



ΠΑΝΕΠΙΣΤΗΜΙΟ ΠΕΛΟΠΟΝΝΗΣΟΥ
ΣΧΟΛΗ ΚΟΙΝΩΝΙΚΩΝ ΚΑΙ ΠΟΛΙΤΙΚΩΝ ΕΠΙΣΤΗΜΩΝ
ΤΜΗΜΑ ΠΟΛΙΤΙΚΗΣ ΕΠΙΣΤΗΜΗΣ ΚΑΙ ΔΙΕΘΝΩΝ ΣΧΕΣΕΩΝ
ΠΡΟΓΡΑΜΜΑ ΜΕΤΑΠΤΥΧΙΑΚΩΝ ΣΠΟΥΔΩΝ «ΜΕΣΟΓΕΙΑΚΕΣ ΣΠΟΥΔΕΣ»

Θέμα

Θα μπορούσε η Ευρωπαϊκή Ένωση να προβλέψει και να αποτρέψει την ανθρωπιστική κρίση στην Ελλάδα; Οι υιοθετημένες στρατηγικές, αποτελέσματα και μελλοντικές προσδοκίες για την ελληνική περίπτωση.

Αναστασία Χοτρούδη

Κόρινθος, Μάρτιος 2016



UNIVERSITY OF PELLOPONNESE
DEPARTMENT OF POLITICAL SCIENCES
AND INTERNATIONAL RELATIONS
MASTER PROGRAM IN MEDITERRANEAN STUDIES

Subject

Could EU foresee and prevent the humanitarian crisis in Greece? The adopted strategies, results and future expectations for the Greek case.

Anastasia Chotroudi

Corinth, March 2016.

Table of contents

Περίληψη _____	v
Abstract _____	vi
1. Introduction _____	1
<i>The designed program for Greece</i> 4	
2. The Greek case, a comparison with the well known American depression in 1929 _	4
3. Greek misreporting and the new euro currency _____	6
4. Memorandums and the partners. Europe was caught unprepared. _____	7
4.1 The supportive role of IMF. _____	8
5. The adopted strategy, the path to be disputed _____	9
6. The Greek program, measures pushing the dynamic to recession. _____	11
7. Greece’s administrative reforms _____	12
8. A glance at other countries enforcing memorandums. What’s wrong with Greece? _____	14
9. The Greek paradox. _____	16
<i>Humanitarian crisis appears</i> 16	
10. View of people in Greece after the adopted memorandums _____	16
11. Social fatigue and political consequences, the question of reforms _____	19
11.1 Social fatigue _____	19
11.2 Resisted reforms, tax evasion, corruption _____	20
11.3 Greek spring _____	21
12. European stance versus others _____	23
13. Humanitarian crisis almost in Greece _____	25
14. Formal indicators revealing the humanitarian crisis _____	27
14.1 Labor law ineffectiveness _____	27
14.2 Suicide rates _____	28
14.3 Unemployment rates _____	30
14.4 Youth unemployment _____	33
14.5 GDP per capita _____	34

15. Greek debt undeterred _____	35
16. Suggested reforms that could start the engine for tired Greek economy _____	38
16.1 Tourism. _____	38
16.2 Contribution from healthy shipping companies and the budding dispute. _____	38
16.3 Capital investments and investment climate _____	39
16.4 Restoring liquidity for banks, recapitalization and prospects _____	39
17. Conclusion _____	43
18. Bibliography and references _____	46

Acknowledgements: *I would like to thank my spiritual mother Efrosini and my real mother Maria for providing me moral support. I would also like to thank my brother Harris for his advice and technical support. Finally a great thanks goes to my professor P. Liargovas for his advice, his patience and his distinctive guidance.*

Περίληψη

Λέξεις κλειδιά: Οικονομία, ύφεση, Ε.Ε, Δ.Ν.Τ., ανθρωπιστική κρίση, ανάκαμψη

Η ελληνική οικονομία χτυπημένη από την παγκόσμια οικονομική κρίση του 2007 δεν έχει ακόμα ανακάμψει. Συνεχόμενα ελλείμματα και συσσωρευμένο δημόσιο χρέος το 2009 συμπλήρωσαν την απογοητευτική εικόνα της Ελληνικής οικονομίας. Η Ελλάδα ήταν η πρώτη χώρα που απευθύνθηκε για οικονομική ενίσχυση στους ευρωπαϊούς εταίρους της οι οποίοι βρέθηκαν απροετοίμαστοι. Πραγματοποιείται για πρώτη φορά η συνεργασία Ε.Ε και Δ.Ν.Τ. για να τεθεί υπό έλεγχο η οικονομική κρίση που πέρασε σε ευρωπαϊκό έδαφος. Οι φόβοι περί μετάδοσης της κρίσης επιβάλλουν την ανάγκη δημιουργίας θεσμών. Υποστηρίζουμε ότι το Δ.Ν.Τ. χρησιμοποιείσαι ένα παραδοσιακό πρόγραμμα λιτότητας χωρίς να λάβει υπόψη την ανομοιογένεια των ευρωπαϊκών μελών καθώς και τις δομικές τους διαφορές προκειμένου να προσαρμόσει το πρόγραμμα. Αυτό είχε ως αποτέλεσμα να αποτύχει η διαδικασία με την Ελλάδα με κίνδυνο μια ανθρωπιστική κρίση να ξεσπάσει. Όφειλε τόσο Ε.Ε όσο και Δ.Ν.Τ. να προσέξουν τις αδυναμίες της Ελληνικής οικονομίας και να παράσχουν μία εναλλακτική αναθεωρημένη πρόταση όταν η Ελλάδα μπήκε σε δεύτερο κύκλο ύφεσης. Ωστόσο θεωρούμε ότι υπάρχει ακόμα χρόνος για αναδιάρθρωση της οικονομίας, περιορίζοντας την ύφεση και ανοίγοντας το δρόμο για την πραγματική ανάκαμψη.

Abstract

Key words: economy, recession, EU, IMF, humanitarian crisis, recovery

Greek economy hit by the global financial crisis in 2007 fell into deep recession and has yet to recover. Continual deficits and accumulated public debt in 2009 drew a completely disappointing picture for Greek economy. Greece was the first European member to apply for financial assistance to its European partners that were caught unprepared. EU and IMF cooperated for the first time in history to solve financial turmoil that entered European region attacking members' economy. The fear of a possible contagion was spread rapidly and there was an emergency for supporting institutions. We argue that IMF applied a traditional program without taking into consideration the heterogeneity and structural differences of European members separately so as to adjust the program. That resulted to an unsuccessful process for Greece, with a potential risk for a humanitarian crisis to start. IMF and EU did not pay the needed attention to the Greek weaknesses and did not provide an alternative or a revised theory when Greece run a second round of deep recession. Nevertheless there is still time for reconstructing effectively the economy, limiting the recession and opening the path to real recovery.

1. Introduction

The outburst of economic crisis in Europe that simply followed the American crisis of 2007 found EU unprepared. Protection mechanisms for the new euro currency should have been constructed and enforced in case of emergency. On the contrary in Europe there was optimism especially after the first years of euro launching and almost nobody took the responsibility to create a supporting mechanism¹, in case of a crisis.

As a result, taking into consideration that crises are not unexpected², European Union should have created protection mechanisms rather at the beginning of the euro releasing. Euro was a strong currency that could be better attached to strong-wealthy countries where their economies had managed to keep a stability or progress the last decades.

That does not mean that Greece last decades had not progressed but it was always related to her own currency and had internal correlation mechanisms to affect inflation, markets and exposition. It was a growing economy carrying many faults hidden. After Greece has adopted the euro currency lost the ability to watch its own economy. Euro additionally was a new currency much unknown and much stronger related to Greek drachma. Before the EMU, large fiscal deficits led to higher interest rates warning the country to watch the borrowing process. Those market signals were almost muted by the monetary union and countries such Greece had no tools to fight these conditions.³ Moreover, Greece as other south European countries had no experience of handling such type of currencies compared to Germany, Italy, Netherlands, and Finland for example.⁴

Furthermore, the macroeconomic surveillance in a monetary union was rather complicated. This without doubt did not mean that there were no numbers depicted. The weaknesses of southern economies were indicated but controlling mechanisms did not work in proper way as to correct for example interest rates. When markets realized that should not regard all EMU countries equal safe, accumulated deficit for Greece, Spain and Italy had already taken place. This kind of tolerance can be explained also because it served the economic circle of production and consumption⁵ between north and south as much as there was no crisis on the table.

¹http://ec.europa.eu/economy_finance/explained/the_financial_and_economic_crisis/why_did_the_crisis_happen/index_en.htm last visited 10/01/16.

² The institutional euro area's architecture may have contributed to the crisis. There was limited flexibility to adjust to asymmetric shocks because members have lost monetary policy independence. Members could no more use the exchange rate tool in order to coordinate their imbalances. <http://www.bankofgreece.gr/BogEkdoseis/SCP201328.pdf> last visited 10/01/16.

³ The Euro and European economic conditions Martin S Feldstein, November 2011

⁴ <http://www.alpha.gr/tools/euroconvert.htm> last visited 10/01/16.

⁵ J.Milios and D Sotiropoulos. Crisis of the Greece or crisis of the euro? Journal of Balkan and near Eastern studies, September 2010. The peripheral countries had increased consumption having simultaneously higher inflation rates and easier borrowing access. Northern countries like Germany boosted productivity by lowering wages, decreasing inflation leaving this way less space to other economies to develop.

Crises are inevitable and the question who can take measures for avoiding contagion and how strong or affected weak economies will react is under question. European Union as a whole created stabilization mechanisms only after the crisis had taken place. In the meanwhile crisis had the advantage to proceed and affect both other fields of economy and countries.

Additionally there is another matter to be discussed which is the way the stabilization mechanisms were built, for what reason. Were they invented to prevent the crisis from escalating, or to support the existed infected fields and countries?

Because the operation of the whole mechanism depends on the purpose for which it has been built. If it is constructed for financial assistance then there is recognition that a weak partner is supported and the demands are related to its strength and to its particular situation. In this case, support should not have the typical conditions or prerequisites that have loan contracts because the inability of the partner is due to known insufficiencies highlighted from a developing crisis.

Moreover despite excessive conditions may take place, exit from The European Monetary Union is not allowed. It is counted as a threat of its entity. European Union expanded its first core values⁶ peace, unity, solidarity, respect of national identity, security creating a monetary union that would provide its citizens a common identity, a euro identity. Maastricht criteria and rules were launched for members that respectively applied for Monetary Union. That was the EDP (Excessive Deficit Procedure) that called for a $GDP \geq 3\%$ and government debt⁷ $\leq 60\%$. That was feasible for Greece that time but it should remain until the euro currency was launched, because the sanctions would continue to apply for members that do not comply with.

Nevertheless, the fact of not compliance or exiting the Monetary Union was not examined. Members that do not comply with the rules automatically become a threat for the Union which is immoral. However how easy or compatible is to comply with rules is a sensitive issue onto which balances the discussion between the Greek side and European Union.

In this paper we will try to reveal the effort of both people and government to respond to crisis following the monetary policies that were designed from troika⁸. It is useful to understand though that it is a huge subject that can be approached from different perspectives. We are going to focus on the debate whether results of the adjustment

⁶ The ABC of European Union law, Klaus Dieter Borchardt

⁷ Government debt= currency + deposits + debt securities + loans, debt is the member's borrowing ability at the end of the year. If there is a minus it is referred as deficit and if this is a positive number we refer to a surplus that is not a result of a national balance and in practice it should be not used as tool for budgetary decisions.(source europa.eu/eurostat documents)

⁸ Troika is the men(now and women) in black suits coming in trio representing the European Commission, ECB and IMF.

program were effective or insufficient pushing this way the direction into a humanitarian crisis with catastrophic consequences for the society and the economy's future. To support our approach some indicators such as unemployment, long term unemployment, suicide rates, services and access to services which are directly connected to the image of modern man are going to be examined. Additionally we focus on debt growth which has affected the already taken economic decisions and still plays an important role for the future of Greek economy. Debt growth and its stabilization or reduction is one of the most important financial indicators that troika examines so as to select- design- the path that Greek economy should follow. On the other hand we assess the European thesis, regarding the economic crisis that entered the European field. EU will be put in the frame to defend its policies stemming from its two following roles:

- a) Its powerful role that clearly drew through adopted strategies
- b) Its political role that is ruled from unity, solidarity, equity, respect of human rights and entity.

The political role of EU was neglected resulting to unsuccessful policies that aroused euro- skepticism. Finally the role of IMF will be questioned regarding the rigidity of troika when austerity had not fruitful results in Greece. In Greek case there are two options, either the receipt was not suitable for Greece, without being wrong, or the way through which was enforced should have been different. We will argue that the followed path was not proper and more attention should have been paid to the reforms from the beginning. We could have gained at least a chance to minimize or avoid the humanitarian crisis. In addition, few proposals will be presented towards healthy economic sectors that could eventually absorb the already heavy losses from the up to now economic performance.

The designed program for Greece

2. The Greek case, a comparison with the well known American depression in 1929

In a quick review Greece was the first European member to apply for financial help in 2010. The fiscal deficit has worsened significantly for Greece rather from 2009 as global crisis hit the Greek economy at its Achilles heel, the accumulated public debt. The question was to whom Greece should apply for help as Europe has not built yet institutions to face an upcoming crisis. Obviously as Europe was caught unprepared, IMF was invited to provide its technical and financial assistance. The whole process was an innovation as “TROIKA” European Commission, European Central Bank and International Monetary Fund designed an economic program for the Greek case.

In 2010 Greece accepted a bailout scheme of 110 billion euro of which 90 billion were from European assets and 30 were from IMF. In 2011 there was an offer for 109 billion as Greek economy has not yet recovered. At the same time there was in the table the hot issue of Greece’s debt haircut. That was because Greece would need more help and it was not possible. The proposal was a 50% debt write-down where the value of private holdings was reduced by 75%.⁹ A new legislation in Greece resulted to solicit the consent of bondholders and run the process of exchanging. Greece was offered a solution of a 130 billion bailout program. Despite the good purpose, Greece through this buy back did not improve its debt sustainability.¹⁰ Greek debt restructuring achieved a debt relief of 50% through new techniques but left money on the table as it took place during a period of not full maturity.

⁹ “Greece negotiated a partial debt restructuring in 2012 modifying the debt held by private investors. A better proposal could have been bondholders to accept modifying loans. More attention also should have been paid to net debt which derives from excluding debt owned by other government agencies and central banks, instead of gross debt. Merely such debt represented a claim by one arm of government on another. Debt owned by central banks could have been replaced upon maturity indefinitely, eliminating the future need to raise taxes or reduce government spending with interest payment remitted to the national treasury.” MCKINSEY GLOBAL INSTITUTE, Debt and not (not much) deleveraging.

¹⁰ http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=5343&context=faculty_scholarship&sei-redir=1&referer=http%3A%2F%2Fscholar.google.gr%2Fscholar%3Fq%3Dthe%2Bgreek%2Bdebt%2Bwright%2Bdown%2B2011%26btnG%3D%26hl%3Del%26as_sdt%3D0%252C5#search=%22greek%20debt%20wright%20down%202011%22 The Greek debt restructuring, J. Zettlemeyer, C. Trebesch, M. Gulati, July 2013, last visited 11/01/16.

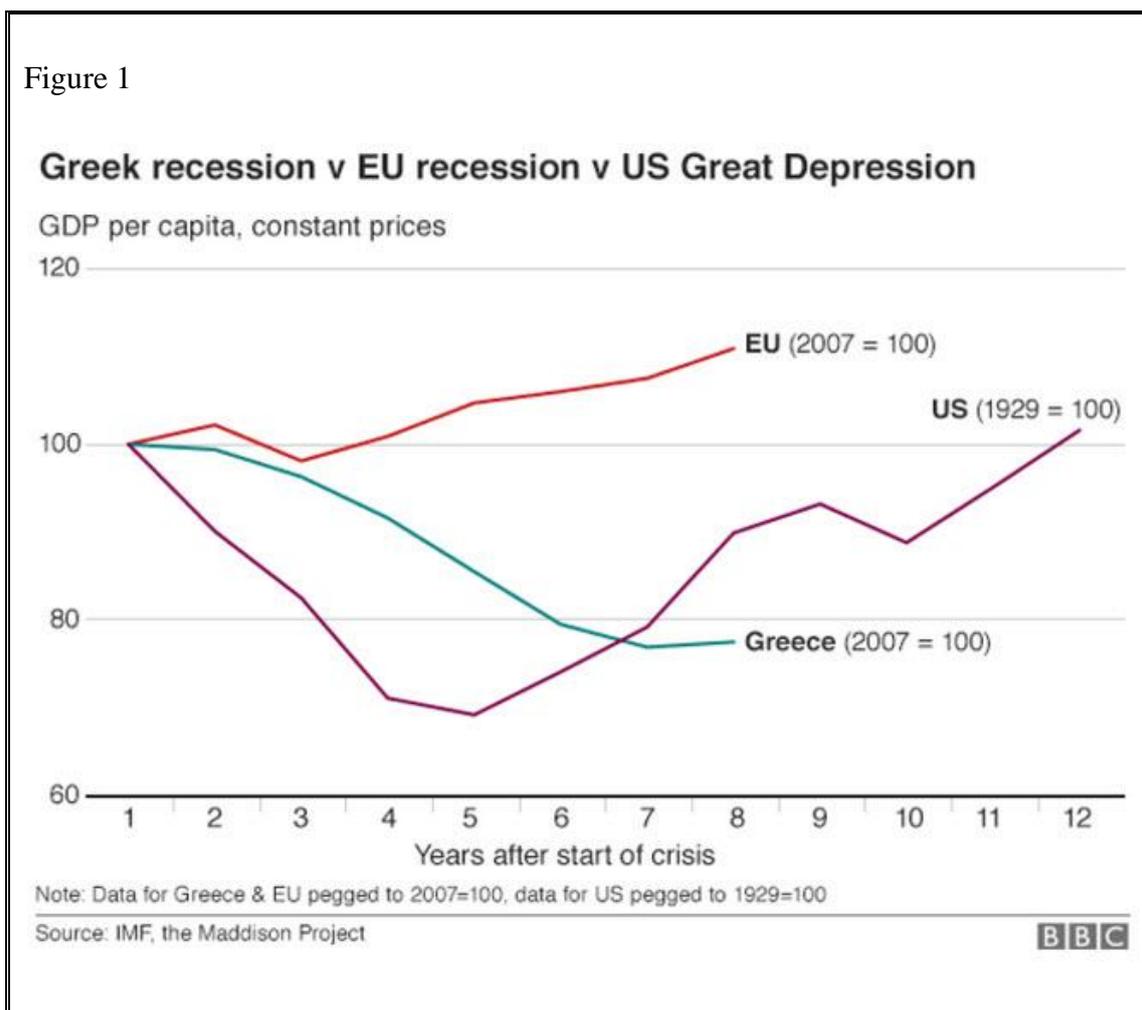
A new bailout program and a new memorandum evoked political instability in Greece. People rather wanted a new receipt for Greek economy and for their lives. Because they were struggling to boost the financial sector, to put down a surplus¹¹ that was absolutely irrelative to the performance of real economy. In fact real economy was hardly hit by a general recession.

As a result Greek economy could not recover and Greece negotiated a third bailout program in 2015, which is running, under conditions of social unrest. Greece's new bailout scheme was 86 billion and a schedule for development.

Drawing the picture of a deep recession and the beginning of a humanitarian crisis in Greece one would start from a comparison with global events. We assess a comparison among the EU average recession (2007), Greek recession (2007) and US great depression (1929). EU recession followed a different line comparing to US and Greece. As it seems, after 6 years EU had started to recover whereas for US and Greece there were no such signs. Moreover, recession for both US and Greece at the same time had touched the lowest levels. The worrying fact is that Greece kept its declining line whereas in US a dim recovery had appeared after six years. Finally it can be assumed that crisis hit only some European economies keeping the EU average high.

¹¹ “primary surpluses are not a panacea since even a small deficit combined with a high growth rate is beneficial at reducing the percentage of debt to GDP and therefore economy start recovering” Liargovas, Repousis ,2013

Figure 1



3. Greek misreporting and the new euro currency

Greece after have entered the Monetary Union in the end of 2001 had to comply with a public deficit below or equal to 3% of GDP. That was one of the Maastricht criteria that should be met and kept rather before the entrance in monetary union. It is reasonable also that duty and rules for members continue to value and after the euro adoption, keeping countries accountable for their performances.

Nevertheless euro was a new currency that had not been tested in market before be applied. That could lead to special corrections regarding its true value and would give a normal adjustment period of 4 to 5 years for economies to put down the reactions and compare before and after using euro currency. Euro was launched inside a coercive environment and with a pre-estimated value that had to work in the international market and internal European market.¹²

¹² Milton Friedman and the euro. <http://www.ciaonet.org/attachments/1371/uploads> last visited 11/01/16.

International markets did not welcome euro from the beginning and that was an expected attitude. On the contrary Eurozone did their best to embrace the new currency that was smartly connected to

After euro circulation and open markets there were detected inequalities¹³. Peripheral countries had high inflation, more consumption, more imports, and comparing less productivity, resulting to accumulating deficits. Public deficit appeared to be more than 12,7% for Greek government in 2009 that apologized for misreporting. Greek debt had reached from 109% in 2008, to 146% in 2010 and could have reached 198% in 2012 if measures had not been taken.

EU decided to provide bailout programs for countries that were hit from crisis instead of restructuring the sovereign debts as this would involve Euro-zone commercial banks which contain an enormous portion of debt and would need directly recapitalization. The choice then was bailout programs through memorandum contracts to serve countries in emergency.¹⁴

4. Memorandums and the partners. Europe was caught unprepared.

Problems in Greek economy were covered by the perception of growth.¹⁵ It was then that Greece facing an enormous debt applied to its partners for help. The Greek Prime Minister George Papandreou in 2010 first announced both to Greeks and Europeans that Greece would need a bailout rescue. In fact that was not unpredictable as crisis had entered the European borders in 2008 almost immediately since the global crisis has started. Moreover both Greece and Europe already knew that Greek economy had

European identity and all European citizens wanted to success. It was a matter of pride and had united character for nations that would have additionally a lot to gain by abolishing the rate taxes in trade processes. That was the other side of the coin and after a stagnation period for European markets things seemed running the right direction. Nevertheless a bigger adjustment period with two currencies running simultaneously would permit to small economies to compare the behavior and gain some experience without writing down deficits in an unknown currency and then try to find a way to deal with it. That would help a lot also during a crisis where there could be provided a comparative file with two currencies and determine the weak points to each national economy separately if need be. That could eventually help Greece in its particular economic malaise that includes crisis and existing structural misfits.

¹³Persistent macroeconomic imbalances in the Euro Area: Causes and Consequences, Nils Holinski, Clemens Kool, and Joan Muysken, Feb. 2012

<https://research.stlouisfed.org/publications/review/12/01/1-20Holinski.pdf> Last visited 10/01/16. So far euro area governments have neglected these imbalances. Their stance was inappropriate as the necessary reversal should have been obtained through painful adjustment programs that would enhance competitiveness and productivity in southern countries before the crisis. Fiscal policies for northern and southern countries should be applied also.

¹⁴ [http://faculty.london.edu/mjacobides/assets/documents/Greek Debt - The Endgame Scenarios.pdf](http://faculty.london.edu/mjacobides/assets/documents/Greek%20Debt%20-%20The%20Endgame%20Scenarios.pdf) last visited 11/01/16. According the author another reason that bailout solutions were directed was that euro would not risk its reputation by reconstructing debts. On the other hand markets' recoil would be avoided for periphery countries as a reconstruction of debt is a signal for a weakness and works negatively for markets. Therefore bailout programs win versus debt reconstruction.

¹⁵ Capital investment in Greece was rather high through borrowing canals with low interest rates that drew a superficial growth. Respectively Greece's real economy was weak with low competitiveness and productivity. J. Milios and D. Sotiropoulos. Crisis of the Greece or crisis of the euro? Journal of Balkan and near Eastern studies, September 2010 and T. Pelagidis, The greek paradox of falling competitiveness and weak institutions in a high GDP growth rate context(1995-2008), 2010

many weaknesses and now additionally was hit by the global economic crisis. The problem was complicated from the beginning.

According to IMF there is no possibility of borrowing if debt exceeds 120% as debt is not sustainable. Greece had already 108% in 2008 and lost theoretically speaking the debt's sustainability when debt climbed to 146%. Nevertheless there something should be done as there was a real problem. The question is: Did head economists know exactly what the right receipt was for Greek problem? Of course there were indicated but not guaranteed solutions for Greece. There should be taken a risk for handling Greek case without knowing when and how this will end.

4.1 The supportive role of IMF.

Europe had not prepared supportive institutions and had to buy time to provide self defensive mechanisms and build a strategy. Furthermore the accumulated debt in Europe was concentrated in bank sector and there should be taken measures as bank collapsing was not the playing scenario. Time was needed for banks to create a capital cushion and be able to absorb losses of the crisis.¹⁶

IMF was the last the third institution to be added next to ECB and European Commission which all together were called "troika". IMF was invited from European Union to help deal with the crisis thanks to its previous experience.¹⁷ EU had not prepared the suitable institutions to deal with a crisis. Moreover EU lacked the experience and Euro was a new currency that was applied to different structured economies. EU lacked political union too that would eventually permit a better control before and during the crisis. IMF had both employed successful and unsuccessful policies¹⁸ and had admitted many times its overdoing and mistakes¹⁹.

Regarding Europe and the upcoming Greek case IMF chose to launch a trustful theory that could reduce rapidly the deficit. This way the countries could reduce debt rates and gain a surplus in current accounts. The suggested program was reinforced by law power and was proposed for signing to applying members. These were the well known memorandums. IMF was based mainly on austerity and spending cuts to handle high deficit rates. The same policy though had different results for Greece, Ireland and Portugal respectively that followed, as the three economies mentioned above had different structure. In Greece the implemented policy was unsuccessful

¹⁶ <http://www.businessinsider.com/history-tells-us-the-euro-will-not-survive-greece-will-get-worse-and-there-will-be-a-trade-shock-2010-6> last visited 10/01/16. According to author Michael Pettis, economies should firstly default before the restructuring process. Debt forgiveness comes always late. He is also referred to Ernest Hemingway who describes that "since the support for euro will erode very slowly the breakdown process will happen breathtakingly quickly" a scenario that did not become true until now but had strong bases.

¹⁷ EU-IMF assistance to euro-area countries an early assessment, Jean Pisani-Ferri, Andre Sapir, and Guntram Wolff, Bruegel, 2013.

¹⁸ Refocusing the IMF, Martin Feldstein, 1998, Foreign affairs, IMF programs for East Asia and Korea.

¹⁹ <http://ir.nmu.org.ua/bitstream/handle/123456789/133269/7d72becfdb75c038617f354ee914ddd.pdf?sequence=1> last visited 8/1/16, The crisis that was not prevented: Argentina, the IMF and Globalisation, FONDAD, 2003

with disappointing economic social and financial outcomes. The matter of renegotiating the strategies and to what extent Greece tried to help itself was highly disputed across Europe.²⁰

5. The adopted strategy, the path to be disputed

Taking into consideration that Greek program has started during the crisis, austerity may had not been the correct choice from the beginning. The conditions that apply each time should be taken into consideration. Same theories have different results regarding the character of the crisis²¹ and the structure of the problematic economy.

On the contrary austerity is the best solution for avoiding the crisis or else helping the country to escape without too many losses. It is the correct mechanism for well organized economies with almost an excellent administration with separating lines like Germany or Ireland that know how to begin with in case of emergency. Moreover strong economies can handle better a crisis as there is some place to go back, whereas weak and small economies like Greece, have not the ability to shrink.

Therefore mechanisms should be adapted to members' abilities. European mechanisms unfortunately were not constructed to help affected countries .They were created after accumulative delay in the middle of a developing crisis where conditions fluctuate continually. Therefore their effectiveness may be disputed as revisions and innovations should often take place. The construction of European supportive mechanisms started rather late with the creation of EFSF in 2012 (European Financial Stabilization Facility). EFSM (European Financial Facility Mechanism) followed, to transform finally into ESM(European Stability Mechanism).

Greece was the first country hit by the crisis that had to apply for help into an unprepared European Union. It was a demand for general support that the Union interpreted as a clear demand for financial support. IMF in cooperation with EU designed a bailout program that had a penalty on the interest rates²² transforming the repayment of loans an extremely difficult task for Greece. Policy makers did not take into consideration the weaknesses of an economy hardly hit by the crisis. The conditions were not normal and Greek economy suffered from accumulated debt rather before crisis. Greece signed a memorandum that only strong economies under normal conditions without insufficiencies and good administration could enforce.

²⁰EU-IMF assistance to euro-area countries an early assessment, Jean Pisani-Ferri, Andre Sapir, and Guntram Wolff, Bruegel , 2013.

²¹ In a Monetary Union, there are banking crises, debt sovereign crises and balance of payment crises(BOP). Sometimes may occur a combination among them. EU-IMF assistance to euro area countries, J. Pisani, A. Sapir, G. Wolff, 2013.

²² “The original bailouts included a penalty (300 basis) on the interest rate which is an IMF practice. This rate discouraged countries from taking additionally money and compensated the funders for the risk taken. On the other hand it made repaying loans extremely difficult giving the appearance that creditor European countries are profiteering at the expense of the bailout countries” Philip R. Lane, the European sovereign debt crisis, The journal of economic perspectives , summer 2012.

Greece with its big governmental size and structure had really small flexibility and was an unsuitable partner to meet the memorandum conditions.

Because it is not only the conditionality, it is whether the conditions can be met from the partner. Greece could not follow such a program. Actually it was a matter of political responsibility that should have taken place and have explained to others the already known weaknesses and the need for an alternative solution without unbearable prerequisites.

On the other hand it was the same Europe that a few years before crisis, sustained these inequalities and differences on the name of a whole non-fragmented European Union. They knew what the problems were but they could not predict the new size of problems after the crisis has arrived. Finally the crisis appeared and damaged the weakest economies that had no extra space to shrink if need be.

That's the case in Greece. Its structure cannot permit shrinking because this action itself shrinks the Greek property that is the budget itself. Greek government is used to reloading these sectors but keep them as part of public property. The fact that there was not transparency about spending or control about the ordered improvements consist part of political corruption that is much discussed nowadays.²³ Nevertheless cutting a leg does not mean that problem disappears. On the contrary a disable government arises with the same problems to other sectors and off course total rebuilding is time needing. Additionally one should know the way to construct the alternative scheme.

It is strange but this is what clear reality depicts for Greece five years now. There was high pressure for a small effective public sector that could reduce its maintenance expenses. This was not a bad idea but tended to threaten the politico economic stability of the country because the alternative was not clear. There was lack of effective institutions to support people's needs while authority cannot be released at once as new institutions should be tested before.

From what has been mentioned above one realizes that reforms are not impossible in Greece but they need time. The construction of a parallel system or reconstruction of the existing one is both time needing and expensive. This also sets the prerequisite to be built from an experienced team which is additionally financed.

Moreover a sore point is that time for administrative adjustments and strong institutions had passed for Greece. The result revealed that institutions either had not been built or they were very weak.

Cooperation between the partners and the Greek politicians at this level although it is out of time table is a clear solution that should be achieved for social benefit. There may emerge some objections that a full democracy has the right to find by its own the

²³ <http://www.economist.com/news/finance-and-economics/21623742-getting-greeks-pay-more-tax-not-just-hard-risky-treasures> last visited 10/01/16

way to reform. In this case though we have no violation of the universal governmental rules as European Union is built on the name of democracy and any offer for help is only for effective transformation. This procedure can be called alternatively an additional administrative advice with the target to improve institutions and release the state from its huge size. Lack of political union in Europe though, is the main obstacle for this procedure to run.

6. The Greek program, measures pushing the dynamic to recession.

Instead of a real cooperation Greece started with an austerity program. It was implemented as an effort for public deficit to be controlled. Spending cuts applied too. To this point attention should be paid to health sector which is a very sensitive one. Although in Greece health expenditures before crisis²⁴ were well above the EU average, structural problems had been accumulating for decades. Health sector was not well organized having an inflexible centralized administration. Additionally it was lacking priority-setting mechanisms and had ineffective regional distribution of human resources and health infrastructure, which accounted for people's insufficient coverage.

When the public sector decided to reduce spending, including health sector, the situation became more than complicated. The absence of a clear administrative base brought delays in supplying essential medicines for health caring system revealing the shameful side of Greek health system.

On the other side, lowering wages is related to limited access to services. Therefore private sector in Greece because of less demand had to reschedule spending either by employing wage reductions or in extreme situations by layoffs. The unemployment stood at 27-28% being the highest in Euro-zone with all the consequences for pension funds which received smaller contributions. Greek government through social funds had to pay for each unemployed and then cover the growing deficit. Pension funds on the other side were extra stressed by working people that met the conditions to retire. As far as there were no incentives for further working and conditions deteriorated in Greece working people run away stressing more pension funds. As pension funds receive smaller contributions they became insufficient to serve disable people, cancer cases, and people suffering syndromes. Now in early 2016 Greece has to apply painful reforms that would help funds to survive.

On the other hand, pensioners in Greece which 45% now are below the poverty line²⁵ are many times challenged to take over the economic management of families as because of deep recession other family members cannot earn an income. Furthermore we should take into consideration that many families after the crisis decided not to

²⁴ http://www.euro.who.int/_data/assets/pdf_file/0007/266380/The-impact-of-the-financial-crisis-on-the-health-system-and-health-in-Greece.pdf last visited 10/01/16.

²⁵ Poverty line:665 € (pensions in Greece are 45% below poverty line) source <http://www.zerohedge.com/news/2015-07-17/greece-now-full-blown-humanitarian-crisis-9-charts-zero-hedge>. Last visited 10/01/16.

give birth to a child or another child due to uncertainty or because one or both parents have lost their jobs. This is a very sensitive issue²⁶. Unfortunately few had recognized in this issue its ethic-politic-economic dimension.

7. Greece's administrative reforms

Actually Greece expected a different type of agreement. It was like awaiting an essential help from partners that had examined the problem from the beginning and knew what to do.

Instead of this Europe was caught by surprise when the crisis entered its borders. The panic to avoid contagion and a protective mechanism were set as priorities. It was that time that IMF was called to support Europe and offer its advice. Thus it was Germany's claim that Europe should need IMF's help to tackle the crisis.

In fact Germany tried to avoid lifting the economic risk of feeding the problematic members²⁷ and risking the security of the European region in a period where Europe was completely unprepared to deal with the crisis and its spillover effects.

After the crisis, "core" European countries adopted additionally a defensive stance to limit crisis. It was based mainly on austerity. This way crisis could either not enter or hurt less the economy. It should be stressed though that strong economies like Germany always employed means to keep their economy more stable. They did not permit high inflation and kept productivity and competitiveness high.

The case with Greece was different. Greek economy had many structural weaknesses low competitiveness and productivity high inflation rates and high consumption that turned it extremely vulnerable to a crisis. When the global crisis started in 2008, Greece and periphery countries were found with high deficits without tools to fight it.

Greece in fact needed a program that would eliminate the effects of the crisis and eventually could improve the relation between the government debt and GDP percentage. Greece entered the crisis with a debt/GDP percentage of 122 which now is 187 and is estimated to reach 200²⁸ that distances further the possibility the debt to be sustainable. Rather from the beginning the debt was unsustainable as crossed over the line of 120²⁹.

²⁶ <http://www.indexmundi.com/g/g.aspx?c=gr&v=25> Last visited 10/01/16.
Births/1000 population 2007:9,62 2014:8,8

²⁷ EU-IMF assistance to euro area countries, Jean Pisani-Ferry, Andre Sapir, G Wolff, May 2013

²⁸ The Greece Government debt is expected to trend around 203.01 percent in 2020 according econometric models, <http://www.tradingeconomics.com/greece/government-debt-to-gdp/forecast> last visited 10/01/16

²⁹ According IMF debt that exceeds 120 can be characterized unsustainable. Moreover the governor of bank in England Mark Carney had to admit that he agrees with IMF with the difference that Greek

If we take things from the beginning, we will see that rather from the Maastricht treaty, it was decided a fiscal surveillance. Obviously the Union was not as strict as proceeding to overall controls that left some countries, among them and Greece, unattended. That was a matter of policy and trust among members that had not been understood the same way from all. Greece did almost nothing to implement policies, did not take measures to keep stability neither applied internal control to examine the public sector's performance.

Nevertheless Europe was absent from this Greek financial mismanagement too. At the same time other nations had relative behavior³⁰, having deficits or non perfect compliance but had not the same impact as Greece. Unfortunately Greece fell into deep economic crisis, performed the worst and has yet no recovery signs. Greek politicians imposed the proposed by European Union rules and Greek people tolerated them as the only way to step out of crisis.

In 2010 finally the first memorandum was signed, although people resisted the hard tax system that made them feel again like living under a foreign dominance³¹, they accepted the main idea that was saving the economy. As a result Greek people made a great effort to restart the engine. Controls related to pension funds so as to match the payments with the really existed pensioners was a step against the fraud. Usually improper control of what one declares and evading the law for personal benefit were the causes for empty reserves.

There were cases where citizens remained registered to pension funds because there was nobody to announce their death. Relatives from one side for personal benefit kept silence and authorities were ineffective of exchanging information. This way the ineffectiveness met Greek fraud and problems were accumulated. Greek people tolerated the administrative weakness of the Greek system for their benefit. Weaknesses though once they come up they should be handled the sooner. Unfortunately it did not work this way in Greece. Additionally people that had no interest did not complain leaving this way their future to be destroyed.

To this point Greek government complied with the suggested rules for structural reforms. Information exchange has been further improved and serious missing was

Debt needs relief to survive. "This is still unfinished business and debt relief should go well beyond what has been proposed by ESM" says M. Carney and calls M. Draghi to support his view. <http://www.telegraph.co.uk/finance/economics/11738297/Mark-Carney-Greece-needs-debt-relief-to-survive.html>. Last visited 10/01/16.

³⁰ Other European countries such as Spain Portugal Ireland had persistent deficits from period 2002-2008 depicting that crisis occurred mainly in South Europe. Persistent Macroeconomis Imbalances in the Euro area: Causes and consequences, N Holinski, C Kool. J Maysken, 2012

³¹ Greece's odious debt, Jason Manolopoulos, 2011. According to the writer's perspective and from what critics commented, greek reluctance to pay taxes is connected to Greek suffering from Turkish yoke. During that period, everything that should pay was only for Turkish development and enlargement, and the imposed heavy tax was called "haratsi" something that Greeks recalled to their memory and connected to the new tax system. On the other hand in England taxpaying is employed for resisting the enemy (Napoleon). So it is a matter of culture and historic memories that define a nation's stance.

limited. A serious effort was made successfully and better communication had been achieved. This was really one of the main successful carried out reforms for Greece. Regarding this point it should be stressed also that Europe had been working this system for years. Nevertheless people engaged to the new system and approved it. Moreover the electronic medical prescription that became obligatory saved a huge spending in health sector which can also be responsible for debt growth.³²

As a result, regarding the adjustment program that Greece followed, many reforms³³ really took place. Up to a point reforms have been applied, respectively with the control of topical authorities. This way through joining municipalities to a larger shape (Kallikrtatis plan) the state had a better centralized administration that has permitted an effective control. Nevertheless they are still disputed regarding their effectiveness.

There is both true and lie in this statement. Greece could have performed better if had from the beginning available a better administrative system to support the reforms. Greece started from restructuring the administrative system. Ireland and Cyprus for example had already a good administrative structure to help the reforms benefit the economy sooner. In Greece administrative system suffered a lot and needed both time and effort to become effective.

8. A glance at other countries enforcing memorandums. What's wrong with Greece?

Heterogeneity in Europe was the reason why the same policy reacted differently in the following economies. After Greece, Ireland, Portugal, Spain, and Cyprus followed a supportive program to help their economy.

Regarding Ireland, the crisis occurred to the bank sector and Irish government was obliged to save its problem banks by nationalizing them. In Spain heavy taxes were implemented and unemployment increased too. Spain despite the difficulties that carried out managed to leave aside the memorandum. Portugal as well had to ask for support during the crisis years but won the bet and found its own way out. Cyprus had the main problem of the bank sector which was overexposed to Greek banks and had to deal with the accumulated debt too. Cyprus though had a limited economy that

³²Health expenditure trends in Greece for years 2003-2012, where Greece seems to have spent for example in 2009 16,1 billion euro. Source OECD,2013, details in http://www.euro.who.int/data/assets/pdf_file/0007/266380/The-impact-of-the-financial-crisis-on-the-health-system-and-health-in-Greece.pdf ,last visited 10/01/16.

³³ See the latest report of Parliamentary Budget office, July September 2015/Structural reforms and economic policy mix

could be easily controlled and had no other structural misfits that would need painful reforms in comparison with Greece's problem. The main difference is that all the countries mentioned above left behind the memorandum commitments, austerity, measures and despite that they have not fully healed their economy they have started up their engines.

The only exception was Greece that had to take another bailout scheme in 2012. Greece did not manage to carry out the program due to lack of structural support. The fact that institutions were not built to communicate each other and all ended at a huge centralized administrative base created more trouble to the infected economy. To create a flexible administrative system during the crisis is not that easy. Unfortunately with the Greek case, structural weaknesses were met with the global crisis that highlighted them. Moreover the decisions made by the European Union could not foresee the size of structural weaknesses nor had an alternative for this case. IMF did not revise its strategy. A second round begins. Could the EU, IMF, ECB and the new institutions now foresee a humanitarian crisis stepping in Greece?

IMF was much accused from Greek people for hurting its economy without gaining a way out of crisis. As the problem of debt release stayed freeze and the solution were bonds that led to further debt growth, the possibility of debt relief came for discussion.³⁴

³⁴ IMF https://www.cigionline.org/sites/default/files/cigi_paper_no.61web.pdf. Last visited 10/01/16.

9. The Greek paradox.

Nevertheless the paradox was that Greek economy for the period 2001-2007, was one of the fastest growing economies. That can be attributed to the existed European funds, some reforms to bank sector and to the infrastructure left from the Olympic Games³⁵. Euro paid wages were larger as a convergence effort to European wages. At the same time Northern European economies lowered wages to gain competitiveness. In Greece competitive rank was falling. Productivity did not increase as well. Growth was mirroring a capital movement that had not its roots in healthy sectors as productivity and competitiveness. On the contrary Greek economy was running both trade deficit and public deficit.

Moreover, Greece could not employ tools such as devaluation to help its economy recover. Its economic performance was lost in macroeconomics.³⁶ In other words Greece could not control the situation by itself but only see the numbers dancing its own peculiar scope.

Humanitarian crisis appears

10. View of people in Greece after the adopted memorandums

Ordered austerity had many consequences to Greek families. Although the effort was lowering spending cuts and wages for public sector in order to gain a better current balance, soon lower wages hit the domestic demand. Therefore recession has started. Moreover the state had to activate its controlling mechanisms so as both to control spending and to earn revenues from taxation. Lost taxes from tax evasion or shelf

³⁵ Theodore Pelagidis, Understanding the crisis in Greece from boom to bust, 2011 and Koutsoukis, Roukanas, Macroeconomic analysis of staying Greece in Eurozone. The Grexit Paradox, 2014.

³⁶ Current account imbalances in the Euro Area. Does catching up explain the development? Ansgar Belke and Christian Dreger, Review of International Economics 21(1),6-17, 2013. Competitiveness should be restored through an asymmetric response that would reduce imbalances to southern Europe.

employed people though cannot be tackled by imposing new taxes. Nowadays, many families struggle to pay the new taxes and to keep up with bills and prices that have climbed over their affordable level. Sustaining the cost of everyday life in Greece is not that easy nowadays.

Taking into consideration that unemployment, an extremely worrying factor, still reigns then things become complicated. People cannot dream a better future and deprive their rights as they cannot deal with everyday needs. On the other hand they turn to social funds which become all weaker from less contribution and more jobless. Greece has just entered the risky phase of recession and unemployment. On the other hand the state is not able to support long term the people in need. Prolonged recession and long term unemployment are the two main factors that can be accused for the start of a humanitarian crisis. In Greece the bad conditions were met unfortunately.

As a result in Greece both poverty risk groups and poverty rises. Poverty though can be defined in different ways. "Absolute or extreme poverty is characterized by severe deprivation of basic human needs, such as food, safe drinking water, sanitation facilities, health, shelter, education and information." This definition was given at the World Summit on Social Development in Copenhagen in 1995. To this point it should be stressed that such conditions did not apply in Greece.

EU uses additionally a differentiated approach for poverty that was addressed in 1975. According to this definition in poverty are all people that "their income and resources are so inadequate as to preclude them from having a standard of living acceptable in the society they live. This way they are often excluded or marginalized from participating in activities that are the norm for other people. Their fundamental rights are restricted." EU adopts obviously a more humanitarian perspective for poverty and is ready to cover needs and cooperate with topical authorities to find solutions.

There is an open method of coordination (OMC) that permits European mechanisms to help particular cases. The mechanism is activated though by cooperation with national authorities.³⁷ There are few things to be done if there is not a report that will let them know the problem.

In Greece both Greek government and troika paid too much attention to recovering the economy avoiding throwing a glance at the society and ordinary people. Focusing on target is of course desirable but side effects should be carefully estimated especially when talking for weak economies with structural deficits like Greece.

Economic inequalities which normally exist in a society have been exacerbated as a result of policies adopted during the crisis. Austerity in weak social layers implies the risk of poverty which influences the consumption of goods and services and deprives

³⁷ Eurostat statistical books, Combating poverty and social exclusion, 2010. It is about a statistical portrait of the European Union 2010, the year that Greece entered officially the adjustment program. The year 2010 coincidentally had been designated the European year for combating poverty and social exclusion.

people from standard living³⁸. Moreover recession comes to surface as a result of general lower consumption, threatening the healthy part of economy. Economy shrinks hit by recession, unemployment raises and actually we have no way to fight against poverty and the risk of poverty.

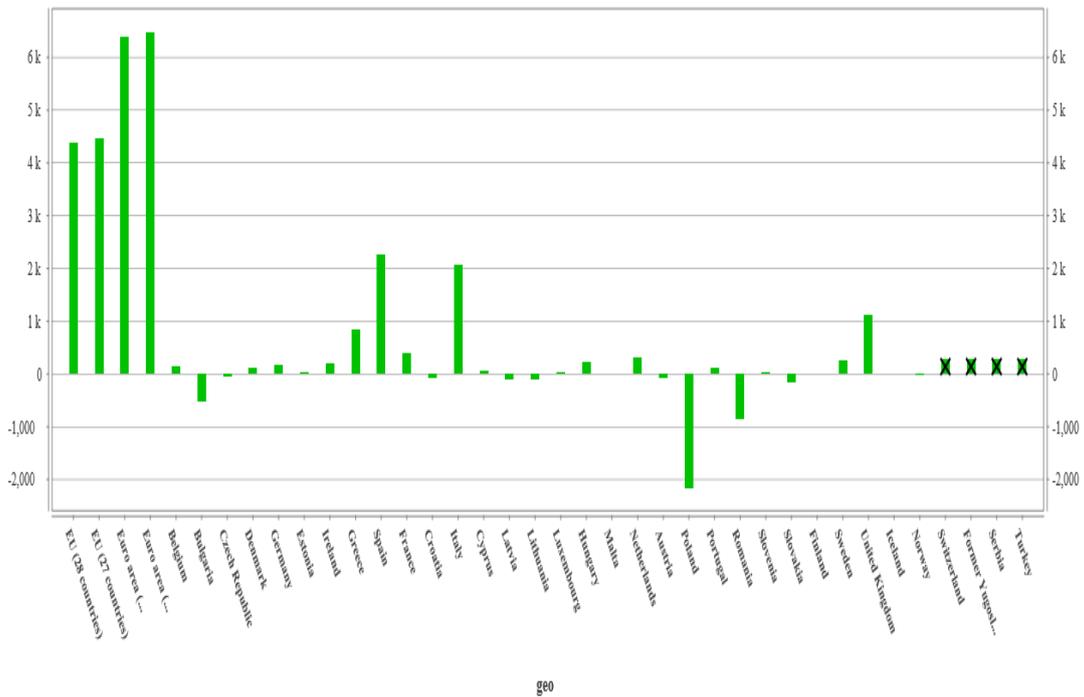
Nowadays Europe has adopted a new strategy to detect poverty and risk poverty groups that exist in southern Europe such as Spain Italy and Greece.³⁹ Criteria have been modified regarding the European standards of living and EU has the ambition to combat poverty in weak countries through its renovated strategy 2020-2050.

³⁸ CHRISTOPHER T. WHELAN, RICHARD LAYTE and BERTRAND MAÎTRE (2003). Persistent Income Poverty and Deprivation in the European Union: An Analysis of the First Three Waves of the European Community Household Panel. *Journal of Social Policy*, 32, pp 1-18. doi:10.1017/S0047279402006864.

³⁹Material deprivation is counted from indicators. There are 9 indicators and people who meet four of them they are included in risky poverty groups. The indicators are: 1) to pay rent or utility bills, 2)keep home adequately warm, 3)face unexpected expenses, 4)eat meat, fish or protein food every second day, 5) permit of a week holiday 6) possess a washing machine 7) have car 8) have a colored TV 9)or adults in households work less than 20% during a year. According the Europe 2020 strategy, Europe aims to lift at least 20 million people out of the risk of poverty. Source eurostat, short description for [t2020_50], last visited 10/01/16.

Figure 2

% and 1000 persons at risk of poverty and social exclusion



This is an approach regarding the impacts on reduced consumption. The other side which is also very important is access to healthcare system. Long stand unemployment does not provide health insurance and the state has both to support and ensure the weakest groups. That contradicts the cut spending ordered by the adjustment program and for the first time Europe appears divided politically and economically. How deep this dividing line is only time and tolerance will show.

11. Social fatigue and political consequences, the question of reforms

11.1 Social fatigue

On the other hand there is a sensitive line that once crossed may reverse the standards. We are talking about the “social fatigue” which can transform people. Exhausted people from unemployment and long term unemployment during the crisis years have become aggressive and many times they turn their preference to extreme right wing parties. This is as a result of protest against the social pressure and inequity that smashes the medium clashes. In other cases social groups follow a different path by choice. They join left wing parties that mainly defend labor mass from inequities

either in taxation or other policies. The fact is that the political scene nowadays in Greece is very contradictory and fragile posing a high risk. People struggling to carry on the everyday life combined with the fact that there were not settled criteria before enforcing the law of wage cuts or pension cuts additionally helped to an increased social inequity. Moreover tax rising simply sparked the Greek scene.

Greek politicians that knew the structural deficits of Greek system better from their European partners had firstly to admit their weaknesses and present them in order a realistic solution to be found. Keeping up with austerity without empowering institutions was a hazardous strategy that could result riots.

The political scene transformed to something dangerous. It is that many people, because of the specific conditions that have already applied, entered poverty's line. The demand for dignity empowered the charismatic leader of left party "Syriza" which was elected twice in today Greece. The repeated austerity with no progress as Greek government debt kept rising having Greece swirling in the maelstrom of economic crisis condemned the two central parties that cooperated with European institutions to create social inequity without any result. Greek debt remained stuck at very high rates and Greece needed once again more money and a new memorandum. Society was not ready to run another round as the followed path showed a zero result. The second memorandum came for Greece in 2012 and people kept patience one more time.

11.2 Resisted reforms, tax evasion, corruption

Of course there was corruption and tax evasion and that should have been the main target of the so called reforms. Nobody though dared to touch this issue or to begin with. Nevertheless the results were the same. Greece had not managed to define some millions that were missing especially from VIP persons for which had been crossed information from banks abroad. It managed though to call people pay taxes for real estate under the threat of cutting off electricity in houses. Under the effort to earn income as in fact there were groups that were privileged and kept a large property, Greece seemed to punish ordinary people that owned their home. The fact is that most of times these people were either unemployed or had faced wage cuts that limited their payment ability. Moreover indebted households have increased significantly as loan-access was higher during pre-crisis years although it should have not been this way.⁴⁰

Additionally, tax evasions should be controlled so as the state secure its revenues. Greek government was proved insufficient to discovering shadow economy's activities that trapped many benefits for taxation system. According the researchers Nikolaos Artavanis(Isenberg School of Management), Margarita Tsoutsoura(University of Chicago) and Adair Morse(University of California at

⁴⁰ "Superficial nominal Growth of Greek economy 2001-2008" permitted easier access to loans "fiscal expansion reinforced private credit" T. Pelagidis, The Greek paradox of falling competitiveness and weak institutions in a High GDP growth rate (1995-2008),2010

Berkeley) “the unreported incomes of self-employed workers account for about half of a total”⁴¹.

11.3 Greek spring

On the other hand tax evasion was a “taboo” issue for Greece. Self employed in Greece are 31,9% which is respectively a double number from 15% of EU average⁴². According Eurostat the high number is affected by people working for themselves in agricultural sector. Whether it’s true or not we should take into consideration that tax evasion is well hidden inside this number. Instead of questioning the subject in Greece it was selected a different path. New taxes were applied or existing taxes increased to help the state earn revenues.

In Greece from 2010- 2014 taxes especially in 2011 for heating oil increased that most people because of wage cuts and unemployment were skeptical to consume. Socially weak layers employed atypical methods to heat themselves causing the environment⁴³. There was no serious political thesis or kind of withdraw in a European country keeping environmental policies. The absence of political responsibility weighed for Greek and European leaders becoming the main reason for a general disapproval. The gap between those that escaped tax control and those that had to pay from the little left in their pockets grew.

Politicians who were responsible to keep a balance turned a blind eye to the matter choosing the easier way to exercise the reforms. Controlling tax evasion was a kind of structural reform depended on a serious decision that Greece had to take. Unfortunately serious cases of tax evasion and political corruption escaped from transparent methods. Only a negligible percent of corruption in public sector was defined⁴⁴. Moreover, transparency and reducing the size of the state were among the most serious ordered structural reforms. Transparency did not work the proper way in Greece. Reducing the size of the state for better administrative control was achieved

⁴¹<http://www.ekathimerini.com/201534/article/ekathimerini/comment/greeces-tax-evading-professionals>. Last visited 11/01/16. Friedrich Schneider estimates that it’s very difficult to measure shadow economies, though Greece has the second rate in Europe. According his estimations had both the illegal and legitimate activities been subject at the prevailing 40% tax rate, the shadow economy would have contributed with \$22billion to Greek taxation system. Interesting also was the disclosure that tax evasion involves highly educated and powerful professions that simultaneously are the casts of politicians.

⁴² <http://www.ekathimerini.com/136072/article/ekathimerini/business/greece-tops-eu-list-for-self-employment-with-319-of-greeks-working-for-themselves>, last visited 07/01/16

⁴³ When Troika announced no tax reduction for heating oil the households that were not supposed to pay for oil heating reached 44%. The atmosphere pollution again was a threat for environment and related European policies. <http://www.keeptalkinggreece.com/2013/10/16/almost-half-of-greek-households->

⁴⁴ Greek state’s losses from public corruption reached 20 billion a year. Greece: Economics, Political and Social Issues, book, January 2012 ,by P. Liargovas available at <http://www.researchgate.net/publication/236621053>

partially. The truth is that people needed to see the state defending itself its property its assets that were despoiled for so many years.⁴⁵

Political stability in Greece was sharply quaked as it was politicians' responsibility to protect fiscal status. In other words they were elected to control unfairness and not sustaining it. They failed to do so and the continual recession measures resulted to a clear social fatigue and no more tolerance.

Let's not forget that unemployment in today youth hit incredible numbers. Young people have prospects for better life. Usually young people defend their future with dynamic choices, disputing errors that have not committed but are accountable for. They have right and rights too. Nobody can deny them the right to build their own lives, but suddenly there is no space left from an economy that sinks step by step. To this point European institutions should become more sensitive towards innocent youth. If there are policies that should be designed or followed either from Greek government or European institutions then these are the only priorities.

Greek people's opposition to a generalized austerity policy was named the "Greek Spring" like the "Arab Spring". The term was used to shake civilized world and highlight the wrong addressing of the problem. Giving a glance to Arab Spring one can observe that EU failed to promote its values and reform authoritarian regimes into democracies, mainly due to lack of institutions and different cultures. On the contrary there is the other side that reveals to what extent this gap can be reduced practically.⁴⁶ In our case there is no democratic deficit; Greek people expressed their discontent against the commitment to a "democratic Europe" that applied the memorandum of understanding.

Actually Greek people felt that through the memorandums there is persistence for carrying out a surplus by any cost. That contradicted the democratic profile of the Union that sets as priority people's prosperity. That gave birth to an augmenting discomfort for European Union that has started in Greece recently. This was taken as side effect, till we reached to a referendum on 6th July 2015 that 61,3% objected the way the Union behaved to Greece for achieving a way out of crisis.⁴⁷

⁴⁵ <http://www.taxheaven.gr/news/news/view/id/25639>, Last visited 11/01/16. "To combat corruption requires political willingness that does not exist. If applied as there is a loss o 33 billion euro annually, Greece could pay back its national debt in ten years time."

⁴⁶ http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2011/essay_youngs_arab_democracy-1423.pdf, last visited 7/1/16

⁴⁷ "The problems here are not just personal; they are structural. It remains the case that the euro is ruled by institutions that are almost entirely unelected and unaccountable – the ECB and the European commission are not directly answerable to the millions of Europeans who have been impoverished by their handling of the crisis. Then there is the Euro group of finance ministers. To see how close these ad hoc summits get to democracy, imagine ministers from 18 other governments telling your country how its next budget should look. That is what euro zone democracy often looks like to a Greek or Portuguese or Irish finance minister.» part from an article of "the guardian"

Arab countries had to enter a new field that somehow had to understand and accept. They needed more institutions to help people know the direction of the change. In Greece, there was a totally different political status. There were institutions with the exception that they may have not been effective. Greek institutions needed reforms.

Moreover, there was a lot of evidence for corruption as well because there were few results for stronger institutions and better infrastructure in Greece apart from the infrastructure built for the Olympic Games. Obviously, mistakes during the past have led the country's economy to bottom but the proposed solutions should be fair especially for the next generation. Moreover both sides knew that Greece had many weaknesses that do not allow a better living standard⁴⁸. Neither Greece seemed to admit it nor did EU communicate this aspect through a fair program that would take into consideration the weak social layers.

After the outburst of economic crisis, Greece with its already known structural weaknesses and European tolerance had to follow the adjustment program. The country fell into deep recession, unemployment raised, risk poverty augmented too and GDP growth reduced.⁴⁹ Moreover provided services deteriorated due to cut spending with the aim Greek government to gain a surplus that can be used as a positive result. Unfortunately Greece was chasing a “fake recovery”.

The damage made from deep recession has become now a “headache” as it cannot be overturned. The fact that Greece could not escape from crisis and did not well, spread rumors for Grexit rather from 2012 when first taken measures were not fruitful and Greece had to “apologize for not performing the expected”⁵⁰.

12. European stance versus others

On the other hand there were countries that made a great effort to join the Euro-zone. Latvia that had a slow growth adopted strong taxation and other reforms so as to start its engine and enter European Union. That was a success for Latvia that stood recently as a lever to Greece's complaints about the difficulties of executing the memorandum program.

<http://www.theguardian.com/commentisfree/2015/jul/06/greece-euro-unanswerable-austerity-democracy>

⁴⁸ <http://www.pacificfreepress.com/rss/13752-murdering-the-mother-of-democracy-killing-greece.html>
Last visited 11/01/16. According James Petras the years before crisis “the Brussels elite allowed the Greek middle class to live their dream that they belong to prosperous Europeans in exchange for accumulated debt.” EU turned a deaf ear to compromises offered from Greek government strengthening their position. The matter of “stopping the left wind” that was blowing over Europe was the main purpose.

⁴⁹ Macroeconomic analysis of staying Greece in Eurozone. Koutsoukis, Roukanas, the Grexit Paradox, 2014.

⁵⁰ It appeared the trouble of having an exhausted country which will need more help and the unwillingness of European countries to support Greece if it insists on delaying the reforms. <http://www.economist.com/blogs/charlemagne/2012/06/germany-and-future-euro-1>

Actually the point mentioned above was a sore one for Europe regarding the Greek problem. Countries that have managed employing austerity policies and have found their way to deal with deficits stay no long next to Greece. They do not support another bailout scenario for Greece as they are not sure that it will be fruitful. The problem is that they do not trust Greece and they cannot understand what went wrong in Greek case which in other cases has worked so.

Nevertheless, reality is that Greece has faced a program with too much austerity without having the chance to compare the results as time was not an advantage for Greek case. When crisis stepped in, measures should have been taken immediately. On the contrary neither Greece nor Europe had an experience how should handle the situation. Europe had to deal with members that apply for help each time separately⁵¹. European Union though being a power had no excuse of not knowing or being unprepared. This automatically means that every single process should be examined separately from both sides. Instead European Union kept its hegemonic profile without discussing the process from the opposite side. There was no room left for objections as it exists in each democratic process.

Without having intentions to criticize European stance it is clear that from the beginning the others position is not respected. The base for a healthy discussion is overturned. The memorandum of understanding either from its first paragraph forbids any objection or any other proposals or actions.”The government commits to consult and agree with the European Commission the European Central Bank and the International Monetary Fund on all actions relevant for the achievement of the objectives of the Memorandum of Understanding before these are finalized and legally adopted”.

The settled prerequisite can be seen as a standing coin, it depends on what is the view angle. European Union would claim that it is a matter of fairness and pure understanding which is accepted. On the other side, the partner’s side, there is no right to object it and explain the internal weaknesses that apply. Europe lacks political union and separately nations carry their own history, their culture that sometimes explains the invisible to others.

This means that weaknesses either we like them or not, they exist, and we should take them into consideration. That is what real interest and fairness provides. That is the stance that European Union should have kept. Austerity and recommended measures are not bad but nobody examined if these are the receipt for Greek problem. Looking things superficially is dangerous for the people that are asked to sacrifice their way of life and reform their values through painful changes. Austerity is not panacea in a few words.

Nevertheless Greek people to their majority kept the law enforced by the Greek government in consultation with European Union, despite the fact that taxes and

⁵¹ <http://edition.cnn.com/2013/07/27/world/europe/european-debt-crisis-fast-facts/> last visited 10/01/16

salary reductions were a double hit for their conditions of living. They accepted the fact as a way to escape from the economic crisis that hit both their country and Europe. Greek people were not negative to re-estimate their needs and cut some not necessary things such as to cut from small journeys, restaurants, clothing-shoes etc. The real problem started as crisis reached everyone separately and deep recession led to unemployment.

The fact that austerity would activate recession and unemployment is a scenario that either the European Union did not pay attention early or skipped it as side effect. When a third round of negotiations arose for a third memorandum program in 2015, Greek people knew exactly what should no more follow.

When Greek prime minister Alexis Tsipras did not manage to convince Europe that austerity should stop at least in the third agreement, he held a referendum of whether should agree or not to the proposals. On 6th July 2015 61,3% of Greek people agreed that “no” this kind of policy was not the proper way to get Greece out of crisis.

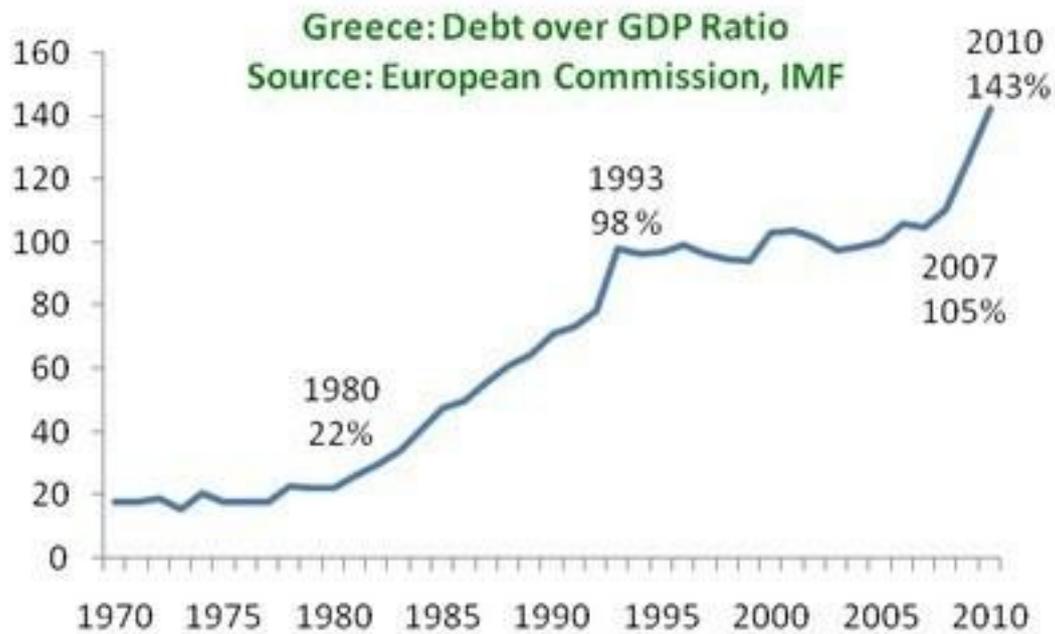
This way we keep in mind that euro crisis is part of a deeper political crisis where every separate nation has to put and promote interests of its own agenda because each leader or finance minister is accountable to its nation. Therefore it can be assumed that unless a deep political change take place the euro crisis will not end. A hypothetical end can be put then which is extremely dangerous. Actually this reflects totally the European reality right now. For the majority of core countries the crisis has stepped off or else the contagion effect might have well been prevented. The fact that Greece has yet not found its way to exit is a headache that prevent them from running ahead. Nevertheless, this is a toxic thought. Throwing Greece out of the European Union is not allowed as it involves strict accountability for a totally democratic Europe. If Union wants to retain its power it should remain united from the beginning until the end of its life.

13.Humanitarian crisis almost in Greece

Humanitarian crisis in Greece, unfortunately is the result of the unsuccessful adopted fiscal policies for the Greek problem. Actually Greek economy has not performed well last decades and debt % GDP started to climb from 1980 (22%) to reach in 1993(98%)⁵² thanks to Greek political decisions that over expended with a respectively limited fiscal ability.

⁵² European Commission, IMF- chart

Figure 3



On the other hand many spending was because Greece was preparing to enter Monetary Union. Nevertheless Greece being a full member of the European Union joined the European Monetary Union and adopted officially the euro currency in January 2002, following a new path. The period of euro participation between 2001-2008 was a “golden era” for Greece⁵³ that saw wages increasing, unemployment fell, inflation stood almost at the same level, debt ratio seemed to be stabilized at 100% and growth rates increased.

That was the ideal side though that was over expressed. Truth is that fiscal situation in Greece remained precarious. There were signs that revealed the deception. These were the deficits of the current account in double-digit numbers (12-14% of GDP) and the low competitiveness ranking. Moreover doing business ranking in Greece was low regarding the GDP per capita and productivity could be higher.⁵⁴ Greece’s fiscal profile was based rather on “irrespective competitiveness” that helped economy to grow, without having a stable background. We are talking about cheap credit, public extensive borrowing and the existed EU funds that were additionally offered. Unfortunately the Greek growth was not a healthy one and nobody had the courage to admit or at least explain it to ordinary people.

On the contrary it was used from Greek politicians as tool for boosting their “wellbeing”. In fact corruption accompanied with structural and institutional weaknesses were the conditions defining the most Greek reality. When the

⁵³ <http://eprints.lse.ac.uk/42848/1/GreeSE%20No54.pdf>, G. Alogoskoufis, 2011.

⁵⁴ Theodore Pelagidis, Understanding the crisis in Greece from boom to bust, 2011

international economic crisis began, Greece's institutional weaknesses were expressed in the maximum revealing the size of the problem.

The fiscal policies that were adopted from Greece in 2010 in order to deal with the crisis unfortunately lead Greece one step before a humanitarian crisis. The ordered austerity by EU memorandums in cooperation with IMF had the intention to stop the public sector from uncontrolled spending so as to prevent debt ratio from mounting at first level. The much discussed austerity though has two faces. From one perspective it can retain debt ratio from scotching but from another perspective it can shrink the real economy, as by cuts and reduced wages we meet lower domestic demand. Moreover when the institutions are weak⁵⁵, employing any kind of cuts they become insufficient for people and that really can provoke a humanitarian crisis. Services also in Greece never had been very qualified and now by asking them step back because of no more feedback is not so easy.

The main question is whether EU could protect Greece from the outburst of a humanitarian crisis through carefully selected policies. EU asked help from IMF and proceeded into cooperation because Europe lacked the institutions to support a crisis.

Was the designed program suitable for Greek economy though? Greece in the examined case had different priorities. Without well working institutions and an autonomous administrative system few things can be supported. Reforming economy sets as main prerequisite to have or build strong institutions. Greece neither had strong institutions nor had the time and the needed help to build them when the crisis started.

We assume then that both Europe and Greece were not prepared to fight the crisis. So what happened after the 2010 when Greece agreed to enforce the recommended policies despite its drawn weaknesses? Did she manage to find its way out or did she fall in deep recession making many people suffer from prolonged austerity and heavy taxation?

14. Formal indicators revealing the humanitarian crisis

14.1 Labor law ineffectiveness

After the memorandum policies and prolonged austerity losing a job in Greece became a common phenomenon. Unemployment increased to an unexpected extent and finding a job in an environment where everything shrinks to something smaller became utopia.⁵⁶ Greek employees because of the unstable economy that has yet to recover had to accept the conditions set by employers. This way the working conditions in Greece deteriorated having people withdrawing from their labor rights, with less payments and overtime employment. The worst is that working people had

⁵⁵ The Greek paradox of falling competitiveness and weak institutions in a high GDP growth rate context(1995-2008), T.Pelagidis,2010

⁵⁶ <http://www.protothema.gr/economy/article/407036/oosa-i-nergia-stin-ellada-tha-meinei-sto-27-kai-to-2015/> last visited 07/01/16. See also <http://www.oecd.org/newsroom/jobs-recovery-to-remain-weak-in-2015.htm>

and still have to agree with this kind of employment otherwise they had to face unemployment with the expected consequences.

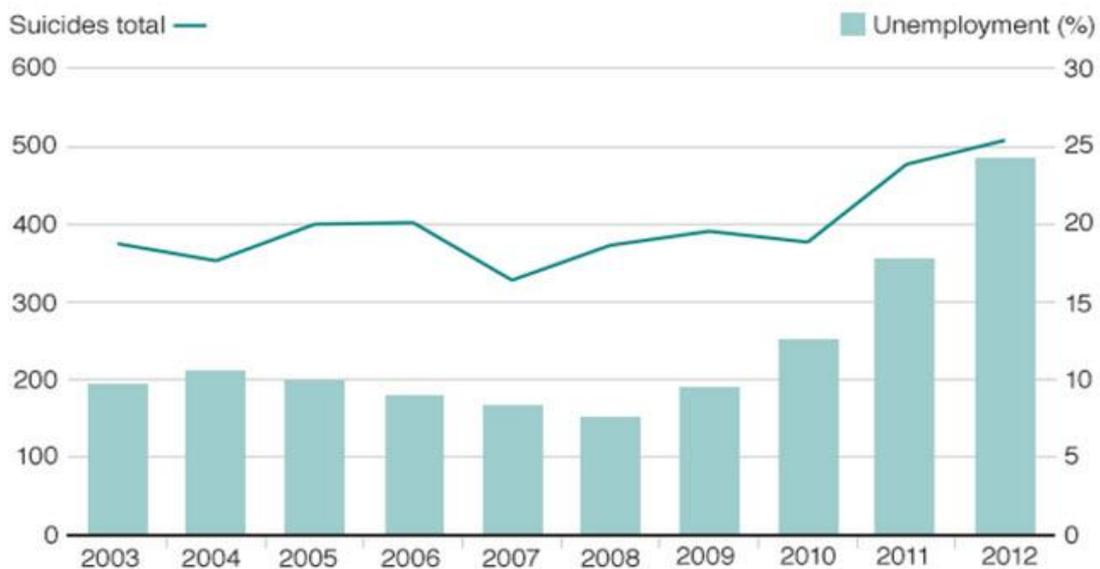
This is well known from the employers as some of them did not hesitate to hide themselves behind the already defined recession. This is without doubt clear, but the employee retains the right to wonder whether it was fully true in his case or profit gaining was the real reason. Crises sometimes are used immorally against the working people. The systematic violation of the labor law⁵⁷ under employees' newborn tolerance is something that should be examined separately⁵⁸. Kindly though can be remarked that is people's uncertainty for the future of a certain company or their company that turned them vulnerable. That means, since there was no space for complaining, that pressure in working environment kept rising.

14.2 Suicide rates

Therefore accumulated depressed feelings lead to health problems (according employment outlook 2014 of OECD) that are not easily detected such as the depression itself. Keeping in mind that it can be combined with the deep recession and unemployment, the main reasons for raising suicides in Greece are obvious. People cannot handle multiple hits such as raising debts and taxes, covering in the meanwhile needs of their dependent members. They suffer body and soul reaching their limits. The more unemployment increased in Greece the more raised the suicides.

Figure 4a

Suicide rates in Greece



Source: BMJ, University of Thessaly, University of Oxford, London School of Hygiene and Tropical Medicine, European Observatory on Health Systems and Policies

BBC

Uploaded in zero hedge

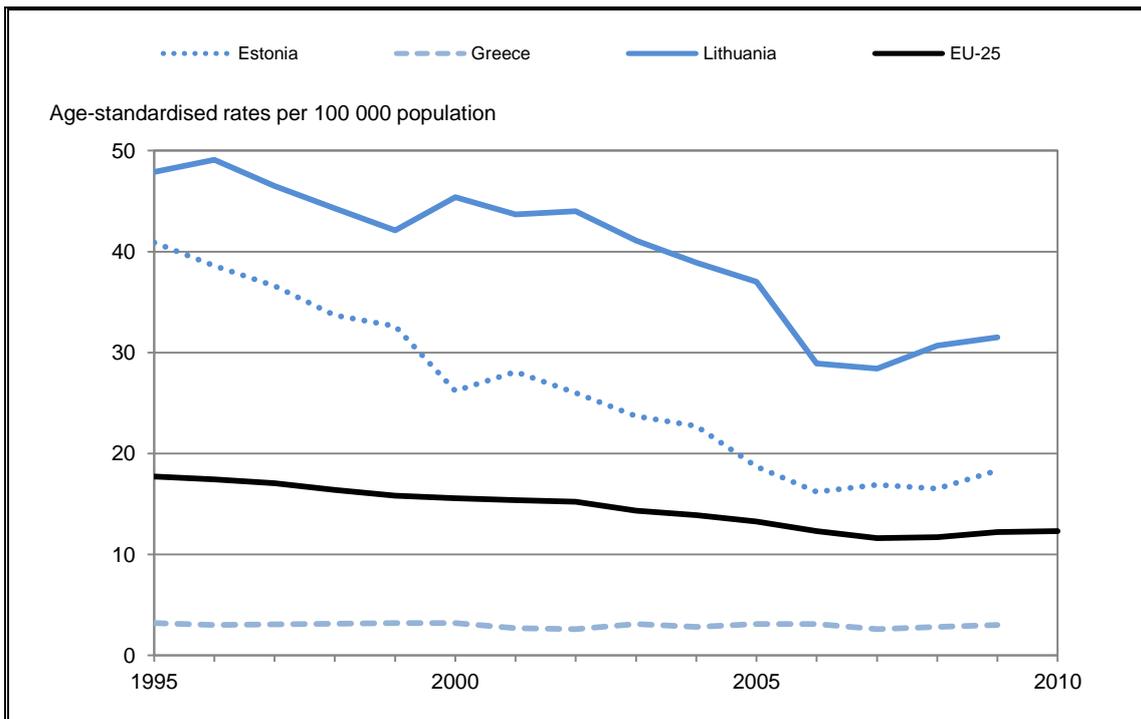
⁵⁷ http://www.thesissa.com/files/20.03.12_BASIC_PROVISIONS_OF_GREEK_LABOUR_LAW.pdf

⁵⁸ Under the threat of national bankruptcy the phenomenon of dismantling the labor law and provide cheaper atypical programs became very common in Greek case. Lefteris Kretsos, Youth policy in austerity Europe: the case of Greece, 2014 Routledge.

Personal limits for Greek people were not so narrow. They used to believe that things can go better and had to compare with a normal developed society. Nowadays inequities are met everywhere in Greek territory. During past years there were not so much inequities, and people had less to compare with European standards. Since the crisis has started people felt the sudden fall from the “top”(according always the national standards) to the bottom. The violent hit can be calculated as the main reason for committing suicide.

At the same time a serious effort has started in Euro area to reduce numbers of suicide. Greece shows respectively a high share in suicide rates regarding its previous status during the crisis years. Nevertheless it cannot be taken for the worrying case as things never touched high levels such as Estonia or Lithuania. To the following figure we observe that any problem with suicide rates in Greece appeared after the 2010 year. Before this happened, priority was given to Estonia and Lithuania.

Figure 4b/trends in suicide rates



14.3 Unemployment rates

Nevertheless, Greece indeed during the crisis years run a difficult course with unemployment reaching in 2013 almost 27% and the majority of people feeling that there is no other space to withdraw. The most worrying factor was that unemployment had strong persistence in Greece raising the poverty risk, deepening recession and reducing productivity.

On the other hand, the truth is that not every job losing case was due to recession. There were circumstances that favored the employers to hide themselves behind the economic recession and fire employees in the name of reducing operation costs.⁵⁹ This way unemployment increased and many times taxpaying fell as a result of closed enterprises.

There were left few alternatives for Greek businessmen with the unhappy consequences for national economy. The reopening of enterprises to neighbor European countries such as Bulgaria⁶⁰ or Cyprus which recently announced easy processes and tax protection for Greek new settled companies⁶¹ were an added loss for Greek economy that had to deal with both unemployment and taxpaying. In these particular cases there should be contacted control of what kind of obstacles or difficulties the enterprise faced and to what extent the Greek authorities could support

⁵⁹ The shadow economy for tax evading and the excuse for firing employees

⁶⁰ Small and medium Greek companies took advantage of Bulgarian lower taxes to keep up trading with Europe. <http://www.eubusiness.com/news-eu/bulgaria-greece.131d>, last visited 11/01/16

⁶¹ Moreover Cyprus has lower VAT rates for enterprises being more attractive for Greek companies that find Greek taxation inflexible and unstable. Greece has made the most changes in tax rate during the last decade shaking the stability that the investors sake for their enterprises. http://www.gsevee.gr/press/mme_eng.pdf, last visited 11/01/16.

them. There are few measures that should be taken in order to secure the operation of SMEs in Greece and retain its valuable contribution to economy⁶².

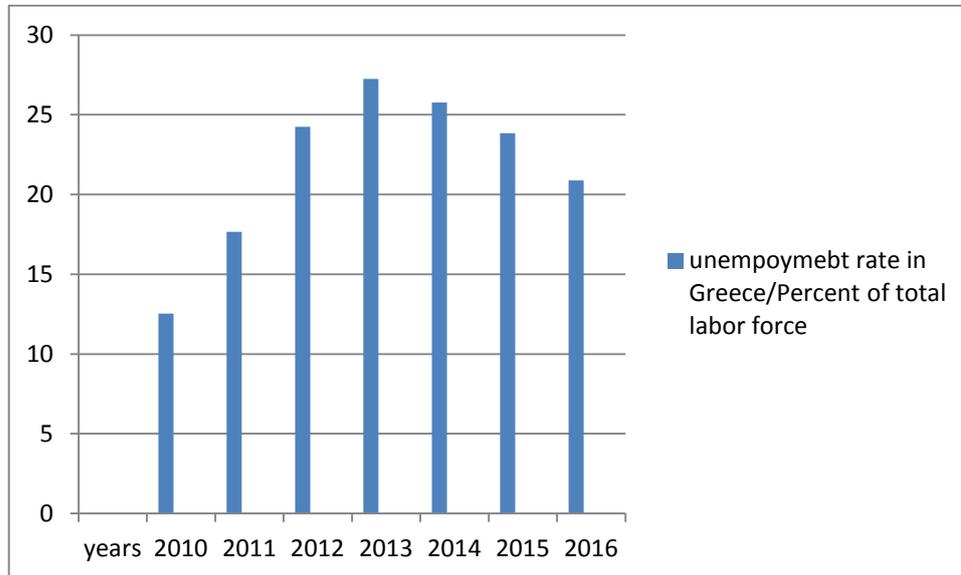
In case that Greece had not the technical ability to support it, there should be a help-plan from our partners who instead of watching Greece to step further in economic recession could propose an alternative, apart from sustaining irremovable austerity. That gave birth also to a general discomfort to European Union⁶³ that has reached respectively a peak when Greece dared to object a third European proposal for financial rescue. Greek thesis was that austerity- cuts give nothing without being combined with a feasible plan for development and possible success, implying debt relief.

Deep recession and high unemployment rates are serious damages for economy that cannot simply reversed from a surplus in economy. According OECD Secretary-General Angel Gurría, there should be structural reforms to fight the complicated recession from a deep crisis. From his speech to Paris he highlighted the following: “While wage cuts have helped contain job losses and restore competitiveness to countries with large deficits before the crisis, further reductions may be counterproductive and neither create jobs nor boost demand. Governments around the world, including the major emerging economies, must focus on strengthening economic growth and the most effective way is through structural reforms to enhance competition in product and services markets. This will boost investment, productivity, jobs, earnings and well-being.”

⁶² <http://www.pecob.eu/Greek-entrepreneurship-after-crisis-investment-abroad-easiest-solution>, last visited 11/06/15. Greek enterprises should be supported from the state in order to survive. Less bureaucracy, lower tax rates employment and insurance status are the conditions that should be met in order to keep greek enterprises inside the greek territory.

⁶³ As much as austerity and economic crisis run over European countries discontent grows too. Many Europeans believe that their children will have to face unemployment and the living conditions will deteriorate. The role of EU as crisis regulator is clearly disputed drawing new dimensions for European entity and stability to be kept. "<https://www.stratfor.com/video/growing-discontent-eu>">Growing Discontent in the EU is republished with permission of Stratfor."

Figure 5



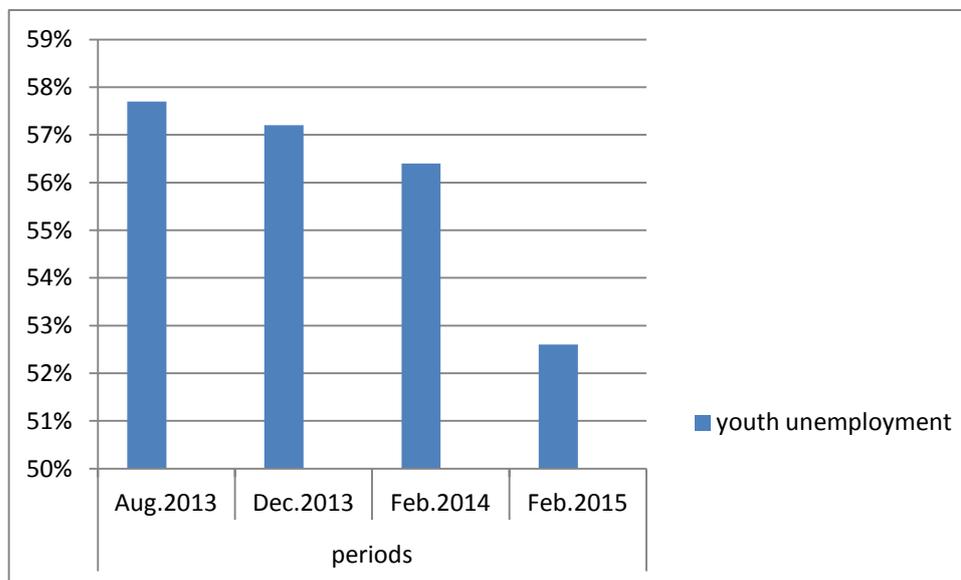
Source: Haver Analytics. Formally, the National Statistical Office (ELSTAT) Latest actual data: 2013. For quarterly data, latest actual is 2014Q1. For the years 2015, 2016, are expectations from the running programme. Employment type: National definition Primary domestic currency: Euro Data last updated: 09/2014

Nevertheless Greek unemployment rate remained well above 25% during the 2014, 2015 years not matching the expectations above.

14.4 Youth unemployment

The worst point though was that youth unemployment stood much higher for Greece during the crisis, catching more of 57% in 2013. In 2015 rather stands above 50% which is also completely disappointing.

Figure 6



Source: Eurostat

<http://ieconomics.com/greece-youth-unemployment-rate> last visited 11/01/16.

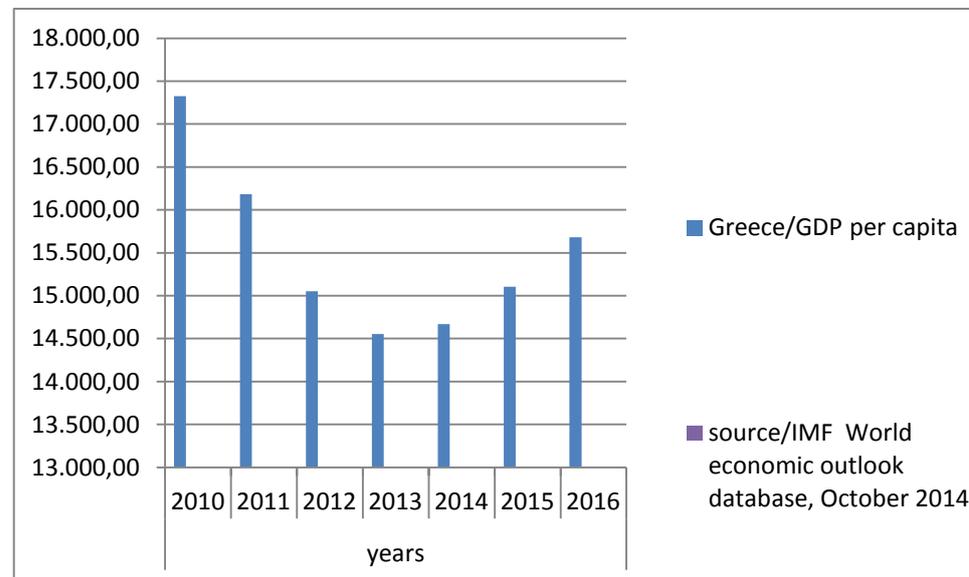
Moreover in Greece the long term unemployment has mounted from 49% in 2007 to 71% in 2014⁶⁴. This depicts the size of Greek recession and the emergency of finding a solution.

⁶⁴ <http://www.oecd.org/greece/EMO-GRC-EN.pdf> last updated 17-Nov-2014, last visited 03/01/2016

14.5 GDP per capita

GDP per capita falls too in Greece as a result of wage cuts ordered by monetary policies. Among the list of wage cuts one measure stands out in particular, according Ronald Janssen⁶⁵, and this is the minimum wage. Minimum wage in Greece at 2012 time, stood at 862 euro and there was an intention to be cut by 22%. The trap was not visible from the beginning. The well hidden rationale -as Janssen says- was that by lowering the minimum wage automatically other seemed high paid and had to accept too lower payments. The whole model would transform European institutions from providing an effective wage floor into an instrument to push wages down. Nevertheless Greece really had a serious impact on wages during the crisis which unfortunately boosted neither competitiveness nor productivity.

Figure 7



⁶⁵ <http://www.socialeurope.eu/2012/02/why-the-troika-is-imposing-a-cut-on-minimum-wages-in-greece/> last visited 07/01/16

Greece's odious debt. Any existed possibilities for recovery?

15. Greek debt undeterred

Government debt represented the 93% of total central governmental debt in 2009.⁶⁶ There was not any kind of divergence.

Moreover economic growth is blocked when debt ratio exceeds a certain threshold of 77%. Additionally the more debt stays high the more is impossible growth to take place.⁶⁷

When Greece applied for financial support, Greek debt despite the kept instruction kept increasing. Austerity and recession forced Greek economy to shrink which has lost 25% of its size the last five years. Bailout programs increased Greek debt. Moreover there was a rising public deficit of 10-15% annually over GDP. At this point it should be stressed that because of multiple austerity GDP declined too, economy shrunk, and that was another reason why the Greek debt climbed.

Policy makers should also take into consideration that structural reforms should support the country's debt tolerance.⁶⁸

If somebody tries to deepen in this Greek case he will just find out a vicious circle. Austerity caused recession, reduced GDP, and even if deficit remained stable the economy got trapped.⁶⁹ "The challenge is a way to be found to channel capital in suffering countries in non-debt form as to avoid the risk the problem of a ballooning unsustainable debt to be repeated."⁷⁰

The effort that was made in 2012 to rearrange the Greek debt was an innovation indeed and reached to an extent a debt relief from 150% to 120% but debt remained unsustainable. On the contrary a much better debt relief was achieved in 1953 regarding the mature German debt.

⁶⁶ <http://www.doiserbia.nb.rs/img/doi/1452-595X/2010/1452-595X1004391K.pdf> Kouretas, Vlamis 2010

⁶⁷ "Countries sacrifice large shares of their GDP if debt exceeds the threshold for an extended period of time." "If debt explosions move debt ratio above the threshold(77%) and keep it for decades economic growth is likely to decrease" M.Caner, T. Grennes, F. Koehler-Geib ,Finding the tipping point-when sovereign debt turns bad,2010

⁶⁸ "Policy makers need to keep debt levels low for an extended period of time while basic structural reforms should insure that the country can digest higher debt burdens without losing debt tolerance." https://mpira.ub.uni-muenchen.de/13932/1/MPRA_paper_13932.pdf Debt intolerance, C. Reinhart , K. Rogoff, M. Savastano, March 2003

⁶⁹ Greece's way out of the Crisis. A call for massive structural reforms. P. Liargovas, S. Repousis. According to authors austerity programs create a vicious circle. Therefore austerity leads to recession and reduces GDP even if the deficit remains unchanged.

⁷⁰ Debt intolerance, C. Reinhart , K. Rogoff, M. Savastano, March 2003

Comparing Greece's debt reconstruction in 2012 and that of Germany's in 1953 some differences can be easily drawn⁷¹. Germany could provide assistance to its people and did not apply for additional help as Greece did. In 2012, if Europe had decided to write down Greek debt it should have done so for other countries, risking the euro future. It had to pass the process through a new bailout scheme that would not start problems. Things are much more complicated nowadays as debt relief implies taxes that weigh other members which are unwilling to sustain. On the other hand EU lacks political union that limits its role.

Nevertheless in 1953 Germany refused to pay the rest 82 billion marks of a total 132billions for war reparations. Germany claimed that "was trying to secure democratic legitimacy because of incompatible fiscal demands"⁷² as it was extremely difficult to carry out the repayment of first 52 billions. It was a clever message according Feldman(1993) that combined willingness and democratic values in one. Each one separately understood that nobody could force Germany pay if the same country was not available.

We now wonder if Greece's claims in 2015 for unsustainable debt and democratic legitimacy were reasonable. Was already clear enough that after 7 years austerity Greek people suffered enough and have no other space to withdraw? We take into consideration the difficulties met in a heterogeneous Europe but we believe that the core democratic values which dominate the Union still exist. We hope that Europe has taken a lesson from the mistakes regarding the implemented policies and has revised its strategy so as not use only economic tools to rule people.

Nevertheless, reforms that took place in Greece through adjustment programs did not manage to boost productivity, competitiveness and increase GDP. Recession has activated almost a humanitarian crisis that appeared from fast deteriorating circumstances. During the crisis other economies did not carry such a severe hit from the combination of negative factors. Crisis, unemployment, the accumulated trade and public deficit⁷³, austerity, and administrative weaknesses caused debt increasing in Greece, halting the possibility for recovery.

⁷¹ Timothy W. Guinnane, The 1953 London debt agreement, Yale University, revised July 2015

⁷² T.Guinnane,2015

⁷³ Core countries after have adopted the euro currency raised competitiveness as they increased production and reduced wages. The result was the core countries of northern Europe that had a strong economy to retain power whereas periphery (South Europe) to increase consumption and run trade deficits in balance of an asymmetric production. Petrakos

Figure 8

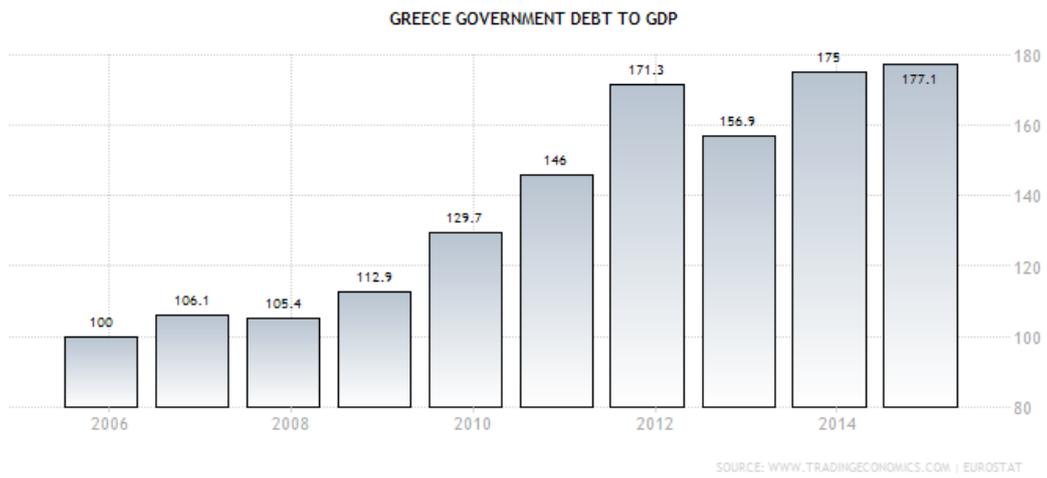
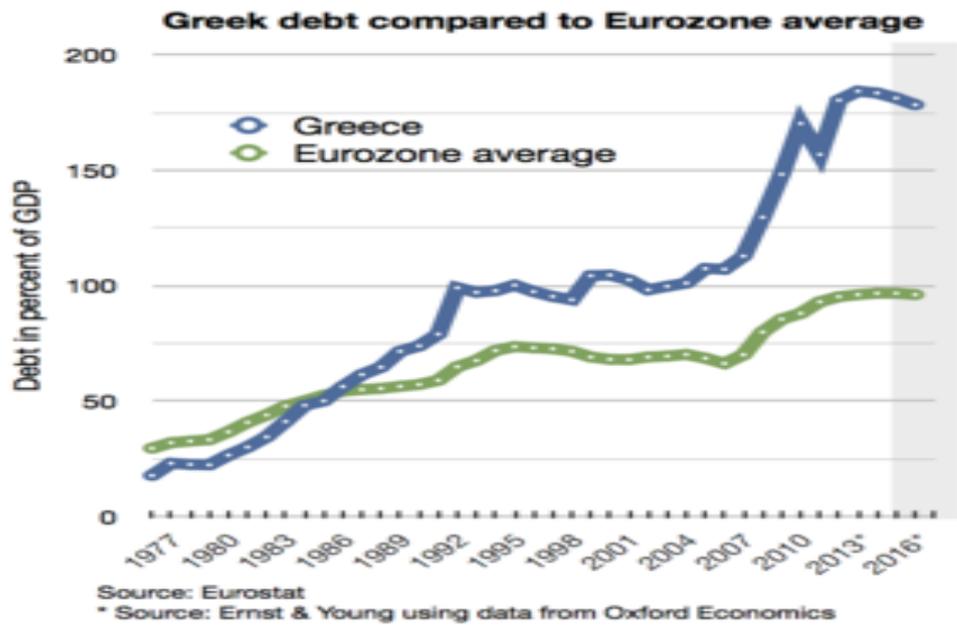


Figure 9



16. Suggested reforms that could start the engine for tired Greek economy

16.1 Tourism.

Greece because of its history its customs and traditions becomes attractive to the rest of the world. Besides from prehistoric years the ancient well known almighty god Zeus, was known also as “Xenios Zeus” because of his developed hospitality. Greece had and retains the tradition to make others feel comfortable, welcoming visitors and providing them the opportunity to enjoy the Greek natural beauty. Greek spirit expressed through a unique culture shines pure in humanity. Many people feel that they owe themselves a visit to Greece and if facilities run with expectations, then a visit to the small Mediterranean country is worth it.

Tourism contributes more than 11 billion euro directly to GDP⁷⁴ which can be used to start up the engine of Greek economy. Moreover it offers plenty of jobs related to tourist services. This way the rough unemployment indicator can be turned over⁷⁵. Tourism is a much promising sector for the recovery of Greek economy.

16.2 Contribution from healthy shipping companies and the budding dispute.

Healthy shipping companies and therefore ship owners should contribute more by either employing more Greek staff that is qualified enough or by accepting to pay a contribution decided by Greek government. There were heavy oppositions to this proposal as their contribution up to now was voluntarily. There were also objections that the suggestion was unconstitutional and Greek government took its time to reconsider.⁷⁶ Nevertheless most clues drive to the direction that the main key is to keep shipping in Greece so that Greek flagged fleet retains its rank internationally. There are more for Greece to be gained if there are not ordered by obligatory measures.

Unfortunately the new political scene with memorandums controlling and guiding the financial performance of Greek economy restricted the “friendly” relations between the state and ship owners and tensions were observed to this special field.⁷⁷ Greece can rely on its shipping companies for contributing to its current economic malaise

⁷⁴<https://www.wttc.org/-/media/files/reports/economic%20impact%20research/countries%202015/greece2015.pdf> , last visited

11/01/16.

Travel & Tourism Economic Impact 2015, Greece, World Travel and Tourism Council .The report is referred to the contribution of tourism to direct GDP. Direct contribution of tourism and travel to GDP in 2009 was 11,7 billion raised to 12,3 in 2015 and is expected to reach 21 by 2025.

⁷⁵ Employment direct contribution of tourism for 2014 was 9,4% and is expected to reach 10,4% by 2025. Indirect contribution offering jobs that are indirectly related to tourism is a more promising figure. In 2014 there were offered 700000 jobs, the 19,4% of total employment and up to 20125 the contribution is expected to touch the 22,2% of total. Source: Travel and Tourism Economic Impact 2015, Greece.

⁷⁶ <http://greece.greekreporter.com/2014/02/13/greece-wants-greek-ship-owners-to-contribute-more/> last visited 10/01/16.

⁷⁷ Tsavlis Salvage Group, Article: “Stability key to keeping shipping in Greece.

http://www.tsavlis.com/news_details.php?division=salvage%20and%20towage%20services&record=173, last visited 10/01/16.

but the approach should be applied carefully. Greece better knows many special features of these powerful persons. Generally speaking though ship owners in Greece should prefer Greek staff and expand their activities to a better level in Greek land helping total unemployment. The investment climate should turn better and specific legislation should run as soon as possible towards this direction.

16.3 Capital investments and investment climate

Capital investments to small medium enterprises, would improve productivity .The investment climate should change from uncertainty to stability⁷⁸. The conditions should become easier for companies to be established or for investors to participate into already existing ones⁷⁹. Bureaucracy should be diminished.⁸⁰

On the other hand, markets should tolerate competitive Greek products so as Greece become able to cover its deficits. At the same time imports should be eliminated to give space for Greek products to occupy a large field to Greek market. Reduced imports will save money from governmental budget too and the economy will breathe - it will start up.

16.4 Restoring liquidity for banks, recapitalization and prospects

Restore the sooner liquidity for banks and return to a healthier model that could promise a better future for Greek economy. If this is difficult a smart medium solution can be provided that up to point has been implemented. Freedom should be applied especially for trade companies so that foreign investors feel safe that the other way round for their capital can be secured.This is not the expectation though and investors should feel happy for their choice and not think how their capital will return. This sets as a prerequisite the issue of Greek economy to end with official political thesis from Europe that has the power to pass a positive message for stability.

Respectively there was a huge uncertainty climate when for the first time the left radical party “Syriza” took over. Many depositors thought that Greece would exit from Euro-zone and that was the end of Greek European history. That was not completely unfounded as many members from the left party were in favor of returning Greece to its previous drachma currency. Moreover Greece at that time had selected for negotiations with Europe a rigid policy with its much discussed minister of economics. It was obvious that Greece’s route to Euro-zone was not secured for the first time as the opposition of the new government was well known. Euro was at risk for Greece. People often react spasmodically to a threat. They rushed to withdraw their deposits as the devaluation matter was very possible. This had the undesired

⁷⁸ Quarterly report from April to June 2014, Parliamentary Budget Office. Investments have rapidly declined since 2007.

⁷⁹ <http://www.ekathimerini.com/204479/article/ekathimerini/business/foreign-investors-wont-invest-before-reforms-and-stability> , last visited 07/01/16. Greek government should strengthen investment expenditure liberalizing labor market , preserving competitiveness of Greek shipping, etc.

⁸⁰ <http://www.state.gov/e/eb/rls/othr/ics/2013/204649.htm>

result economy to become weaker. Capital controls arrived to stop the deposit outflows.

Figure 10

Greece's 'Bank Jog'

Savers ran on their lenders amid a standoff between the government and its creditors

■ Greek bank deposits by businesses and households



Source: Bank of Greece

Figures in millions of euros

Bloomberg

Greece realized that although memorandums and the selected policies had many problems, there were lines that could not be overstepped. Europe negotiates under particular rules and law that simply cannot be cancelled. Greece reached an agreement that matches the other memorandums and hopes that this time we will reach a successful end.

Greek banks were pressed respectively from recent developments as they had to apologize both for deposit losses and NPLs⁸¹ that were mainly result of a deep recession. Non Performing Loans in Greece reached the 31% in 2013⁸² which was a

⁸¹ The relation between the NPL and ownership and how it reacts to bank sector is an interesting perspective that if combined with the uncertainty and fluidity of greek economy can explain effectively why NPLs increased. D.Louzis, A. Vouldis, V. Metaxas, Macroeconomic and bank specific determinants of non-performing loans in Greece: A comparative study of mortgage, business and consumer loan portfolios. Elsevier, Journal of banking and finance, October 2011.

⁸² Petrakos 2014 from World Bank 2014,

resounding message for bank sector that restructuring forms should be implemented as the prolonged recession has further deteriorated the performances. In 2015 as crisis deepened NPLs increased further.

Therefore Greek banks were accountable to report a higher recapitalization cost that weigh on the governmental debt. Additionally high recapitalization cultivates negative conditions for investors as there is a hole in bank sector that is transferred from the performance of real economy.⁸³

Nevertheless Greek banks lastly in November 2015, gave their own struggle for recapitalization that ended successfully. Talking for a successful process is not absolutely the right conclusion as there is the opposite side too. Greek bank shares were sold for extremely low prices reaching an offer cost of 0,03 cent per share. That compared to the state's stake, which was reduced drastically, can be a message of how strong are the Greek banks now and what the future can be. It was also called fire sale with the "blessings" of European creditors and shows that very little have left from the last recapitalization rounds.⁸⁴

⁸³ <http://www.reuters.com/article/2015/10/31/us-eurozone-greece-banks-idUSKCN0SP0BE20151031>, last visited 10/01/16.

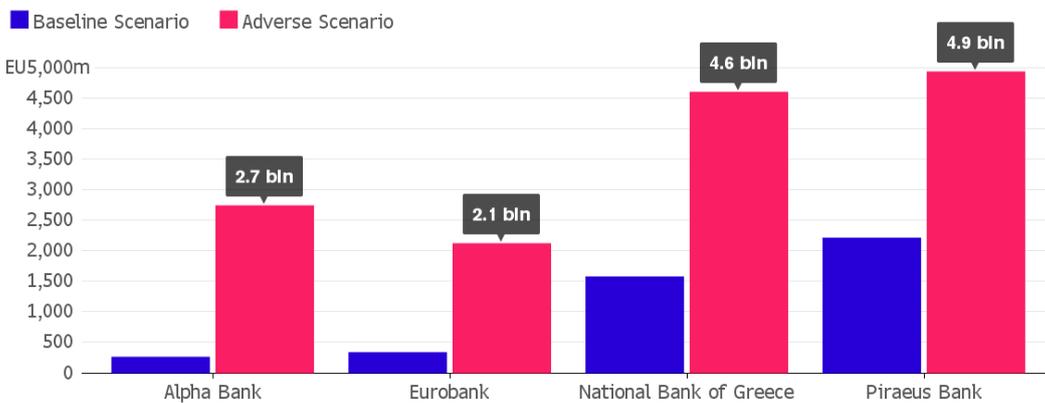
Greek bank non performing loans at 107 billion euro which is almost the half of all the credit given from four country's banks.

⁸⁴<http://www.greekcrisis.net/2015/11/a-greek-bank-tragedy.html>, last visited 04/01/16. According professor E. Avgouleas the uncertainty of how Greek economy is doing because of not fruitful negotiations led to deposit flights reducing this way the strength of bank system. As a result we met heightening the amount of Greek taxpayers offer. This kind of deepening that left the choice for Greek banks to offer share prices at almost zero plus can be alternatively taken as asset looting or fire sales. Moreover the banks turned their interest at attracting new investors through the smart CoCos(Contingent Convertible) to support their capital bases. They also agreed to accept CoCos from state as Financial support. The risk taken though from both sides is a big matter to be discussed. See also ; <http://www.ipe.com/reports/investors-warm-up-to-bank-contingent-convertible-bonds/10007299.fullarticle> last visited 01/01/16.

Figure 11

ECB Assessment Showed a 14.4 Billion-Euro Shortfall for Greek Banks

A 4.4 billion-euro gap arises from the Asset Quality Review and baseline scenario of the stress test



Source: European Central Bank

Note: A separate comprehensive assessment for Attica Bank carried out by the Bank of Greece showed a 1 billion-euro hole

Bloomberg

16.5 Softer greenhouse emissions and energy independence

Another step that could give an opportunity to Greek economy to recover, was Greece to gain softer greenhouse gas emissions rules from European Union. The option came about as Greece was in recession and an eventually better confrontation could allow Greece to use its lignite sources without having to pay high rates for buying its CO2 emissions.⁸⁵ Moreover heavy industries shrunk⁸⁶ as they had to lay off employees and search for another dome, with all negative consequences for national economy. Nevertheless there was no progress regarding the prospect of reducing the electricity costs and heavy Greek industries turned to other ways to gain competitiveness which most of the times did not favor the overall good.

On the other hand taking into consideration that in offshore Greece the Cretan gas fields may contain as much as 51 tcm (trillion cubic meters) gas⁸⁷, not only could Greece become energy independent but contribute to European energy needs too. The legislation in Greece should change in a direction that would ease investors to make their effort. Greece should not waste its time but run towards the prerequisites that

⁸⁵ <http://www.aljazeera.com/indepth/features/2014/03/greece-blows-smoke-at-eu-201432121223982991.html>, last visited 04/01/16.

According to the article it's the new European energy policy which is friendlier to environment. It promotes clean energy by using natural resources which mainly are wind or solar plants. This way Greece cannot become an exception as this would raise reactions from other member states.

⁸⁶ "Greek heavy industry pays more than twice as much for electricity as neighboring Italy" said the CEO of Halyvourgiki, Andreas Skyndilias, source Aljazeera, Greece blows smoke at EU.

⁸⁷ Bruneton, Conofagos and Foscolos, March 2012, see also Southeastern Mediterranean Hydrocarbons, Harris Samaras, April 2012

would offer Greece the chance to exploit its sources. It's an ideal opportunity for Greece to escape from the black hole into which has entered.

17. Conclusion

As a result a humanitarian crisis develops in Greece under the European surveillance. This is unacceptable for a hegemony defending human rights because it misses that people suffer to reach numbers. Financial tools should be accompanied with political dimensions. In Greece it did not work this way. People were stressed to unacceptable level, only to show they are weak again. This is humiliating for a nation as both sides- creditors and Greece -knew from the beginning that such an agreement could not survive.⁸⁸

To conclude in Greece during the crisis and because of grand recession the unemployment rate reached so high levels that recovery distanced all the more. Recession transformed the created unemployment to long term unemployment with all bad consequences for the economy and humanitarian perspective.

Unfortunately it is going to take long to reverse the situation as the damage is high. Wrong handlings from Greek politicians, corruption, tax evasion, the complicated structure of Greek administrative system involving too much bureaucracy, less investments cultivated general uncertainty. Greek economy is doubted to enjoy a happy end.

We believe though that there is still time. The problem is how this uncertainty will fly away. It is about a political decision of trusting Greece. It is now Greece's turn to take responsibility to heal the bleeding sectors like unemployment rates, social security funds, health infrastructures and suffering sensitive social groups. This way there is a chance stability to return in the country.

Stability is also the key word for investors. They are aware enough of the political instability in Greece. They feel that they may become insecure trying to stand a business in Greek ground. It is vital important to create and cultivate a friendly investor climate that will boost country's economy.

On the other hand it was that Europe was insufficient for countries hit by the crisis. European Union was unprepared enforcing policies by IMF's assistance. There was no financial autonomy and this was a disadvantage for a Union that applies its power out of its natural borders.

⁸⁸ <http://www.politico.eu/article/greece-owes-less-crisis-bailout-loan-imf-ecb/>, last visited 11/01/16. Greece borrowed because there was no other choice for its particular case not because needed the money to spend for prosperity. The article enlightens the conditions that Greece had to deal with to avoid economic collapse. It is a matter of morality. Greeks are not blameless. Greek wastefulness is not the reason that Greek economy cannot recover either.

EU did not examine any difficulties met by the Greek government during the implementation of the ordered program. It took the structural gaps of Greek economy as political unwillingness to enforce the signed agreement.

It can be assumed that on behalf of EU regarding Greek case, it was kept a guilty silence about the developments. It was like waiting for Greece to abandon efforts or sink deeper to recession. Without reacting Europe revealed that either there were dispersed weaknesses or that there was a lack of interest. Lacking interest is a shameful perspective though that we cannot charge Europe with. Our point of view is that Europe could revise its strategy regarding the developments and include other political dimensions into its decisions that would be closer to its core humanitarian values.

It should be stressed though that EU now is challenged from how to deal with a real humanitarian crisis. There are thousands of refugees that cross the European borders through Greece, seeking their right for security and better life. Miserable exhausted people all over east Greek islands searching for peace, respect of human rights and equal opportunities. This is a full humanitarian crisis that moved emotion all over the world. Greece did and still does its best to handle with this issue.

Greece separates itself from the pure humanitarian crisis and recognizes the difference. Greek people were trapped into programs that should have been exercised in a different and fair way. Had this come true, people would not have been deprived from their rights in a full democratic environment. There was absence of political dimension into taken decisions as Europe lacked political union and insisted on using economic tools only. That was a mistake that made Europe to look more like a creditor than a partner. It highlighted a hegemonic cruel status whereas the European core values are anthropocentric and democratic.

Greece deserved a better program that would have taken into consideration the structural weaknesses of its economy. Economic and administrative reconstructions should have met less austerity in a developing crisis. Debt reconstruction was something that should also have taken place more carefully and later as Greece was carrying already a recession. Taking the decision to reconstruct the debt so as Greece does not default was a decision in hurry and panic. Greece should have been offered an opportunity to increase competitiveness and productivity through effective political decisions that would combat unemployment and recession. Creating jobs using all basic natural Greek resources and advising young people regarding career following could be a first step to fight recession and reinforce GDP.

Moreover the austerity programs that IMF and EU worked out for Greece, were more than Greece could do the examined crisis period. The policy was not wrong and had a piece of success, but harmed the social base and started a humanitarian crisis as there were weak institutions. IMF should have revised its policy immediately to something

more flexible that would boost GDP through alternative job creation and competitiveness that would hit recession.

Finally, a possible solution for Greek case regarding high debt ratio could look like this:

History has proved that there were very few cases with countries that managed to reduce the debt/GDP via prolonged payments or rapid growth.⁸⁹ As a result prolonged debt repayment will not reduce the debt and sharp growth should not be expected from Greece either as Greece runs a prolonged recession. Moreover, high debt/GDP rates above 90% are associated with lower growth outcomes regarding Reinhart and Rogoff (2010)⁹⁰.

We suggest that Greek debt should be cut beyond the 77% threshold (the tipping point, Canner, Grennes, 2010)⁹¹ so as to be sustainable. This way Greek economy will be given the opportunity to define the growth process and how this interacts with debt. If debt remains stable after a long time (a decade for example) then really Greek economy would have found its own way to control it. If we take the decision to reduce debt to a much higher rate, for example 120%, it will not permit any growth. On the contrary recovery is undermined, with many possibilities the process to be repeated in near future.

Moreover IMF after Europe had created stability mechanisms could have been asked kindly to leave. It would be honest from IMF's perspective to ask so in order all mistakes not weigh only its side. The technical support for which was invited was provided and actually this is the primary role of IMF. Keeping IMF in the next policies underlines the European weakness and therefore instability, given that there are already institutions.

The next European decision whether decides to involve IMF or not will be a real message for European stability. The decision European institutions to handle Greek sovereign debt will comply with a deep political union that will further stabilize Europe. Whether Union will decide to cut the debt or prolong it or both is something that EU can handle through its institutions. Europe is ready and should take the risk now because this way it will prove its stability and power. Otherwise Europe unfortunately cannot be taken for a real power.

⁸⁹ Debt intolerance, C. Reinhart, K. Rogoff, M. Savastano, March 2003

⁹⁰ C Reinhart, K. Rogoff, Growth in a time of debt, American Economic Review, May 2010

⁹¹ M. Canner, T. Grennes, F. Koehler-Geib, Finding the tipping point-when sovereign debt turns bad, 2010

18. Bibliography and references

1. Eurostat statistical books, Combating poverty and social exclusion, 2010.
2. Lefteris Kretsos, Youth policy in austerity Europe: the case of Greece, 2014 Routledge.
3. Parliamentary Budget office, July September 2015/Structural reforms and economic policy mix
4. The National Statistical Office (ELSTAT)
5. P. Liargovas, Greece: Economics, Political and Social Issues, book, January 2012
6. MCKINSEY GLOBAL INSTITUTE, Debt and not (not much) deleveraging.
7. P. Liargovas, S. Repousis, Greece's way out of the crisis: A call for massive structural reform, 2013
8. European Commission, Economic and financial affairs, Why did the crisis happen?
9. H. Gibson, T. Palivos, G. Tavlas, The crisis in the Euro area: An analytic overview, May 2013, Bank of Greece.
10. Martin S. Feldstein, The Euro and European economic conditions, e-book, Cambridge, National Bureau of Economic Research, 2011
11. Klaus Dieter Borchardt, The ABC of European Union law, European Union 2010
12. J. Zettlemeyer, C. Trebesch, M. Gulati, The Greek debt restructuring July 2013
13. Timothy W. Guinnane, The 1953 London debt agreement, Yale University, revised July 2015
14. N. Holinski, C. Kool, J. Maysken, Persistent Macroeconomic Imbalances in the Euro area: Causes and consequences, 2012
15. Jason Manolopoulos, Greece's odious debt, 2011
16. Theodore Pelagidis, Understanding the crisis in Greece from boom to bust, 2011
17. Bruneton, Conofagos and Foscolos, March 2012, see also Southeastern Mediterranean Hydrocarbons, Harris Samaras, April 2012

18. Travel & Tourism Economic Impact 2015, Greece, World Travel and Tourism Council
19. Tsavlis Salvage Group, Article: "Stability key to keeping shipping in Greece."
20. Quarterly report from April to June 2014, Parliamentary Budget Office.
21. G. Petrakos, Economic Crisis in Greece, European and domestic market and policy failures, 2014
22. Petrakos 2014 from World Bank 2014
23. Jean Pisani-Ferri, Andre Sapir, EU-IMF assistance to euro-area countries an early assessment, and Guntram Wolff, Bruegel, 2013.
24. Martin Feldstein, 1998, Refocusing the IMF, Foreign affairs, IMF programs for East Asia and Korea.
25. Jean Pisani-Ferri, Andre Sapir, and Guntram Wolff, EU-IMF assistance to euro-area countries an early assessment Bruegel, 2013.
26. Koutsoukis, Roukanas, Macroeconomic analysis of staying Greece in Eurozone. The Grexit Paradox, 2014.
27. T. Pelagidis, The greek paradox of falling competitiveness and weak institutions in a high GDP growth rate context(1995-2008), 2010
28. CHRISTOPHER T. WHELAN, RICHARD LAYTE and BERTRAND MAÎTRE (2003). Persistent Income Poverty and Deprivation in the European Union: An Analysis of the First Three Waves of the European Community Household Panel. Journal of Social Policy, 32, pp 1-18. doi:10.1017/S0047279402006864
29. D. Louzis, A. Vouldis, V. Metaxas, Macroeconomic and bank specific determinants of non-performing loans in Greece: A comparative study of mortgage, business and consumer loan portfolios. Elsevier, Journal of banking and finance, October 2011.
30. J. Milios and D Sotiropoulos. Crisis of the Greece or crisis of the euro? Journal of Balkan and near Eastern studies, September 2010.
31. Philip R. Lane, the European sovereign debt crisis, The journal of economic perspectives, summer 2012.

32. M.Caner, T. Grennes, F. Koehler-Geib ,Finding the tipping point-when sovereign debt turns bad,2010

33. Debt intolerance, C. Reinhart , K. Rogoff, M. Savastano, March 2003

34. C Reinhart,K. Rogoff, Growth in a time of debt, American Economic Review, May 2010

http://ec.europa.eu/economy_finance/explained/the_financial_and_economic_crisis/why_did_the_crisis_happen/index_en.htm

<http://www.alpha.gr/tools/euroconvert.htm>

http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=5343&context=faculty_scholarship&sei-redir=1&referer=http%3A%2F%2Fscholar.google.gr%2Fscholar%3Fq%3Dthe%2Bgreek%2Bdebt%2Bwright%2Bdown%2B2011%26btnG%3D%26hl%3Del%26as_sdt%3D0%252C5#search=%22greek%20debt%20wright%20down%202011%22

<http://www.economist.com/news/finance-and-economics/21623742-getting-greeks-pay-more-tax-not-just-hard-risky-treasures>

http://www.econ.yale.edu/growth_pdf/cdp880.pdf

<http://www.tradingeconomics.com/greece/government-debt-to-gdp/forecast>

europa.eu/eurostat documents

<http://www.zerohedge.com/news/2015-07-17/greece-now-full-blown-humanitarian-crisis-9-charts>

OECD,2013

http://www.euro.who.int/_data/assets/pdf_file/0007/266380/The-impact-of-the-financial-crisis-on-the-health-system-and-health-in-Greece.pdf

European Commission, IMF- chart

<http://eprints.lse.ac.uk/42848/1/GreeSE%20No54.pdf>, G. Alogoskoufis ,2011.
http://www.thesis.com/files/20.03.12_BASIC_PROVISIONS_OF_GREEK_LABOUR_LAW.pdf

<http://ieconomics.com/greece-youth-unemployment-rate>

<http://www.keeptalkinggreece.com/2013/10/16/almost-half-of-greek-households->

<http://www.researchgate.net/publication/236621053>

<http://www.taxheaven.gr/news/news/view/id/25639>

<http://www.pacificfreepress.com/rss/13752-murdering-the-mother-of-democracy-killing-greece.html>

<http://www.economist.com/blogs/charlemagne/2012/06/germany-and-future-euro-1>

<http://www.ciaonet.org/attachments/1371/uploads>

http://faculty.london.edu/mjacobides/assets/documents/Greek_Debt_-_The_Endgame_Scenarios.pdf

<http://www.businessinsider.com/history-tells-us-the-euro-will-not-survive-greece-will-get-worse-and-there-will-be-a-trade-shock-2010-6>

https://www.cigionline.org/sites/default/files/cigi_paper_no.61web.pdf

<http://www.indexmundi.com/g/g.aspx?c=gr&v=25>

<http://www.reuters.com/article/2015/10/31/us-eurozone-greece-banks-idUSKCN0SP0BE20151031>

<http://www.aljazeera.com/indepth/features/2014/03/greece-blows-smoke-at-eu-201432121223982991.html>

[www. http greekcrisis.net/2015/11/a-greek-bank-tragedy.html](http://www.greekcrisis.net/2015/11/a-greek-bank-tragedy.html)

<http://www.ipe.com/reports/investors-warm-up-to-bank-contingent-convertible-bonds/10007299.fullarticle>

<https://www.wttc.org/->

</media/files/reports/economic%20impact%20research/countries%202015/greece2015.pdf>

<http://greece.greekreporter.com/2014/02/13/greece-wants-greek-ship-owners-to-contribute-more/>

http://www.tsavliris.com/news_details.php?division=salvage%20and%20towage%20services&record=173

<http://www.ekathimerini.com/204479/article/ekathimerini/business/foreign-investors-wont-invest-before-reforms-and-stability>

<http://www.state.gov/e/eb/rls/othr/ics/2013/204649.htm>

<http://www.pecob.eu/Greek-entrepreneurship-after-crisis-investment-abroad-easiest-solution>

The role of EU as crisis regulator is clearly disputed drawing new dimensions for European entity and stability to be kept. "[a href="https://www.stratfor.com/video/growing-discontent-eu">Growing Discontent in the EU](https://www.stratfor.com/video/growing-discontent-eu) is republished with permission of Stratfor."

<http://www.theguardian.com/commentisfree/2015/jul/06/greece-euro-unanswerable-austerity-democracy>

<http://www.eubusiness.com/news-eu/bulgaria-greece.13ld>

http://www.gsevee.gr/press/mme_eng.pdf

IMF https://www.cigionline.org/sites/default/files/cigi_paper_no.61web.pdf

<http://www.reuters.com/article/2015/10/31/us-eurozone-greece-banks-idUSKCN0SP0BE20151031>

<http://www.politico.eu/article/greece-owes-less-crisis-bailout-loan-imf-ecb/>

<http://www.indexmundi.com/g/g.aspx?c=gr&v=25>

<http://ir.nmu.org.ua/bitstream/handle/123456789/133269/7d72becefdb75c038617f354ee914ddd.pdf?sequence=1> The crisis that was not prevented: Argentina, the IMF and Globalisation, FONDAD,2003

http://www.euro.who.int/_data/assets/pdf_file/0007/266380/The-impact-of-the-financial-crisis-on-the-health-system-and-health-in-Greece.pdf

<http://www.doiserbia.nb.rs/img/doi/1452-595X/2010/1452-595X1004391K.pdf>

Kouretas, Vlamis 2010

<http://www.pacificfreepress.com/rss/13752-murdering-the-mother-of-democracy-killing-greece.html>.

<http://www.economist.com/blogs/charlemagne/2012/06/germany-and-future-euro-1>
Milton Friedman and the euro. <http://www.ciaonet.org/attachments/1371/uploads>

<http://www.ekathimerini.com/136072/article/ekathimerini/business/greece-tops-eu-list-for-self-employment-with-319-of-greeks-working-for-themselves>,

<http://www.keeptalkinggreece.com/2013/10/16/almost-half-of-greek-households->

<http://www.researchgate.net/publication/236621053> Greek state's losses from public corruption reached 20 billion a year. Greece: Economics, Political and Social Issues, book, January 2012 ,by P. Liargovas

<https://research.stlouisfed.org/publications/review/12/01/1-20Holinski.pdf>¹

http://faculty.london.edu/mjacobides/assets/documents/Greek_Debt_-_The_Endgame_Scenarios.pdf.

<http://www.oecd.org/greece/EMO-GRC-EN.pdf> last updated 17-Nov-2014,

<http://www.socialeurope.eu/2012/02/why-the-troika-is-imposing-a-cut-on-minimum-wages-in-greece/> last visited 07/01/16

<http://www.ekathimerini.com/136072/article/ekathimerini/business/greece-tops-eu-list-for-self-employment-with-319-of-greeks-working-for-themselves>,

<http://www.keptalkinggreece.com/2013/10/16/almost-half-of-greek-households->

<http://www.telegraph.co.uk/finance/economics/11738297/Mark-Carney-Greece-needs-debt-relief-to-survive.html>.

<https://www.bloomberg.com/europe>