



A GROWTH AGENDA FOR THE GREEK & EUROPEAN ECONOMY

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The Greek austerity program (1/2)

- a) fiscal adjustment 15% of GDP or 30 billions Euros
 - 20 of them in cuts on public expenditure
 - 10 in increasing taxation
- b) absorbing of smaller banks by 4 systemic banks and a recapitalization program which has used 39 billion (out of 50).

The Greek austerity program (2/2)

c) structural reforms program:

- liberalization of the labour market
- opening of professions
- removal of state regulations on business according to OECD

d) privatizations and long term leasing of public land managed by TAIPED

Why did the austerity program fail (1/3)

- fiscal adjustment too extensive, too intensive and too much front loaded
- privatization scheme out of context as Greece had a record of privatizations back in the 90s
- already highly flexible labour market particularly in the service sector
- opening of certain professions: already price regulated by the state

Why did the austerity program fail (2/3)

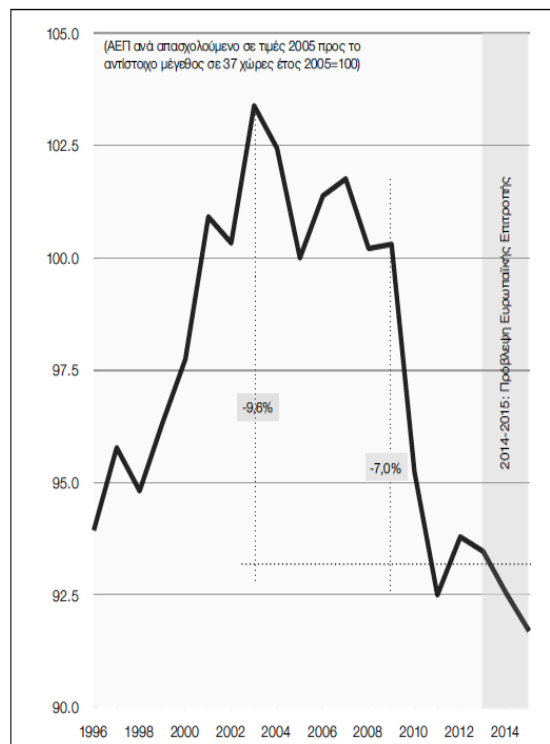
- no real progress in public administration:
 - still misfunctions between public and private sector
 - highly oligopolistic structure of many sectors of the economy.
- Result: fiscal adjustment together with collapse of wages led to
 - a huge recession and in addition to
 - the explosion of public debt

Why did the austerity program fail (3/3)

- In the following slides some results of the austerity program are presented
 - Labour productivity
 - Disinvestment
 - Unemployment
 - Wages vs Unemployment
 - Imports vs Exports
 - Price competitiveness

Labour Productivity

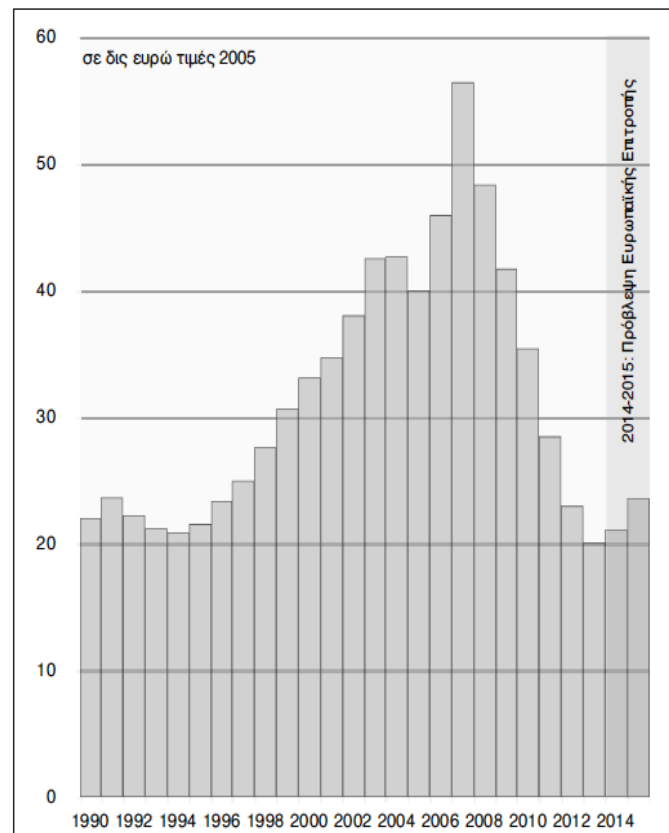
Παραγωγικότητα της εργασίας σε σύγκριση με 37 προηγμένες χώρες (1996-2013
και πρόβλεψη 2014-2015)



Πηγή: Annual Macroeconomic Database, Ευρωπαϊκή Επιτροπή.

Disinvestment (gross fixed capital formation)

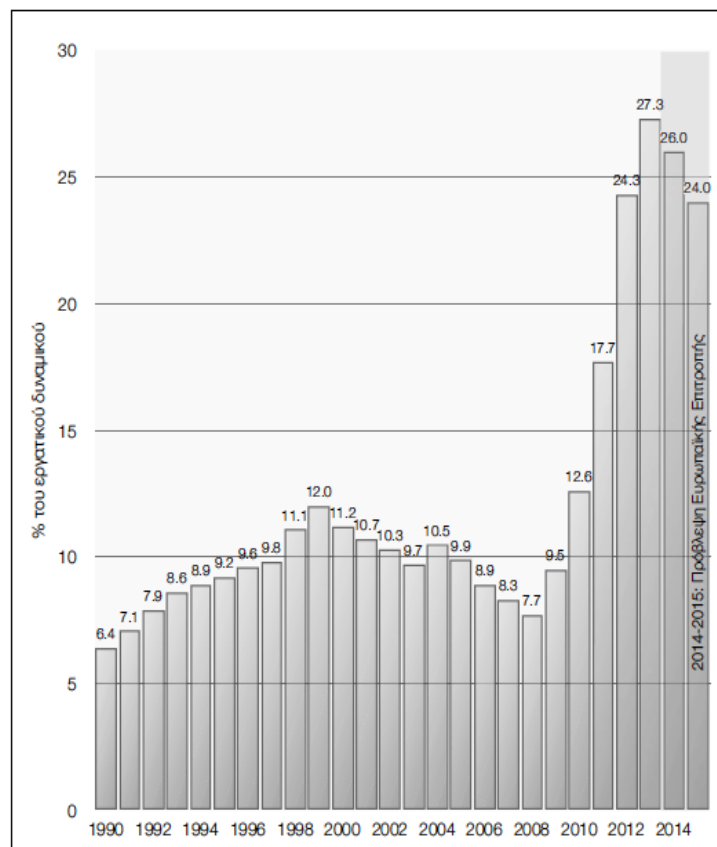
Ακαθάριστες επενδύσεις παγίου κεφαλαίου σε σταθερές τιμές
(1990-2013 και πρόβλεψη 2014-2015)



Πηγή: Annual Macroeconomic Database. Ευρωπαϊκή Επιτροπή.

Unemployment rate

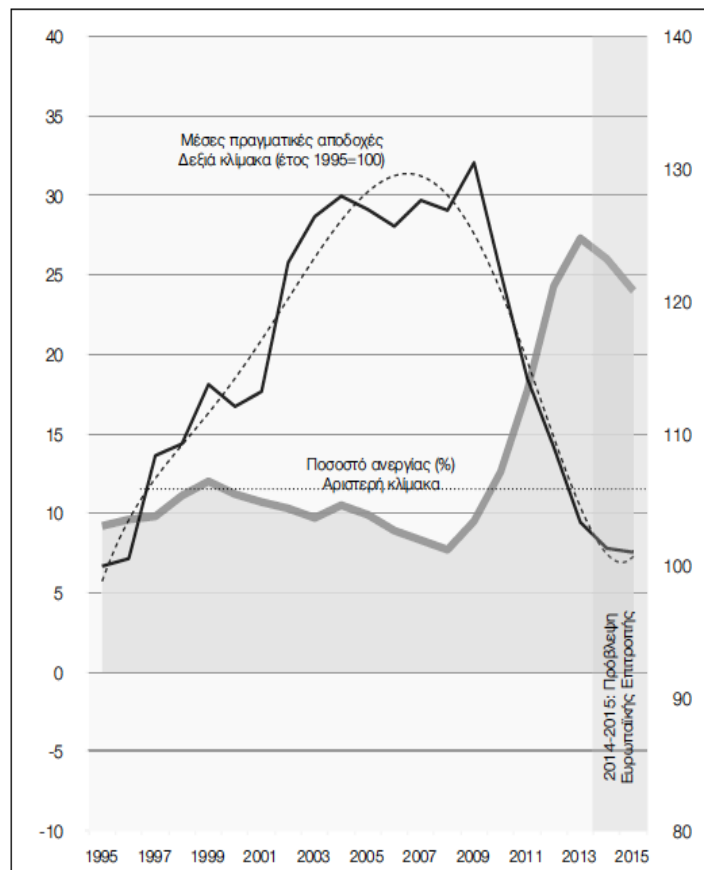
Ποσοστό ανεργίας (άνεργοι % του εργατικού δυναμικού)
(1990-2013 και πρόβλεψη 2014-2015)



Πηγή: Annual Macroeconomic Database, Ευρωπαϊκή Επιτροπή.

Wages vs Unemployment

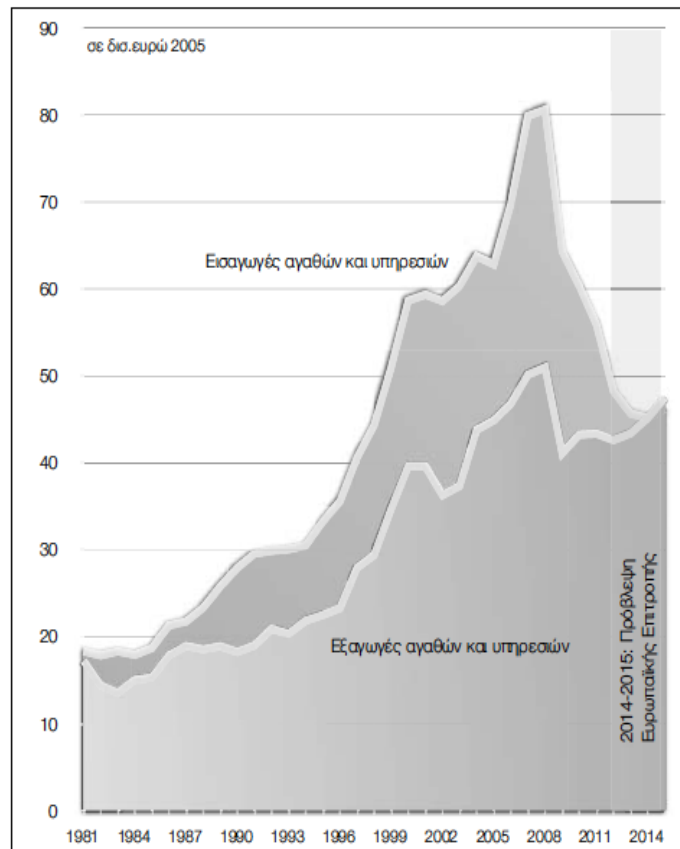
Πραγματικές μέσες αποδοχές και ποσοστό ανεργίας
(1995-2013 και πρόβλεψη 2014-2015)



Πηγή: Annual Macroeconomic Database, Ευρωπαϊκή Επιτροπή.

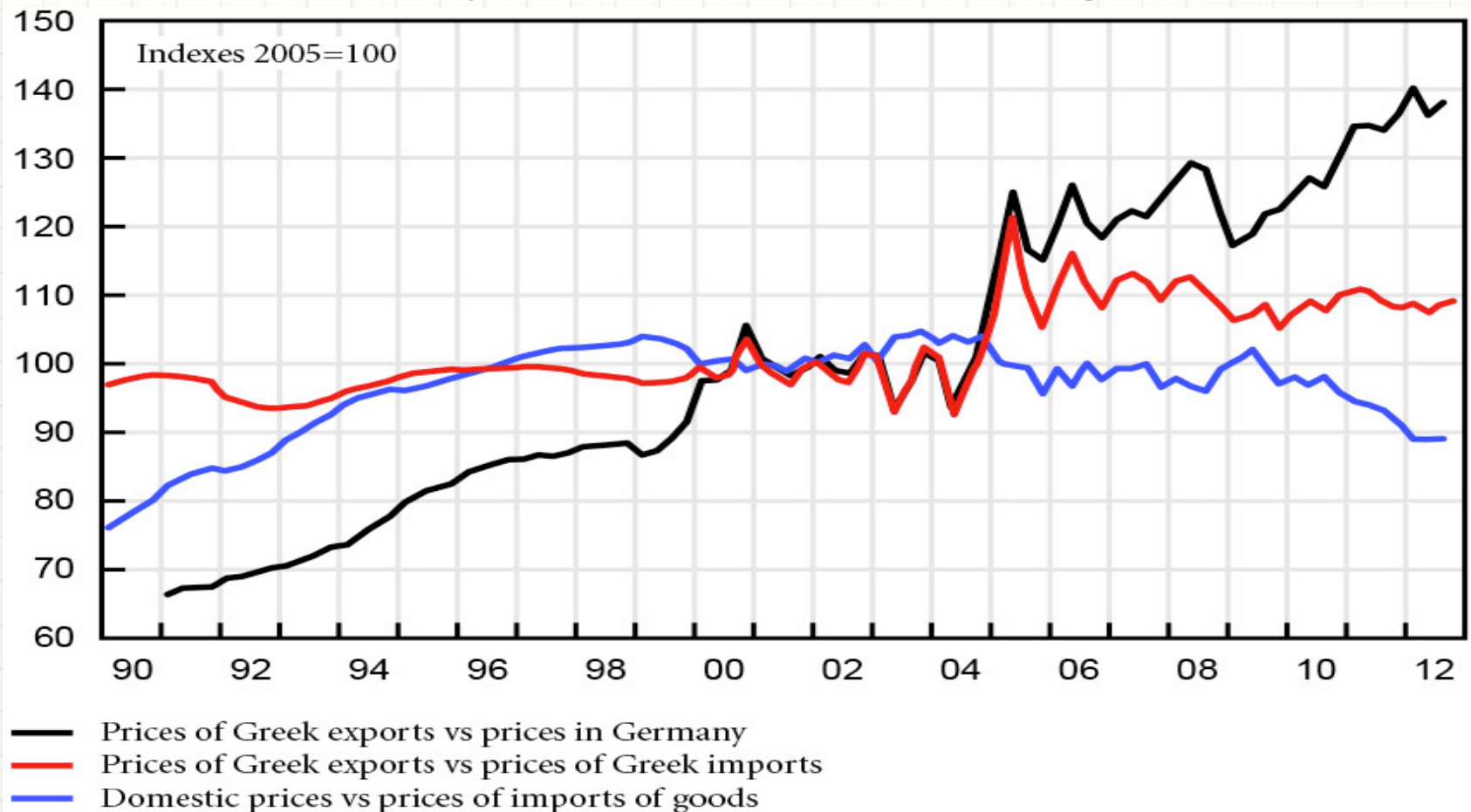
Balance of payments (Imports vs Exports)

Εξαγωγές και εισαγωγές αγαθών και υπηρεσιών σε σταθερές τιμές
(δισ ευρώ 2005, 1981-2013 και πρόβλεψη 2014-2015)



Πηγή: Ameco Database, Ευρωπαϊκή Επιτροπή.

Price competitiveness for goods



Sources: Eurostat, Elstat, Levy Institute

Main Concerns

- Fiscal Gap - Unattainable goals from privatizations, Sluggish Growth, Disinflation trend in European Economy
- Financial Gap – up to 15 billion euro, 11 billion still available by the ESM
- Stability of the Banking Sector – overdebteness of business and households

SYRIZA's proposal for debt restructuring

- Revising of lending agreement
- Moratorium of debt-service
- Restructuring of public debt by 'haircut'
- Growth Clause
- Issuing of Eurobonds and/or ECB buying of national bonds
- The partial exclusion of the recapitalization fund of the Greek banking sector from public debt

SYRIZA's growth agenda for Greece

- Tax reform
 - Fair tax system
 - Fight tax evasion
 - Investment motives
- Growth initiatives
- Public investment exclusion from deficit calculation

SYRIZA's fiscal plan

- Balanced budget
 - Expenditures stabilization at 44% (EU average 45%)
 - Expenditures reallocation (social justice)
 - Increasing ratio between direct & indirect taxes
 - Improvement of tax collection on wealth
 - Fight underground economy

SYRIZA's plan for banking sector

- Banking management (by GFSF)
- Private debt restructuring (deleveraging)
- Special purpose development banking sector
- Micro-financing
- Legal framework & funding for Social Economy Sector

SYRIZA's State sector major reforms

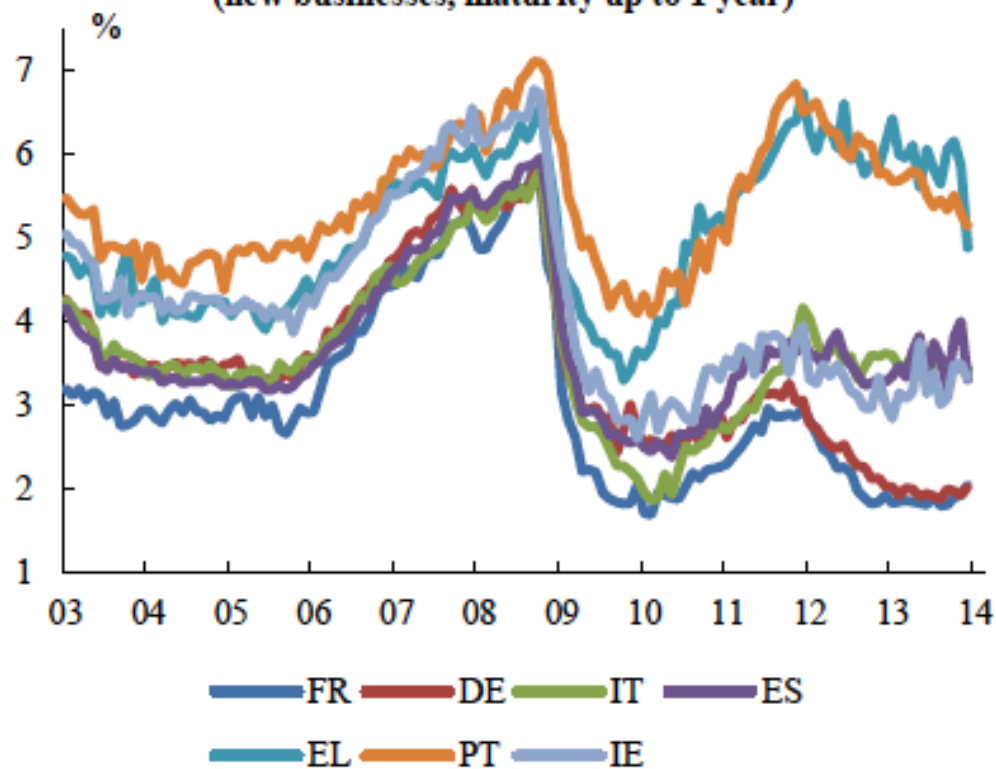
- National plan against corruption (first priority)
- Efficient use of state sector human resources
- Efficient public social services for all citizens
- Fight corporate red tape & clientelism (one stop shop services, fight “shadow transactions”)
- Citizenship for more immigrants

European Context

- In the next two slides:
 - Interest rates imbalance (main cause of competition handicap of greek business)
 - Current-account balances in Euro area (structural imbalance of Euro area economy)

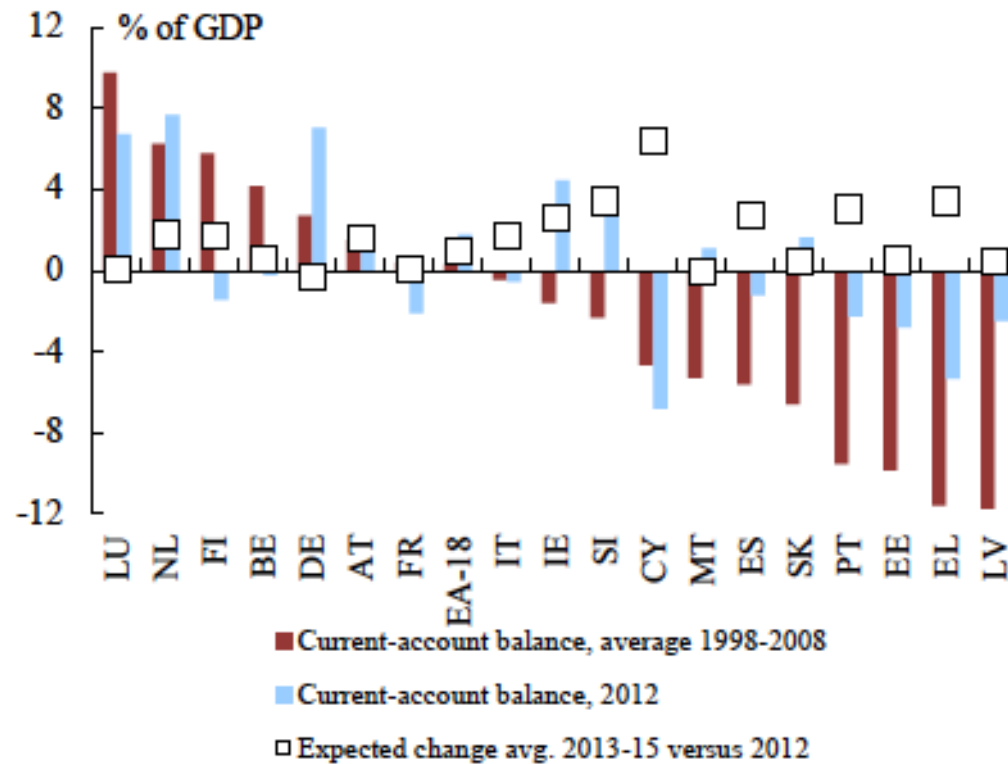
Interest Rates

*Graph I.3: Interest rates on loans to enterprises
(new businesses, maturity up to 1 year)*



Current Account Balances in Euro Area

Graph I.4: Current-account balances, euro area and Member States



European Context

- Proposed Solution:
 - Major policy change is needed (New Deal-style reforms)
 - Fiscal and monetary policies combined
 - Revision and/or easing of stability and growth pact
 - Co-ordination policies to tackle the balance of payments issue
 - Growth Agenda (targeted investments funding)