, the overview councils should actively search for and punish corrupt judges. Training programs on ethics could help judges and lawyers avoid ethical violations. Enhancing transparency would also prevent corruption; e.g., Papaioannou recommends mandatory posting of trial progress information online (p. 12).

Social Implications

An inefficient judiciary negatively impacts more than just the courts. Both economic and social progress are hindered by a justice system that cannot resolve disputes or enforce laws effectively (Dakolias, p. 1). Not only do the shortcomings of the judiciary affect the public trust, but they also violate European Court of Human Rights’ sanctions and deter investment.

Greece faces a vast problem with political legitimacy (Tsoukala). There is an overall lack of respect for the law, which Maria-Luisa Chavez, a representative from the United Nations, believes may stem from reactions to past military dictatorships. Civil disobedience is common (Tsoukala). Workers are constantly on strike; many people do not pay tolls and park their automobiles wherever they wish. The nation has a considerable problem with tax evasion, and some businesses attempt to hide their profits (United States Department of State). These clear violations of the law often go unpunished, resulting in continued criminal behavior, social acceptance of crime, and encouragement for others to break the law (Embassy of Greece).

Representatives from the Greek Embassy in the United States believe that public distrust of government is the biggest obstacle to economic growth. Tsoukala observes that Greek citizens need to cooperate with the government in order to achieve the best economic results, but struggle to do so because they lack trust in the institutions. The Greek government needs to find a way to secure public trust in order to implement new policies successfully. This trust is virtually impossible to gain without reform of the judiciary.

To gain the trust of the citizens, the courts need to process cases quickly and consistently. Similar cases should result in similar verdicts so that the affected parties can predict and rely on probable outcomes. The courts should also increase transparency and actively work to reduce corruption. Cutting the length of time between initial filing and publishing of the verdict would better ensure citizens' rights to a speedy trial. The ECHR considers lengthy trials likely to undermine public confidence (European Court . . . , p. 3).

Between 1999 and 2009, the ECHR declared that in Greece, approximately 300 judicial proceedings, the majority of which concerned the administrative courts, were excessive in length (European Court . . . , p. 1). It deemed this violation of Article 6, Section 1 of the European Convention on Human Rights, the right to a fair trial within a reasonable time, a "chronic problem in the country." In 2010, the ECHR decided to issue a pilot-judgment due to the urgent need of providing all Greek citizens with rapid and appropriate redress (European Court . . . , p. 3). Recognition of the problem by the ECHR confirms the general low confidence in the Greek judiciary.

Not only do these violations negatively impact public perception of the courts, but they also hurt Greece financially. The ECHR ordered Greece to establish a remedy and implement compensation for trials of excessive length and to do so within a year of the judgment. In the particular case in which they passed pilot-judgment, the ECHR awarded the ten plaintiffs €14,000 each, plus an expense cost of €2,500 (European Court . . . , p. 4). All cases in Greek courts now face potential fines, and the opportunity to collect this monetary penalty could act as an incentive for citizens to bring unnecessary cases to court (Tsakyrakis).

Economic Implications

The ECHR's fines for excessively lengthy trials are insignificant compared with other economic implications of an inefficient judiciary. For example, Tsakyrakis blames the courts for Greece's widespread tax evasion. Laws for taxation exist; they simply need to be implemented more efficiently (Embassy of the United States). It is a function of the judiciary to penalize tax

evaders for both justice and deterrence. Journalist Tamis Ellis suggests that a few widely publicized convictions of well-known individuals for tax evasion could deter other likely offenders. Greece desperately needs the revenue from taxation, and the courts should be utilized to help in securing it.

In addition to the trouble with tax evasion, the nation has a severe problem with its business climate. The World Bank's "Doing Business 2012" ranked Greece 100 out of 183 economies for the overall ease of doing business. This places Greece well below the other OECD high-income countries, whose average rank was 29 (World Bank Group, p. 7). The Ministry of Foreign Affairs recognizes that Greece is a poor host for big business, and the U.S. Embassy calls Greece's business environment the most difficult in Europe (Hellenic Ministry of Foreign Affairs; Embassy of the United States).

While the laws themselves are an impediment to business, their enforcement is also a barrier. Economists recognize the significant effect on economic activity of a predictable, speedy, and consistent judiciary. Richard Messick, Co-Director of World Bank Thematic Group on Legal Institutions, states that a judicial system promotes economic growth by enforcing property rights, checking abuses of government power, upholding the rule of law, and, most importantly, enabling exchanges between private parties (p. 2).

A study by Stefan Voigt finds a significant relationship between judicial accountability and per capita income (p. 95). He believes that people who do not trust the courts to protect their property rights are less likely to create wealth. Less wealth means less tax revenue for the state. Furthermore, high levels of uncertainty in judgments are associated with lower aggregate investment, economic growth, and income. Voigt claims that if the judiciary acts effectively as a neutral arbiter, more business contracts will be made and, consequently, aggregate investment will increase and the economy will expand (p. 101).

Data to substantiate these theories are often hard to define and collect, but recently more empirical evidence is being reported that supports these claims (Mitsopoulos and Pelagidis, 2011, p. 55). For example, Matthieu Chemin finds in his study of India that an

inefficient judiciary strongly impedes economic outcomes (p. 249). Surveys of firms in 69 nations have shown that the majority of businesses cite legal uncertainty as a major barrier to business operations (Mitsopoulos and Pelagidis, 2011, p. 55). The World Bank has found that the level of investment and overall economic performance correlate with confidence in government institutions (Messick, p. 4).

Legal restitution in Greece is slow and often provides ineffective remedies. Long delays can easily put a small company out of business; this situation could be a serious problem for a nation where 96 percent of its enterprises employ ten or fewer workers (Kitsantonis, p. 1).

An inconsistent, unreliable judiciary discourages contractual business interactions. Contracts reduce the risk involved in business deals by making them legally binding. If legal resolution is frequently delayed or ineffective, contracts lose value. Companies may be hesitant to enter into contracts knowing that a lawsuit for breach may take years to work its way through the courts to final restitution. The party that fulfills its obligations first essentially has no assurance of performance by the other party. Inefficient enforcement of contracts then allows for unfair post-contractual opportunistic behavior of one party (Chemin, p. 231).

If courts are not trusted, then companies are forced to rely upon reputation when conducting business. Transactions then tend to occur only between established, reputable businesses, making it hard for new enterprises to enter the market successfully (Klerman, p. 3). Companies would attempt to maintain their current relationships instead of searching for new business partners (Chemin, p. 241). To connect with new partners, businesses may rely on intermediaries or simultaneous exchanges. To avoid risky contractual relationships altogether, firms may perform all necessary operations in-house instead of contracting services out.

Free-market trade is constrained by this reliance on reputation or intermediaries, restraint on fair competition, and vertical integration, consequently resulting in a defective financial system. Studies have shown that all of these methods result in higher transaction costs for businesses (Messick, p. 3). Econo-

mist Oliver Williamson believes that a “high-performance economy” contains a large number of long-term contracts, which are not found in states with ineffective judicial systems (as cited in Messick, p. 3).

A weak judiciary may also adversely affect credit. Courts act as outlets for creditors to collect on debt. With a slow-moving system, borrowers are more inclined to default, knowing that creditors have no quick or easy remedy. This insecurity compels creditors to be more cautious in loaning, reducing the availability of credit (Chemin, p. 241). A study by Jappelli, Pagano, and Bianco demonstrates that increased judicial efficiency reduces credit rationing and thus expands lending (p. 240). The judiciary’s failure to enforce repayment of debts restrains economic growth and innovation.

Ranked 155 out of 183 countries in investor protection, Greece struggles to stimulate domestic investment and attract foreign investors (World Bank Group, p. 58). This low investor confidence can be attributed in part to the inconsistent decisions of the court and the fear of legal disputes (Embassy of the United States). Not only is this lack of investment a problem in and of itself, but businesses are also forced to find ways to counteract this deficiency. To secure funding, a company may offer favorable contractual terms to prospective investors, thereby limiting its own potential for economic gain.

Aware of the financial impacts of judicial systems, the World Bank has been giving support and providing loans since 1993 to countries where judicial reform is needed for economic development (Messick, p. 1). With this program, the World Bank is working to improve judge selection, evaluation, and discipline; to speed up the processing of cases by implementing better management and IT systems; to expand access to alternate methods of dispute resolution; and to improve judge- and lawyer-training programs for inclusion of more ethics and contemporary areas of law (Messick, p. 5). While Greece is not currently part of this program, it would benefit from these reforms.

Conclusions

Currently in Greece, problems are not addressed until they are obtrusive (United States

Department of State). While the government seeks greater efficiency, its priority at the moment is to cut the deficit (Savvides). However, in order to prevent relapse, Greece also needs to take measures to encourage long-term growth. To achieve a prosperous future, the country needs to improve its business climate vastly and create an environment that welcomes both foreign and domestic investment. Simply revamping the laws and regulations will be ineffective unless the system that enforces them is also improved. With the current inefficiency and ineffectiveness of the courts, new policies will have little impact.

The major problems with the court system cannot be solved simply through additional funding and resources, but there are some relatively simple fixes that could make significant improvements to the judiciary. Most of these changes would cost little, if anything, and would greatly improve the efficiency and

effectiveness of the courts. Greece should work to cut the trial lengths and increase the consistency of verdicts. Better training for both lawyers and judges would help to enhance quality and reduce corruption. Information technology should be implemented to help with administration and add transparency to the proceedings.

A nation's laws and their enforcement have a strong impact on both public trust and the business climate. Citizens look to the courts for fair and speedy trials. Businesses and investors need to trust that the laws intended to protect them will do so. Currently, Greece's court system, which is meant to safeguard businesses through contractual enforcements and conflict resolutions, is actually a barrier to businesses and the nation's overall economic growth. In order to solve these problems, Greece should make judicial reform a priority during these crucial times.

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