

Samaras Seeks to Finalize Austerity

Coalition Still Shaky as Mil. and Civilian Workers Strike

By Andy Dabilis
TNH Staff Writer

ATHENS – Greek Prime Minister Antonis Samaras hopes to give international lenders a finalized blueprint of \$14.6 billion in new spending cuts to keep bailouts coming were sidelined when his reluctant coalition partners balked over mass firings, and as a first wave of protests and strikes against austerity measures saw workers – including uniformed military officers – take to the streets.

Protesters carried banners “No to the financial collapse of local authorities” and “We will not pay for the crisis, we did not create it.” Among the 3,000-strong crowd were several mayors, including Athens Mayor Giorgos Kaminis.

The New Democracy Conservative chief failed to persuade PASOK Socialist leader Evangelos Venizelos and Democratic Left head Fotis Kouvelis to bend to demands from the Troika of the European Union-International Monetary Fund-European Central Bank (EU-IMF-ECB) to accept more harsh measures. The Troika has insisted on the conditions in return for a pending \$38.8 billion loan installment – the last in a first series of \$152 billion in rescue loans – and a second bailout of \$173

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NYU Prof. Economides On the Crisis

By Constantine S. Sirigos
TNH Staff Writer

NEW YORK – Politicians and economists do not appear to spend much time together outside the office. All that wrestling over what the numbers mean and what to do about them leaves them wanting to decompress with their own kind, most likely preferring different bars and entertainment. Even when they agree, as in the need for cuts in Greek government spending, their world views are perpendicular.

Greek-born economist Nicholas Economides disagrees with the horizontal across the board salary cuts the Greek coalition government is pursuing to

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St. Demetrios in Jamaica's Possible Tax, Code Violations



The Parsons Discount Store owned by the St. Demetrios parish which, is at the center of the problems facing the Church.

Conflicting Audit Reports Spark Gen. Assembly Donnybrook

By Theodore Kalmoukos
TNH Staff Writer

JAMAICA – St. Demetrios Greek Orthodox parish in Jamaica seems to be in trouble for not paying taxes on a discount store it owns and also for violating building codes.

The news was first published by the New York Post on September 10th. TNH has learned that the Attorney's General Office is conducting its own investigation into the Church's properties and business.

The New York City Buildings Authority has alerted the parish about building violations many times, as documents obtained by TNH and the Church's own audit report indicate. The parish probably owes hundreds of thousands of dollars to the IRS and to New York City.

Parish Council President Fay Pappas and Bishop Andonios of Phasiane, Chancellor of the Greek Orthodox Archdiocese of America, who is fully aware of the situation, have not responded to TNH's request for comment. Presiding Priest Konstantinos Kalogridis said that “what we do as a parish we do it with responsibility and clean conscience. We are doing very well as a parish. I have nothing else to say, I am going to do an Agiasmo at the school.” Kalogridis promised to resume the conversation with TNH after the Agiasmos service but never did.

The crisis came to a boil at the August 26 General Assembly, where screaming and yelling and even spitting took place, Assembly members told TNH. The Audit Committee comprised of Chris Andreas, Helga Gadjis, and Spero Manas had been elected last year to conduct an audit. The Committee, however, was split in two: Manas went on his own and Andreas and Gadjis worked together. Andreas is a former IBM executive. He has dealt extensively with issues of ecclesiastical administration and he has

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Haeda Mihaltzes Key in Mayor's Administration

By TNH Staff

NEW YORK – As the eldest of four children in a Greek immigrant home, Haeda Mihaltzes probably intuited what her job would be as soon as she put down her baby bottle for the last time: she would be the family's director of communications and try to make the world a better place for her siblings, later her friends, and now, as Mayor Michael Bloomberg's Director of Intergovernmental Relations, for just about everyone.

“It's all about building bridges and relationships,” she said. She learned some of that earning an economics degree and a Master's

in Public Administration at Fordham University, but also in her community, the Church of the Zoodohos Peghe in the Bronx, and at home.

Yes, she is Greek. “Did you see the Greek flag at my desk,” she asked when TNH visited. There was no time, but one doesn't have to go to her desk – Mihaltzes herself is the Greek flag she waves. Bloomberg often refers to Mihaltzes urging him to support one Greek cause or another, the rebuilding of St. Nicholas as Ground Zero not least among them.

Both her of her parents are from Naousa in Macedonia. Her mother arrived in the United

States at 17, the oldest of seven children, to live with her first cousin in Washington Heights. After seven years she returned to Greece – married Mihaltzes' father (whom she had known before she had immigrated) and she returned to Washington Heights with him.

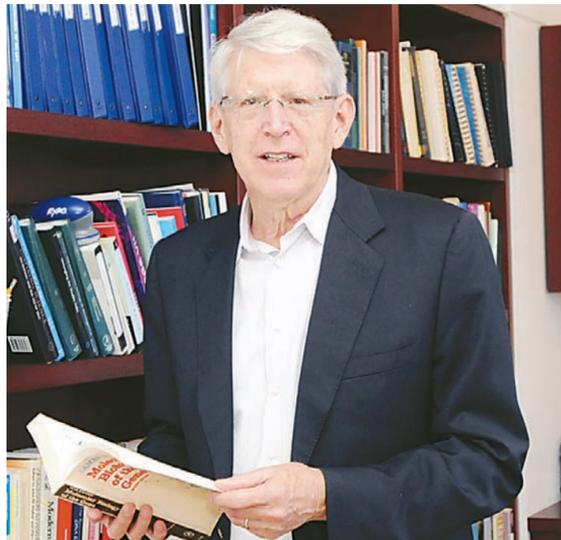
Mihaltzes is the first of four children. When her second sister was born the family needed a bigger home so they moved to the Pelham Bay in the Bronx. After being members at the St. Spyridon Church, her family became very involved at Zoodohos Peghe.

She attended public and private schools and Greek afternoon

school at Zoodohos Peghe – or “ZP” as she and many of the locals call it – which she loved. She looked forward to Greek school and is happy when she sees her old teacher during visits to Florida. Her Greek is excellent, but she said, “sometimes I wish I paid more attention and learned more grammar.”

She is making up for it now. Mihaltzes and her husband George read TNH's parent newspaper, the Ethnikos Kirikas, every day to practice. They also try to get to Greece as much as possible and plan to visit there this Christmas.

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Dr. Maniatis Honored by Lasker Foundation

Tom Maniatis, PhD, a professor of biochemistry at Columbia University. He will receive the 2012 Lasker-Koshland Special Achievement Award in Medical Science. Story on page 5.

HACC Greek-American Fashion Show

By Sophia S. Huling
TNH Staff Writer

Donna Karan, Calvin Klein, and J. Crew have nothing on Angelo Lambrou, Lia Kastanidi, Angelo Lambrou, and Tatiana Raftis.

The Hellenic American Chamber of Commerce Young Professionals Network, a subgroup of the Hellenic American Chamber of Commerce (HACC), held its first fashion show on September 7 to coincide with Mercedes Benz New York Fashion Week, a high-profile event featuring the Spring 2013 collections of dozens of internationally-known designers.

A standing-room-only sell-out audience crowded the Midtown Loft and Terrace on Fifth Avenue and 29th Street, in the heart of New York City's Garment District. The event displayed the Spring/Summer 2013 collections of the four

young designers of Greek heritage, who hail from as nearby as Queens and as far away as South Africa.

HACC Vice President and Chairman of the Fashion Design Committee, Taso Pardalis, was thrilled to be hosting the group's first fashion event.

“This is the first year of the Hellenic American Fashion Week, and we hope it's going to be a yearly show,” Pardalis said. “We're here to promote these designers, to showcase them. I'm really excited about this event; I feel it's one of the greatest events I've ever participated in.” The demand for tickets, he said, was “almost double the capacity” of the space, which he said holds 300 people.

Pardalis said Koula Sophianou, Consul General of the Republic of Cyprus in New York, introduced him to the first designer, Angelo Lambrou.

“Once we met the first one,

we started meeting more, and we realized they didn't know each other, and we didn't know them! So we got them all into a room and decided to put on this show for them.”

Production Manager Eva Pardalis (no relation), who is also the director of technical design for Diane Von Furstenberg, got the famous designer to donate a substantial gift bag to the event's silent auction. She said “pop-up fashion shows” such as this one have become a trend because of the lower cost, drawing a different type of crowd, and giving younger designers who are struggling to be noticed a chance to shine. The typical cost for a fashion show: hiring models, purchasing accessories (especially shoes), renting the space, sending out invitations, and arranging for photographers, music, and food, is far

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Pictured: Joseph R. Ficalora (left), President & CEO of New York Community Bancorp, Inc. and Spiros J. Voutsinas (right), President & CEO, Atlantic Bank.

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German Envoy Travels through Greece Building Alliances, Not Lecturing

By Nicholas Kulish
The New York Times

RHODES, Greece — To long-suffering Greeks, German officials embody the diktats from abroad that have deepened their country's descent into insolvency and depression. Listening to Angela Merkel, Germany's Iron Chancellor, her tough-talking finance minister or the uncompromising head of the Bundesbank, it often feels like a game of bad cop, worse cop, worst cop.

Now Ms. Merkel hopes to reverse the spiral of recrimination that has unraveled the bonds between the two countries. Her handpicked emissary, Hans-Joachim Fuchtel, a deputy labor minister and member of Parliament, is willing to try almost anything to mend relations, even riding a bicycle through a ballroom at a banquet with local officials here last week.

The bicycle was a gift from his hosts with an implicit message: Greek workers and businesses manufacture products that Germans want. Mr. Fuchtel — a jovial, brass-band-loving Black Forester who bears a resemblance to the actor John Goodman, but with the added touch of curly brown hair — knew when the time for talk had ended and the moment to pedal had arrived. He went for a short spin to the delight of the crowd.

By boat, by plane, by bus and ever so briefly by bike, Mr. Fuchtel, the man the daily *Sueddeutsche Zeitung* called Ms. Merkel's "secret weapon," has zigzagged around Greece building strategic partnerships between municipalities that, if successful, would make the ailing country a bit more efficient and perhaps a little more German.

Mentoring and the exchange of know-how are hardly enough

to pull Greece's economy out of a deep and protracted recession, of course. But the hope is that they can serve as models for the future, despite all the uncertainty surrounding the prospects for the country and the euro zone.

The European Central Bank took a significant step on Thursday to hold the Continent's debt crisis in check by announcing a plan to purchase vast quantities of Spanish and Italian bonds to prevent their borrowing costs from soaring to unsustainable levels. Yet the next challenge to the crisis-fighting strategy already looms, with the German Constitutional Court ruling on the constitutionality of the euro zone's permanent rescue fund on Wednesday.

Meanwhile the dreaded "troika" of major foreign lenders to Greece — the European Union, the European Central Bank and the International Monetary Fund — is back in Athens, scouring the country's balance sheet to see if demands for spending cuts have been met.

"The big problem of the economic situation the last two years is you only hear about sacrifices and penalties, what we did wrong," said Andonis V. Cambourakis, president of the hotel association here on the island of Rhodes. "You need to look forward, to hope."

Advice from German city managers about waste management or solar panels won't add to Greek economic growth in the near term. Many projects are still out of reach for cash-strapped communities, or difficult to achieve with Greece's multifarious bureaucratic restrictions.

But that shouldn't stand as an excuse for doing nothing, Mr.



German deputy labor minister and member of Parliament Hans-Joachim Fuchtel.

Fuchtel said. "We have to get the stone rolling," he said. At every stop on his most recent trip he cited the wisdom of Albert Schweitzer, the philosopher, doctor and missionary, telling his Greek partners, in his thick Swabian accent, "The little you can do is a lot."

Mr. Fuchtel exhibited empathy for the difficult situation Greeks find themselves in. He grew up in humble circumstances and worked from a young age. He said that his first job was catching snails for escargot when he was just 6, money he reinvested to buy a trap for moles.

Unlike some of his countrymen, Mr. Fuchtel has demonstrated that he understands the importance of symbolic gestures, particularly after the bat-

tering Greek pride has taken in recent years. Through a translator, he regularly talked about how he served delicious Greek wine to guests at his 60th birthday this year or how he had driven around Greece as a student in a Volkswagen.

"I believe we needed such a baroque figure," said Dietmar Metzger, a member of the delegation Mr. Fuchtel brought to meet with Greek counterparts last week. "A cold technocrat wouldn't work. That would just strengthen the stereotypes. He breaks them."

Mr. Metzger is the head of international development for the Dekra Akademie, a major provider of job training. He says Dekra is working on setting up pilot training programs in several Greek cities. The company

is also designing a module for kindergartens and grade schools to begin teaching children the importance of recycling, something of a German obsession. Both will come at no cost to the Greek government.

On Mr. Fuchtel's latest hectic romp through the country, he toured a port and three wineries, shook hands with an orthodox priest in front of the Pietris bakery in Tripoli and met the Greek sculptor of a monumental statue depicting the mythical Europa and Zeus.

Not everyone has welcomed Mr. Fuchtel with open arms. Before his visit to Crete this summer a picture circulated showing him as a paratrooper, part of the German invasion of the island in 1941. "Fuchtel you are not wanted," it read. "No subjugation."

"I don't see how this is different from the Nazi occupation and the lackey Greek government," said Antonis Prokopoulos, 57, out for a walk in downtown Athens while Mr. Fuchtel was meeting with Prime Minister Antonis Samaras. Though many Greeks still don't know Mr. Fuchtel by name, his fourth visit in just a few months has raised his profile.

"I've been cursed for developing the relationship, with people asking how I can work with the Germans while they suck our blood," said Yiannis Boutaris, the mayor of Thessaloniki, known himself for being a bit unconventional. "The Germans aren't trying to force anything on us. They're opening the door and letting us go through, which a lot of Greeks have yet to understand."

Before the debt crisis, relations between Germany and Greece were relatively good. Germans enjoyed traveling to

Greece for vacation and extolled the same relaxed lifestyle they now so often deride. In the 1950s and '60s, Greeks were among the earliest guest workers to take advantage of Germany's booming export economy. Now they blame the hypercompetitive regional giant for muscling out their own manufactured goods.

The atmosphere has been further poisoned by anti-Greek sentiment in the German news media, including an infamous suggestion that Greece sell the Acropolis and its islands to pay its debts. Greek taunts about Germany's Nazi past and demands for war reparations completed the picture of mutual dysfunction.

Mr. Fuchtel tries to work on the relationship one city at a time, all while playing the goodwill ambassador. On his trip last week, his days often began shortly after dawn and ended well past midnight, as he traveled all the way from Rhodes, near the Turkish coast, to Corfu, almost at the heel of the Italian boot.

During his final dinner in Corfu, Mr. Fuchtel, who once masterminded a camel race in Berlin, rattled off his latest off-the-wall ideas, including a televised cooking program with a German chef and a Greek chef, and exhibiting Greek contemporary art in 40 shows across Germany.

It was not a Marshall Plan, but it was a vision for nurturing the relationship. "It's like a plant," Mr. Fuchtel said, hands crossed over his belly as he leaned back in his chair, "and the plant is growing tremendously."

Dimitris Bounias contributed reporting from Athens.

Prof. Nicholas Economides on the Crisis: Fire the Incompetent Workers First

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fend off fiscal catastrophe. Economides says the cuts must be vertical: rather than cutting wages a bit for all existing workers, it is time to fire the least efficient and competent ones. In a discussion with TNH, he illuminated both the most obvious and subtle elements of the Greek crisis.

First, it must be noted the Greek deficit is huge and requires drastic measures. In the face of skeptical European officials, recalcitrant coalition partners and a far-left opposition that appears to be from another planet, Prime Minister Samaras is trying to reduce or even eliminate the public sector deficit by cutting government expenditures, including wages, and collecting more revenue, especially by overcoming tax fraud.

There are some positive developments. Economides is not aware of any new administrative structures in the tax collection area, but he says the government seems to be more aggressive in imposing prison sentences. Still, "it's hard to see how it will work out because the judicial system is very slow in Greece." The cases will take years to resolve, but the man who looks at theory and practice has a solution.

He advocates creating new courts, dedicated to taxes that would work faster than the other courts, which might take years to fix. "I have proposed it and discussed it with people in the government. Is the government going to implement that? Not that I know of." He added "every government has its priorities and I don't think this is a priority at this time."

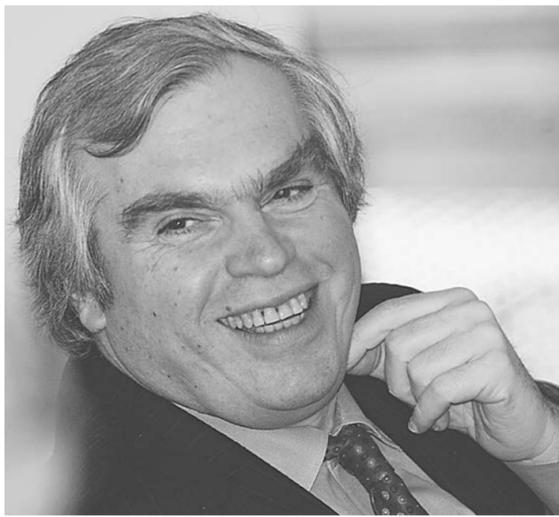
Economides knows Greece very well and his credentials are impeccable. He studied mathematical economics at the London School of Economics and earned master's and PhD degrees at the University of California — Berkeley in economics. He taught for a number of years at Columbia University and at Stanford, before arriving at New York University's (NYU) Stern School of business. At this time he is a visiting professor at Berkeley's business school.

His official NYU biography notes he is "an internationally-recognized academic authority on network economics, electronic commerce and public policy."

Other structural reforms that Greece's partners have demanded would take time to implement even under ideal circumstances, but there is also tremendous public pressure not to do them from various interests groups.

Change has begun, however, making labor and the so-called close professions like pharmacies taxi drivers more flexible. He acknowledged that some of the issues are puzzling to outsiders. For example, when outsiders walk down the street in Athens or Thessaloniki there seem to be pharmacies.

To illustrate the situation, he said he recently spoke with a pharmacist's assistant in Down-



Distinguished NYU Economics professor Nicholas Economides.

town Athens who is ready to open her own store, but she could not because she has to buy a license from another pharmacist and it costs half a million euros, which she cannot possibly obtain.

That price alone implies there are that there are not too many pharmacies. Rather, there are too many restrictions to doing business in that profession. "If they weren't making money they would not be able to pay so much for their licenses. She will therefore move to New York and work at a friend's pharmacy."

He also noted the economic distortions that result from pharmacists the state guaranteeing they can sell drugs at a profit of 15 percent or more.

He gave another example. "Until last year pharmacists had a monopoly on selling baby formula. When the government decided to allow grocery stores to sell it — as is the case all over the world — the pharmacists went to court and obtained an injunction. "There are crazy distortions [throughout the economy] in Greece, but there is also a lot of resistance to change from the groups making money from ... they all go on strike: lawyers, pharmacists, even policemen and judges go on strike."

Regarding the horizontal wage cuts, he said, "First of all it is very discouraging to whoever is a decent civil servant. Why should he be paid less because someone else is not working?" Second, it's inefficient. The government must find out which civil service sector jobs are no longer needed and eliminate them."

He added that individual civil servants are not evaluated seriously. He said they should be, and those who are incompetent should be fired. It is much better to fire 50,000 people than cut the wages of 800,000.

As an intermediate measure, he agrees with the Troika proposal that some workers be moved into a labor reserve status. They will receive 60 percent of their salary for a year despite not

working, but then they will be terminated. Despite opposition in Greece, he says "It will happen... it is being implemented."

Even so, these will mainly people who are older and close to retirement. The decisions will not be based on rational evaluations of people's performance.

He stressed common sense dictates that in any large organization there are people who are not doing their job well. "There must be a way to cut some of them, rather than cutting everyone's wages, and their pensions." He stressed that old people do not have alternatives that younger people have.

All of the coalition parties have agreed, however, that the cuts should be horizontal. "And the parties who are out of power don't want to have any cuts...its totally impossible. Without cuts [the state] goes directly to bankruptcy."

Economides does not believe the six-day week proposal reported by the media last week is a serious consideration. He pointed out "there is a huge difference between the public and private sectors in Greece. In the private sector people already work six and seven days a week and they work hard."

The serious current discussions revolve around the role of the European Central Bank. Last week it agreed to buy bonds of three years or shorter durations of certain countries. That will lift the burden on countries like Spain and Italy. "It's a good measure...it will work well for a few months, and then we will see if something more is needed."

He said the complete solution would be to create Eurobonds, pooling the debt of all 17 Eurozone members, but Germany is still opposed. "Unless the German government changes I don't see it happening at all."

EUROVISION? CHANGE THE CHANNEL FIRST

He said it is important to understand these are not so much Greek problems as issues for Europe as a whole and the question is how Europe will move for-

ward. "You need far-seeing leaders to implement that, and I'm afraid that the present leaders in Europe are not of the appropriate caliber."

He explained it is hard to have a common currency without a fiscal union, and it is hard to have the latter without large transfers of funds between states and regions. In the United States, wealthy states like New York and California subsidize poorer states like Louisiana and Arkansas, but it happens behind the scenes and right now Germany refuses to subsidize the poorer states.

He does not believe it was a mistake for Greece to join the euro, however. "Greece got cheap money for a decade, which was great for development. That they didn't make the most of it is a different issue."

"The fact they did not make the structural changes were a problem." He said the ministers who warned about deficits were fired by the Prime Ministers, but that is not a recent phenomenon.

"Over the last 25 years, the government failed to confront groups that were opposed to those changes. You have groups of people who can stop any change...that is the problem."

BLAME? NOT JUST THE LEADERS

"It's not just a problem of leadership. If they had enough people behind them the changes could be made, but for a long time the vast majority the of people were not siding for a long time with the modernizing forces. Now maybe they are, who say look at the mess we are in maybe we must make these changes."

He believes part of the problem is that Greece became too tolerant. "There are a few hundred people who burn the place down whenever they feel like it and in a place as small as Greece it is inconceivable the police don't know who they are. Everyone knows everyone."

He said, however, that because society is small, the problems can be fixed. It just needs determination by the government. "It's not so hard, just put them in jail," he said

He also believes that people are so upset about the wage cuts and job losses, most are now willing to support the criminalization of tax evasion.

He agrees with those who say what must be overcome in Greece is the mentality that people can do everything they want without being caught or punished irrespective of what the law says, and that applies to both rich and poor.

"When they see people burning down buildings and nothing happens, they say an I'm not going to pay one euro for the bus... if law and order has fallen apart so much, what is the big deal if I make a small violation."

He believes Samaras is doing the right things by moving forward on privatization and the cuts, even though they should be vertical and not horizontal.

He said the prime minister's one challenge will be to respond

to the opposition on the left when they resort to demonstrations.

The other major challenge is to hold coalition together.

He believes getting the Troika to acknowledge that he is doing the right things is a major achievement. He is confident that in return they will extend the deadlines on the measures.

WHAT IS TO BE DONE
What Economides wants to see immediately is more investment in Greece.

Economides says the issue for jump starting the economy is not the state of the structural reforms but the natural hesitation of private investors. People willing to invest in Greece are thinking it's better to hold off for a year or two until the situation stabilizes, or things become cheaper.

"Samaras is working to make the business climate better, but a signal is needed from foreign countries, especially the EU, through investment in Greece," he said and wants to see Samaras push more for public investment, especially from EU countries.

He said Greece should propose to EU countries to undertake bilateral investment in key sectors in Greece: renewable energy, etc. in which Germans are interested in anyway. "That will signal to private investors that since others are taking risks, maybe we should also," he said.

Economides acknowledged

that part of the issue is the terrible press Greece has been receiving. He believes that it would be good if groups in the diaspora were to finance public relations endeavors to counter the falsehoods and distortions in the media, "but it is not a substitute... even if that were happening, the Greek government needs its own PR."

"I don't know if the Greek government employs a public relations firm abroad. If they don't, they definitely need it. They need to have an international firm represent them to the world, especially in Europe...There are positive stories in Greece but they don't come out."

He continues, "the Greek government needs to have a campaign in Europe in all kinds of places." In response to the statement that the Greek government does not have money for that, he declared emphatically: "No. That's not true." He said "The amount of money we are talking about is trivial. We are talking about a state. Of course they have the money. The problem is they don't have the management resources... they don't have enough people in the government who are smart enough or have enough hours in the day to do these things. They have plenty of money — they are a state. They borrow and lose billions every day."



AP PHOTO/THANASSIS STAVRAKIS

Greece Beats Lithuania 2-0 In World Cup Qualifier

Greece's Sotiris Ninis, right, and Lithuania's Egidijus Vaitkusnas during the World Cup 2014 group G qualifying soccer match at the Karaiskaki stadium in Piraeus port, near Athens, Tuesday, Sept. 11. Greece beat Lithuania 2-0 for its second straight win in World Cup qualifying on Tuesday.