The modernization of State as a Condition for Development and Investments' Attraction

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It is generally accepted that private productive investments constitute a valuable reinforcement for every economy and especially for the economies of small countries, countries which suffer from public burdens (loans etc) to third parties and countries that lack flexible administrative system (in central, regional and local level).

The reinforcement is probably of great importance, if the available capitals come from abroad, irrespectively of the Investors' citizenship.

Because the direct foreign private productive investments, as underlined in relevant surveys,[1] result, under certain of course circumstances, a series of important benefits for the each National Economies, such as:

Direct cash flow, new technology adoption, exploitation of local staff, improvement of payments' balance in the country that receives capitals, imports' substitution and unemployment reduction.

The issue gets of greater importance, if the capitals inflow is based on a «steady» program or on the basis of intergovernmental agreements that anticipate determined amounts in predetermined time periods, such as the Greek Plan for the Economic Reconstruction of the Balkans.[2]

In both cases, the investment atraction will eased if the country that receives investments secures and ensures, in the long term, certain conditions, such as political stability, cleat and coherent legal framework for economic activity, «unobscured» working environment, effective Public Administration etc.

It is underlined that the last condition, namely the effective Public Administration is condicio sine qua non for the successfou outcome of an investment attempt.

Because, as highlighted in relevant survey, articles[3] etc, «the financially "healthy"Foreign (and Local) Investor/Businessman (the one, that interests an economy like the Greek one), is usually interested not only for the motives and the economic

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1. N.B. B. DELITHEOU: The legal state of protection of foreign capitals and development investments in Greece, Athens, 1996, p. 61.

2. N.B. K. ATHANASSOPOULOS, B. DELITHEOU, Greek Private Investments in Balkan Countries and the Greek Plan for the Economic Reconstruction of the Balkans. Athens. second edition. Febr. 2005. Based on 2000-2006 Plan for donating the sum of 50.000.000 Euro in Albania 20.000.000 Euro in Bosnia-Herzegovina, 55.000.000 Euro in Bulgaria, 70.000.000 in Rumania, 250.000.000 in Serbia-Montenegro and 75.000.000 in FYROM.

3. N.B. M. GKIOKAS: Aricles and Interviews. Athens, 1999, p. 8.

subsidies that will be offered (as enticement) for investing in a specific country, but for an effective, prompt, flexible and uncorrupted Public Administration, as the one found in developed countries as well».

Greek Public Administration is often accused of ineffectiveness and insufficient staffing.

Irrespectively of the accusations, regarding the investment activities of every financial unit in Greece and, especially, those that come from abroad, it is of vital importance to establish such administrative mechanisms that will reduce the completion time of an investing procedure as well as the great number of documents and the implicated relevant responsible or not Public Services etc.

DIRECT FOREIGN INVESTMENTS 2002-2005				
	2002	**2003**	**2004 (P)**	**2005 (E)**
AUSTRALIA	17,7	9,7	42,0	-36,8
AUSTRIA	0,4	7,2	3,7	8,9
BELGIUM	15,6	32,1	42,1	23,7
LUXEMBURG	115,2	90,3	77,3	43,7
CANADA	22,1	7,6	1,5	33,8
CHEZH REPUBLIC	8,5	2,1	5,0	11,0
DENMARK	6,6	2,6	-10,7	5,0
FINLAND	7,9	3,3	3,5	4,6
FRANCE	49,1	42,5	31,4	63,5
GERMANY	53,6	29,2	-15,1	32,6
GREECE	0,1	1,3	2,1	0,6
HUNGARY	3,0	2,1	4,7	6,7
ICELAND	0,1	0,3	0,7	2,3
IRLAND	29,4	22,8	11,2	22,8
ITALY	14,6	16,4	16,8	19,5
JAPAN	9,2	6,3	7,8	2,8
KOREA	2,4	3,5	9,2	4,3
MEXICO	18,3	14,2	18,7	18,1
NETHERLANDS	25,1	21,8	0,4	43,6
NEW ZEALAND	-0,3	2,0	4,4	2,8
NORWAY	0,7	3,8	2,5	14,5
POLAND	4,1	4,9	12,4	7,7
PORTUGAL	1,8	8,6	2,4	3,1
SLOVAKIA	4,1	0,6	1,1	1,9
SPAIN	39,2	26,0	24,8	23,0
SWEDEN	11,7	1,3	-1,9	13,7
SWITZERLAND	6,3	16,5	0,8	5,8
TURKEY	1,1	1,8	2,8	9,7
UNITED KINGDOM	24,1	16,8	56,3	164,5
USA	80,8	67,1	133,2	109,8
TOTAL OECD	**572,5**	**464,8**	**490,9**	**621,7**

Source: OECD, P: Present Data, E: Estimations. The amount are in USD dollars.



Beyond the desires of the involved parties, such as the Greek Industries Association, for improvements,[4] there is the recorded experience of other countries, such as the Denmark and Ireland etc, where, for an investment activity, only three days of work and five documements of public services are required. Also in these countries, the transactions between the stete and the private investors are based on the principle of equality. This means that in the aforementioned transactions the former does not claim the state imperium, such as not settling its debts to private investors, with the overdue rate.

Given the relevant data,[5] the modernization of state machine is necessary and urgent, especially under the current unfortunate circumstances.

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4. The Greek Industry Association, for example has recently requested via its President Mr. DASKALOPOULOS the establishment of economic Constitution, in order to promote the business activity, competitiveness etc.

5. Based on the data of Ministry of Economics the first half of the current year, 2.119 investments plans of a 4.200.000.000 total budget were under approval in the relevant Public Services. 1241 of total budget 1.900.000.000 were approved. The anticipated new work positions are 6.224.