

George Bitros and Anastasios Karayannis: creative crisis in democracy and economy

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The book by Professors Bitros and Karayannis appears at a period when it is very actual, because of increasing economic uncertainty after recent events in Cyprus, and increasing euroscepticism due to the perception among many EU Member-States like Italy, Spain, Greece, Ireland, Portugal, Romania, Slovenia, Cyprus etc. that the EU lacks democratic procedures and justification. Thus, Bitros and Karayannis show the strong links between the economy and democracy, arguing that democracy is endangered when the economy faces a crisis, that democratic rights are linked to the protection of property rights, which again seem to be under attack in various ways all over Europe, be it in the form of “haircut” of bonds also for individual bond-holders (the Greek PSI), haircut of deposits (Cyprus), the very high income tax rate of 75 % (in France, which did not come through) or high property taxes (in all memoranda Member-states, but also Italy, Spain, etc.).

The authors start with a presentation of the Athenian Democracy, continuing with Classical democracy discussing issues concerning property rights in the writings of the classical economists starting with A. Smith, and arriving at modern democracy.

Here, they critically analyse issues such as social democracy, the growth of the state sector, deficits and debt, globalisation, the revival of the ideas of classical democracy, European Unification prospects emphasizing the re-introduction of forms of direct democracy, like bottom up referenda (after citizen’s initiatives) and the recall procedure in a widening member of states all over the world.

In the last two chapters they discuss the future and the New Welfare State, and the case of contemporary Greece. It is a very valuable and well-argued book, shedding light on many contemporary issues. One may disagree on some of its aspects, but this is all the more reason to read it and take issue on the fundamental question it raises, and the policy suggestions it makes.

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