KnE Social Sciences
EBEEC
Economies of the Balkan and Eastern European Countries
Volume 2021

Conference Paper

Greek Economy: Back to the Past

Mavridakis Theofanis[1], Panagopoulos Anastasios[1], and Bravou Spiridoula[2]

[1]University of Patras, M. Alexandrou St., Koukouli 26334 Patras, Greece
[2]University of Patras, University Campus, 26504 Rio Achaia, Greece

ORCID:
Mavridakis Theofanis: http://orcid.org/

Abstract

The Greek economy has been characterized by successive phases of growth and recession with marked changes in its macroeconomic data over the last twenty years, which have affected the social reality of the country. The growth phase resulted in the deadlocks of 2009 (deficits, debt and EU rules) and the recession phase, which was determined by the memorandum programs through internal devaluation, resulted in a drastic reduction in national income (28%). During the last two years, the country has been led back to a downward path (recession – pandemic) with unspecified final consequences for the economy and society. In typical terms, the performance of the Greek economy refers to the past (90s), and in this case there are strong doubts about its strategy and objectives.

Keywords: EU, Greece, crisis

jel CLASSIFICATION codes: E02, E60, E61

Corresponding Author: Mavridakis Theofanis
mavridakis@upatras.gr

Published: 30 November 2021

Publishing services provided by Knowledge E

Selection and Peer-review under the responsibility of the EBEEC Conference Committee.

1. Introduction

During the period until 2008, the Greek economy showed positive financial results, especially from 2002 to 2007. However, under conditions of growth, its fiscal deficit expanded, its external balance of payments deteriorated, and the ratio of debt to GDP started to grow with the decline in growth after 2007.

The transition from achieving the goals of growth and progress in terms of GDP, and the attempt to create a strong economy despite the impasses of deficits and debt (European Treaties - Maastricht criteria), can be explained by examining the main factors that contributed to the growth of GDP, since when these factors were no longer in effect, the conditions for growth deteriorated. The main factors for the strengthening of the economy were domestic demand and consumption, which were supported by the flow of "cheap money" (consumer credit); however, this was a choice that intensified external deficits. Additional spending during this period focused on infrastructure and especially the types associated with the Olympic Games (2004), placing a burden on public deficits.

During the same period, the economy had become a service economy (75% of GDP) with a continuous decline of the primary sector and a limited contribution by the secondary sector which remained dependent on the importing of equipment and its focus on activities with limited processing and added value. [1]

Investment by the private sector did not show substantial change, with a tendency to decline; the public sector, apart from investment in infrastructure (until 2005), was limited, lacking strategic choices and guidelines. With reduced strength in the domestic economy in an internationalized framework with the dominance of the rules of liberalization and with corresponding economic policy programs (European Union), it was expected that the Greek economy would stop flourishing, since it was not capable of responding to the competitive conditions that already prevailed in the European Union.

2. Historical Background of the Macroeconomic Condition of Greece

The Gross Domestic Product of Greece, at constant prices, increased by 20.94% from 2001 to 2009 (Table 1). In this period, the GDP growth rate was at least double the respective average rate of the EU member countries and Euro area countries. During this period (2001 to 2009), Greek public spending and public revenue (in current prices), as well as those of the EU member states and the Euro area countries, were on an upward course. A common characteristic of all three was the excessive increase of public spending compared to the respective increase in public revenues, which led to the creation or growth of budget deficits. The growth rate of Greece's public spending during the period mentioned above, was more than double the respective rate for the EU member states and the Euro area countries. In total, during the period from 2001 to 2009 the growth rate of public spending in Greece was 92.72%, while in the EU member states and the Euro area countries total public expenditure increased by 39.32% and 40.55%, respectively. In fact, the percentage of Greece's GDP represented by public spending grew by almost 10%.

Greece's public revenue increased at a rate that was almost twice the respective rate for the Euro area and the EU member states. In total, during the period from 2001 to 2009 the growth rate of Greece's public revenue was 49.91%, while in the EU member states and the Euro area countries public revenue increased by 22.3% and 25.6%, respectively. The disparity between the growth of public spending (92.72%) and that of public revenues (49.91%) led to the rapid deterioration of Greece's fiscal situation throughout the period under consideration (2001-2009), from a surplus of 1.2 billion euro to a deficit of 24 billion euro. [3]

Greece's financial balance with the rest of the world is reflected in its current account balance and the goods and services account. In contrast to the constant surplus that the EU member states and the Euro area countries showed during the period from 2001 to 2009, Greece's net balance of goods and services was negative, as it was for the entire period since World War II. Although this deficit underwent a particularly marked increase during the second half of the period in question, as a percentage of GDP it decreased, falling slightly below 10% of GDP. The picture of Greece's current account deficit was similar: it showed a continuous increase with the result that it more than doubled from 2001 to 2009, while its share of GDP increased by 3.2 percent. (Table 1)

Furthermore, Greece's public debt first exceeded 100% of GDP in 2000. At current prices it increased by 84,72%, while its share of GDP increased from 107,1% to 126,7%.

Table 1: Comparison of Macroeconomic Figures

	2009			2001		
	Greece	Euro area	European Union	Greece	Euro area	European Union
Gross Domestic Product at 2010 reference levels (in billions of euro)	239,1	9357,9	12579,1	197,7	8670,3	11427,7
Total expenditure excluding interest: general government: - ESA 2010 (in billions of euro) and percentage of GDP at current prices	116,4 49%	4450,4 47,9%	5845,8 47,4%	60,4 39,7%	3167,9 43,1%	4196,9 41,7%
Total revenue: general government: - ESA 2010 (in billions of euro) and percentage of GDP at current prices	92,5 38,9%	4133,9 44,5%	5352,6 43,4%	61,7 40,5%	3291,3 44,7%	4376,3 43,5%
Net lending (+) or net borrowing (-) excluding interest: general government:- ESA 2010 (in billions of euro) and percentage of GDP at current prices	-24,0 -10,1%	-316,4 -3,4%	-493,2 -4%	1,2 0,8%	123,4 1,7%	179,4 1,8%
Net exports of goods and services at current prices (National accounts) (in billions of euro) and percentage of GDP at current prices	-23,2 -9,77%	150,1 1,44%	140,9 0,96%	-16,1 -10,6%	111 1,5%	82 0,8%
Balance on current transactions with the rest of the world (National accounts) (in billions of euro) and percentage of GDP at current prices	-29,7 -12,5%	51,3 0,6%	-9,2 -0,1%	-14,1 -9,3%	6,4 0,1%	-30,4 -0,3%
General government consolidated gross debt:- Excessive deficit procedure (based on ESA 2010) (in billions of euro) and percentage of GDP at current prices	301,1 126,7%	7364,4 79,2%	9039 73,3%	163 107,1%	4936 67,1%	5966,9 59,3%

Source: Processed AMECO data [2]

This situation is justified by the weak growth of GDP and public revenue that was recorded during the period in question, in combination with the contrary directions in which public spending and net exports evolved.

To summarize:

-Strong growth was a transitory phenomenon that was based on favorable conditions and circumstances (consumer credit and the introduction of the single currency).

-The structure of the sectors of the GDP limited the dynamics and possibilities of the Greek economy (tertiary sector: 75% of GDP).

-The formation of new capital did not show any dynamism regarding private investments and was directed towards sectors with low technology intensity and limited labor specialization, with consequences for the dynamics of specific sectors. Public investments either were characterized by limitations or were determined by political circumstances, a large part of which was directed to infrastructure and construction.

-There was a continuous gap between imports and exports that was not limited by the period of growth and fluctuated between 5 and 11% of GDP, a characteristic feature of the entire previous period.

-The growth during the period confirmed the close relationship between increased public spending and the strengthening of the economy in Greece. Public spending, although that it was not higher than the European average (except for the period between 2007 and 2009), was high compared to the conditions of the economy and the country's fiscal capacity. Public revenue remained low (5% of GDP, lower than the European average), a fact that explains the chronic imbalance of Greece's fiscal situation, which, of course, was the product of choices by political leaders and the incapacity of the public administration to collect taxes.

-The nominal cost of labor could not be considered as the main reason for the decline in the efficiency of private capital and its shortcomings regarding competition, as is claimed, although it may have grown during the latest period (the growth rate compared to the respective figures in Europe); however, its starting point was very low and its calculation at fixed values had not been included (real wages). Productivity and competition are not determined only by the contribution of labor as a factor, but also by choices made by businesses, technology, the quality of goods etc.

3. Next Period 2009-2014 The Logic Of The Adjustment Programmmes And Internal Devaluation

Fiscal adjustment was supported by the experience of the International Monetary Fund in the countries of Latin America and Eastern Europe and was based on the logic described below. Under conditions of excessive deficits in the economy, the reduction of the deficit and devaluation of the currency are considered a satisfactory strategy to deal with the crisis in this case. [4]

With Greece's participation in the euro, the possibility of exercising currency policy at the national level was conceded. Inflation and interest rates are controlled by the European Central Bank, as well as the money supply in circulation. The choice that was preferred was to reduce the deficits, which reduced the government's financing capacity to zero, and especially internal devaluation by reducing labor costs, with growth in competitiveness, in order for exports to increase. However, internal devaluation through the reduction of salaries has a negative impact on consumption and the level of imports. The reduction of labor costs reduces the price and thus increases the competitiveness of products on the international market and promotes exports. [5]

The limitation of the state and deregulation of the market (labor and products) favors the development of new businesses with an outward orientation. The ratio between imports and exports improves, as does, by extension, the trade balance, and it may also create surpluses as long as the results last. The improvement of competitiveness would lead to the recovery of the Greek economy, reversing the recession and the impact of austerity. [6]

The Greek economy was characterized by significant problems with its macroeconomic data during the same period (2009), such as public and trade deficits, the swelling of public debt, and the decline of the country's production mechanism during the entire prior period. This fact, in the midst of a problematic external environment, made it face the handling of its given obligations under significantly disadvantageous conditions, if not at an impasse. Issues such as the validity of its indices, reliability, and the possibilities of its economy made Greece a weak link facing a disorderly and aggressive system during the same period (bond purchases). The possibilities of external borrowing were becoming continuously limited, and if the characteristic inadequacy of the Greek political community and its choices are considered as well, the country found itself unable to fund its needs. [7]

The European factor was a significant issue in the history of how the Greek crisis was handled. However, the discussion of the pathologies of the Greek economy, compared to European standards, essentially refused to bring to the forefront the economy's evolution within this framework, already since 1980 and especially after 1992 (Maastricht), how it was affected, and its results, a parameter that cannot be ignored. In the European distribution of labor, the Greek economy did not manage to find areas and sectors where it would show signs of superiority and distinction. With its primary and secondary sectors shrinking (in the 80's and 90's), the economy became a service economy without the services being high-level or high-quality.

The handling of the crisis of 2009 at the European level, and especially in regard to Greece, demonstrated the pathological nature of the European status quo, in which the dominance and imposition of Germany's pursuits and interests were observed in the framework and the policies adopted, as well as the absence of institutional Europe and the highlighting of unofficial center of powers determining critical policies. Democratically elected bodies had an advisory role, when supranational structures without established legitimacy determined the future of economies and societies. The imposition of the Memoranda on Greece, with the rules and the framework adopted, constituted a negative example for the development of a joint or collective policy, whose consequences were necessarily borne by the party with deficits and not by the investor, in accordance with the logic that prevailed. [8]

In practical terms, Greece's inability to borrow from the markets even until the conclusion of the first memorandum was decided demonstrated the following:

-The ideological obsession with pursuits and interests under the guidance of the strongest country in the European Union

-The prevalence of nationalistic prejudices and views of a Manichean nature [9]

-The prevalence of the rationalist North over the problematic South

-The absence of integrated economic policies

The inclusion of the International Monetary Fund in European events through the adjustment program confirmed the neo-liberal character of the Union, but also its willingness to avoid acting collectively and instead to focus the consequences of the crises on the responsible parties, when the fruits of progress and development from the Union's operation were directed entirely towards the producers in Northern Europe. [10] At the same time as this choice, it became evident that the parties judging national economies within the European Union were the international supranational entities, the bond markets, and the rating agencies, which would calculate the macroeconomic performance of domestic economies on each occasion, forcing them in this way to adapt to the defined framework. [11]

3.1. Macroeconomic results for the 2009-2014 period

Table 2: Percentage change of macroeconomic figures of Greece: 2009-2014

	2014	2009	% 2009-2014
Gross Domestic Product at 2010 reference levels (in billions of euro)	185,6	239.1	**-22,4%**
Total expenditure excluding interest: general government: - ESA 2010 (in billions of euro) and percentage of GDP at current prices	82,7 46,3%	116.4 49%	**-28,9%**
Total revenue: general government: - ESA 2010 (in billions of euro) and percentage of GDP at current prices	83,3 46,6%	92.5 38.9%	**-9,9%**
Net lending (+) or net borrowing (-) excluding interest: general government: - ESA 2010 (in billions of euro) and percentage of GDP at current prices	0,6 0,3%	-24.0 -10.1%	**102,5%**
Net exports of goods and services at current prices (National accounts) (in billions of euro) and percentage of GDP at current prices	-4,3 -2,4%	-23.2 -9.77%	**81,5%**
Balance on current transactions with the rest of the world (National accounts) (in billions of euro) and percentage of GDP at current prices	-3,7 -2,1%	-29.7 -12.5%	**87,5%**
General government consolidated gross debt:- Excessive deficit procedure (based on ESA 2010) (in billions of euro) and percentage of GDP at current prices	319,6 178,9%	301.1 126.7%	**6,1%**
Unemployment rate: total	26,5%	9,6%	

Source: Processed AMECO data

During the 2009-2014 period, the total balance of goods and services remained negative, in spite of the fact that it shows significant improvement compared to the past (from -23,2 billion euro to -4,3 billion euro or -9,77% of GDP to -2,4% of GDP). This improvement cannot be attributed exclusively to the growth of the Greek economy's competitiveness, since during the 2008-2014 period the level of exports of goods and services declined. [12] The reduction of the deficit in the balance of goods and services is mainly due to the extensive reduction of imports and not to the increase of exports. From 2009 on, a gradual reduction of the current account deficit is observed. Specifically, the deficit decreased from 29,7 billion euro in 2009 to 3.7 billion euro in 2014 or from 12,5% of GDP to 2,1% of GDP. [13]

In this period (2009-2014) total public revenue decreased by 9,9%, with a continuous annual rate of decline that exceeded 2%, while public expenditure decreased by 28.9%, with an annual rate of decline in excess of 7%. Public revenue decreased by 9,9%, while the decline in GDP was 22.4%, a fact that proves that public revenue as a percentage of GDP showed an increase. In fact, public revenue as a percentage of GDP increased from 38.9% in 2009 to 46.6% in 2014. The cutting of public expenditure by 28.9% during the period of the programmes application records the magnitude of the change that ensued for the country's entire public sector. As a percentage of Gross Domestic Product, public debt went from 126,7% of GDP in 2009 to 178.9% of GDP in 2014. [14]

The mere fact that the country joined an adjustment programme because the proportion of its public debt to GDP was 126,7% and after the application of the two programmes this proportion grew to 178,9%, proved in practice the failure and the impasse of the policy applied and the ultimate lack of sustainability of Greek public debt. [15-17]

From 2009 to 2014, unemployment increased to 26.5%, and among young people 15-24 years old it reached 58% (Institute of Labour / General Confederation of Workers of Greece, 2014), with the consequence of a massive outflow of human resources, indeed trained resources, mainly towards countries in Europe. This fact entails a twofold loss for Greek society and the economy. Firstly, that it has dedicated a large amount of resources and effort to the creation of these human resources, which are not utilized by their country, but by the countries receiving them. And secondly, besides the immediate economic fact, there are also indirect effects (the loss of income, the shrinking of consumption, the growth in the expenditure of welfare and insurance organizations), without making an extensive reference to the social phenomenon in itself, whose consequences are evidently incalculable. [18]

3.2. Macroeconomic results during the 2015-2018 period

The evolution of Greece's Gross Domestic Product is an indication of the size of the recession of the Greek economy: at constant prices, from the period before the application of the programs (2009) until today (2019), it has lost 48.1 billion euro, or 20,12% of its value. In this period (2015-2018), the Gross Domestic Product increased by 3,4%. In the same period, public spending recorded a decrease of 7,3%, and its share of GDP fell by 5,6 percent. In terms of absolute magnitudes, the decline in public spending during the 2015-2018 period was 6,5 billion euro. Public revenue, which declined throughout the 2009-2014 period, increased by 4.4 billion euro in 2018, while its share of GDP followed a continuously ascending path (from 46.6% to 48.3%). The contrasting course of these two magnitudes of the public sector contributed to the achievement of a primary surplus, which exceeded 3.9% in 2018. The size of the adjustment is unprecedented if one also considers the fact that it was achieved under conditions of intense and prolonged recession and it put Greece in first place worldwide

Table 3: Percentage change of macroeconomic figures of Greece: 2015-2018

	2018	**2017**	**2016**	**2015**	**% 2015-2018**
Gross Domestic Product at 2010 reference levels (in billions of euro)	191	187.2	184.4	184.8	**3,4%**
Total expenditure excluding interest: general government:- ESA 2010 (in billions of euro) and percentage of GDP at current prices	82.1 44,4%	79.7 44,2%	80.7 45,7%	88.6 50%	**-7,3%**
Total revenue: general government:- ESA 2010 (in billions of euro) and percentage of GDP at current prices	89.3 48,3%	86.7 48,1%	87.3 49,5%	84.9 47,9%	**5,2%**
Net lending (+) or net borrowing (-) excluding interest: general government:- ESA 2010 (in billions of euro) and percentage of GDP at current prices	7.1 3,9%	7 3,9%	6.5 3,7%	-3.7 -2,1%	**291%**
Net exports of goods and services at current prices (National accounts) (in billions of euro) and percentage of GDP at current prices	0.6 0,3%	-1.8 -0,1%	-1.3 -0,7%	0.1 0,05%	**500%**
Balance on current transactions with the rest of the world (National accounts) (in billions of euro) and percentage of GDP at current prices	-0.4 -0,2%	-1.8 -1%	-1.1 -0,6%	0.2 0,1%	**-300%**
General government consolidated gross debt:- Excessive deficit procedure (based on ESA 2010) (in billions of euro) and percentage of GDP at current prices	337.5 182,5%	317.4 176,1%	315 178,5%	311.7 175,9%	**8,3%**
Unemployment rate: total	19,6%	21,5%	23,6%	24,9%	

Source: Processed AMECO data [2, 19-21]

(OECD, 2015). In the 2015-2018 period, the unemployment rate declined from 24,9% (2015) to 19,6% (2018). The country's public debt increased in total during the period of application of the adjustment programs by 36,4 billion euro, while as a percentage of GDP it rose to 182.5%. [22-23]

3.3. Analysis of the economic data of the 2014-2018 period

The conclusion that emerges from the above is that the policies of the memoranda mainly negatively affected the macroeconomic magnitudes. Greece's national income, public spending and revenue, and the trade and current account balances. The reduction of national income by more than one-fourth drowned the country in a deep recession for a long period, from 2008 to 2016, with significant changes for sectors, businesses, households, and employment. Intervention in public finances was the first priority from the outset, and the reduction of income was accompanied by an even greater reduction of public spending (-28.4%) in 2010-2014, subsequently stabilizing. Public revenue was the figure with the least change in terms of GDP (-9.9%) over the entire period, until 2014 (7,2%) and the last period. In absolute terms, it is now close to 44% of GDP, at the European average. During the period prior to the memoranda (2001-2009), public revenue as a percentage of GDP was up to 6% below the European average, a fact that deprived the public sector of resources on the order of 8-10 billion euro per year. Lastly, the changes to the trade balance are significant given that the impact of the recession affected imports, but an increase in exports was also observed during the last period, and consequently, there was a positive mathematical result and an increase (500%) during this period. The period of the memoranda, from 2010 to 2018, left a deep imprint on Greece's economy and society. Their stabilization and recovery require significant strengthening of the investment economy and employment, demands that cannot be separated from the changes in the European Union. [15, 24-26]

4. The Greek Economy (2019-2020)

It was not possible during the brief period after the exit from the adjustment programmes (2018) for the Greek economy to design the basis for its restructuring. The onset of the pandemic brought it once again to a new impasse (2020) of such intensity (growth rates) as to be comparable to the first years of hard adjustment (2010-2011), during which the rate of recession was approximately 12%. In substance, during these years (2010-2020), the Greek economy was unable to reach a new normality, except for its weak recovery (2016- 2019) and was dominated by continuous recession that affected its dynamics, which had been weakened significantly during the period from 2009 to 2014.

In formal terms, the appraisal of the macroeconomic magnitudes (GDP) of the latest financial year leads us to results that recall the 1990's. The initial estimate of the evolution of the growth rate mentions a recession on the order of 8.2% of GDP for the year 2020. The magnitude of the recession is very large and does not leave much of a margin for a quick recovery, in spite of the government's announcements. Even if the size of the recession remains at the same level and is not corrected (remaining negative), what is a determining factor in the discussion is the consequences that it creates for the economy and society, but also what is the structure and which are the features of the economy, looking towards the future. For this entire period, the Greek economy remained a service economy, with constantly limited possibilities of contribution by the secondary sector and a low level of contribution by the primary sector (less than 10% of GDP). However, to a significant extent, its structure also prescribes its evolution. The conditions of current reality are in turn making a series of indicators that traditionally have been problematic in the case of Greece deteriorate, such as fiscal magnitudes, external balance of payments, public debt, private debt, and unemployment, which need to be dealt with at the level of the economy and policy. [27-28]

4.1. THE EVOLUTION OF THE DATA OF THE GREEK ECONOMY IN 2019- 2020

At the end of the decade (2020), GDP appears significantly reduced, mainly due to external conditions (the pandemic). However, already from the end of 2019 and in its latest period (quarter 4 of 2019), downward trends had been recorded compared to the prior period (the previous quarters of 2019). Its final magnitude, 165.8 billion euro (2020) at current rates, makes it comparable to the performance of the Greek economy before the arrival of the euro.

Table 4: Macroeconomics Figures of the Greek Economy

	2019	**2020**
Gross Domestic Product - current prices in billions of euros	183,4[1]	165,8[1]
Total expenditure excluding interest: general government (primary)	81,5[1]	100,645
Total revenue: general government	90[1]	84,515
Net lending (+) or net borrowing (-) excluding interest: general at current prices (GDP)	4,3% [2]	-14,01 %[2]
Imports and Income	85,3[2]	73,2[2]
Exports of goods and services at current prices (National accounts) (in billions of euro) and percentage of GDP at current prices	82,6[2]	62,7[2]
Balance on current transactions with the rest of the world (National accounts) (in billions of euro) and percentage of GDP at current prices	-1,5%[2]	-6,7%[2]
General government consolidated gross debt (Maastricht)	331 (180,5%)[1]	347 (205%)[1]
Unemployment rate: total	17,3% [1]	1124000 (25%)[3]

Source: 1. Greek Statistics Service, 2. Budget Office of the Parliament, 3. Organization for the employment of men power

With current calculations (with 2015 as the reference year), during a period of 12 years (2009- 2020), Greece has shown losses (G.D.P) on the order of 72 billion euro, that is, a change on the order of 28.3% of G.D.P. Thus, since the end of the decade (2001-2009) of high growth, at the end of the decade of recession (2020) we have ended up with small periods of weak recovery (2016- 2019). Public revenue reaches approximately 90 billion euro (2019), while public spending (primary) was 81 billion euro in 2019. The data recorded for the financial year 2020 show large public deficits, the result of a lag in revenue – suspension of activities – and an increase in public spending (subsidies to deal with losses of income of households and businesses). The public deficit is calculated at a level of 22.806 billion euro, namely 14.01% of GDP, with 7.733 billion being the contribution of revenue and 14.934 billion that of spending. (General State Accounting Office)

After 2009, public debt exceeded 300 billion euro. The data from the end of the year estimate its size at 347 billion euro, that is, 205% of GDP (2020). An exceptionally significant factor for the depiction of the conditions of the economy in terms of disposable income is the size of private debt, whose level reaches 242.6 billion euro, which mainly consist of 108 billion euro owed to the tax services, 91 billion euro owed to banks, and

36 billion owed to insurance funds. (Budget Office of the Parliament) Imports of goods showed a decline of 15.4% in 2020, while exports showed a reduction of 29% during the same year. Specifically, imports amounted to 71.341 billion euro and exports were 57.583 billion, while the trade deficit amounted to 13.341 billion (2020) and the balance of payments deficit amount to 1.5% of GDP in 2019 and 6.7% of GDP in 2020.

In terms of participation (percentage), during the period from 2008 to 2020, employment was characterized by a low rate of job creation, between 10.3% and 11.1% for the primary sector; similar percentages were observed in the creation of jobs in the secondary sector, between 11.3% and 13.6% for the same period, and the service sector, in universal terms, accounts for more than 75% of employment, with the sectors of trade, tourism services, transport, and communication being the main factors in the tertiary sector. Unemployment data for 2020 have not become final yet, since a large number of businesses in the service sector have suspended their activities, and therefore do not appear in the official unemployment statistics. However, a different approach appears in the recording of unemployed persons by the official Organization for the Employment of Manpower (OEM) and the statistical service. The number of unemployed persons recorded in the organization's announcements in January 2021 exceed 1,124,000, a percentage greater than 20%, which differs to a significant extent from the calculations of the statistical service.

The main priority of the proposal (Pissaridis, C., Growth Plan 2020) is to ensure favorable conditions for capital activity, with the consideration that in this way motivation for investments will be created, which was the main axis of the goals of the memoranda during the entire previous period, without substantial results. A characteristic fact is the structure and the subdued nature of private investment in Greece during the 2001-2020 period, especially during periods with favorable circumstances (INEE/GSEE 2018, 2019, 2020). In addition, the interventions proposed will worsen the situation in the labor market further in terms of wages, and therefore public spending will sustain a further burden as a consequence of the proposed arrangements, but in particular, in regard to the insurance system (capitalization-based) and insurance contributions (reduced as an incentive for investment). What is certain is that employment will be produced by the entire proposal, which was as goal given the acute nature of the phenomenon of unemployment. [29]

The proposed orientation towards the pursuit of individual sectors and technology, whether in terms of European directives or proposed domestic policy (green development, modernization of infrastructure, etc.) leads to the question of what type of added value this will create in the domestic economy and its sectors, or whether they will once again constitute space for imported technology structures and knowledge, with corresponding results in terms of basic magnitudes of the economy, with simultaneous abandonment of traditional domestic advantages in key sectors (energy).

The structure of the private sector economy in Greece is characterized by the dominance of small and medium-sized enterprises (SME's), whose activity suffered significantly during the period of the memoranda (Mavridakis et al. 2015). The impact of the pandemic made their sustainability deteriorate even further. The main problem for their activity is the inability to obtain access to the financial and credit system. In addition, their activity depends on and is supported by the local market, while they contribute to employment to a significant extent (INEE/GSEE 2020). [30] The consideration that they are not a dynamic factor in the economy, with the pursuit of outward orientation and the improvement of their competitiveness, shows the willingness (of the proposal) to let them deteriorate. The shrinking of their sector with the proposed measures will be very harmful for employment, income, and social well-being in Greece.

The perception that the goal of the economy must be to increase the Gross Domestic Product, an index that will prove the economy's progress, is an orientation that was dominant in Greece after 1990, with positive quantitative growth indices until 2009, at which point the limits of the above choice appeared, thereby leading to the present conditions (2020) in which the magnitudes of the economy recall the time at which this discussion began (1990). Greece needs growth that will pursue and create active industrial (sectoral) policies, with the presence of the public sector, for the creation of value with the dissemination of the performance of the economy to extensive social strata, in order to heal the damage of the previous period but also for long-term sustainability.

5. Conclusion

The intense changes in the GDP during the period from 2001 to 2020 have shaped Greece's economic and social reality. The period of growth (2001- 2008) did not rectify the structural weaknesses of the Greek economy – the structure of contribution of sectors to the GDP, a low level of added value creation, a reduced level of self-sufficiency (in terms of energy, food, technology, and mechanical equipment), and chronic imbalances in the balance of trade. With the addition to these of fiscal imbalances and the growth of public debt within the strict European framework (Maastricht), the impasses in the Greek economy grew.

The treatment, however, proved just as negative as the illness. The three programmes (2010, 2012, 2015) following the logic of the IMF's adjustment, under conditions of limited national autonomy, but also with the structural weaknesses and obsessions of the eurozone, guided by the logic of applying strict rules combined with ignorance of the specific features of the Greek economy led to failure, whether results were overestimated or underestimated (the troika), in spite of announcements. As a characteristic example, the debt, a basic feature of the programs (IMF), increased during the entire period, and with the ongoing conditions of shrinkage of the GDP, (2020), exceeded 200%. The debt will be the next large issue in the European Union, since it shows a high level in a large number of countries, and the way to solve this will determine the future of national economies, including that of Greece, while fiscal deficits once again create problems.

The end of the decade found the Greek economy in a worse position in terms of its results than during the period after the end of the memoranda (2018), in economic and social terms. The re-emergence of the phenomenon of double deficits (fiscal and external trade) and the growth of public debt, with the currently valid conditions in the European Union, will probably lead once again to limiting policies. The creation of the Recovery Fund announced at the European level (2020) remains hamstrung by the contrasts within the Union and European bureaucracy. In the short term, the outlook for the recovery of the Greek economy does not seem very optimistic (2021), while in the medium term, its results will be judged by domestic policy and European Union policies.

However, policies that promote the strengthening of supply (the Pissaridis proposal) while underestimating demand and employment and not pursuing the creation of conditions of sustainable and long term growth in areas of the primary and secondary sector, attempting to reduce the contribution of the structures that prevail in the Greek economy (small and medium-sized enterprises) will not lead to the expected results and will not even contribute in the long-term to quantitative changes in economic indicators, as was the case in the past.

References

[1] Melas K. Little lessons on Greek economy. Athens: Patakis Publishers; 2013.

[2] Annual macroeconomic database: Economic and financial affairs. European Commission; 2014. Available from: https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-databases/macro-economic-database-ameco/download-annual-data-set-macro-economic-database-ameco_en

[3] Schneider F, Williams C. The shadow economy. London: The Institute of Economic Affairs; 2013.

[4] Drazen A. Conditionality and ownership in IMF Lending: A political economy approach. International Monetary Fund Staff papers. 2002; 49: 33- 67.

[5] Economakis G, Markaki M, Androulakis G. Crisis, movement, strategy: The Greek experience. Sotiris P, editor. Boston: Brill; 2018. Exploitation and crisis of the Greek economy: A study; p. 13-40.

[6] Andrikopoulos A, Nastopoulos C. Crisis and realism. Athens: Propompos Publishers; 2015.

[7] Kotios A, Roukanas S. The Greek crisis and the crisis in Eurozone's governance. London: Springer; 2013.

[8] Kyriakopoulos I. In the name of the euro: What have the EU's policies achieved in Greece? Intereconomics. 2014;49(6):332-338.

[9] Panico C, Purificato F. Policy coordination, conflicting national interests and the European debt crisis. Cambridge Journal of Economics. 2013;37(3):585-608.

[10] Rocholl J, Stahmer A. Where did the Greek bailout money go? European School of Management and Technology Berlin; 2016. No.: WP–16–02.

[11] Blanchard O, Leigh D. Growth forecast errors and fiscal multipliers. Working papers. International Monetary Fund; 2013. 6 p. No.: WP/13/1.

[12] Directorate-General for Economic and Financial Affairs of the European Commission. The economic adjustment programme for Greece. Occasional papers. European Commission; 2010. No.: 61.

[13] Dovas D, Mavridakis T, Politis Stergiou V. The policies applied in the European Union to confront the crisis: The case of Greece. 4th International Conference of The Economies of Balkan and Eastern Europe Countries in the Changed World; 2012 May 11-13; Sofia, Bulgaria. 2012: 85-93. Available from: ebeec.ihu.gr/documents/oldConferences/EBEEC_2012_Proceedings.pdf

[14] Hughes K. European politics and the euro crisis: Ten failures. Policy paper, Friends of Europe. Centre for International Studies, University of Oxford; 2011.

[15] Labour Institute of the Greek General Confederation of Labour (INE/GSEE). The Greek economy and employment, annual report. GSEE; 2016.

[16] International Monetary Fund. Greece: Fifth review under the extended arrangement under the extended fund facility, and request for waiver of non-observance of performance criterion and rephrasing of access. Country report. International Monetary Fund; 2014. 17 p. No.: 14/151.

[17] Institute of Labor, General Confederation of Workers of Greece. The Greek economy and employment, annual report. INE/GSEE; 2014. Available from: https://www.inegsee.gr/wp-content/uploads/2014/09/EKTESH_16-27082014.pdf

[18] Gianitsis T, Zografakis S. Greece: Solidarity and adjustment in times of crisis. Macroeconomic Policy Institute of the Hans –Broeckler –Foundation; 2015. 4 p.

[19] Ministry of Economy and Finance, Hellenic Republic. Government budget 2012, executive summary. Ministry of Economy and Finance, Hellenic Republic; 2011. 3 p.

[20] Ministry of Economy and Finance, Hellenic Republic. Government budget 2015, executive summary. Ministry of Economy and Finance, Hellenic Republic; 2014. 2 p.

[21] Labour Institute of the Greek General Confederation of Labour (INE/GSEE). The Greek economy and employment, annual report. GSEE; 2015.

[22] Mavridakis T, Dovas D, Bravou S. The results of the adjustment programme for the Greek economy. 7th International Conference of The Economies of Balkan and Eastern Europe Countries in the Changed World; 2015 May 8-1; Kavala, Greece. Procedia Economics and Finance; 2015; 33:154-167.

[23] Mavridakis T, Dovas D, Bravou S. Failure Factors of the Economic Adjustment Programme for Greece. In: Karasavvoglou A., Goić S., Polychronidou P., Delias P. (eds) Economy, Finance and Business in Southeastern and Central Europe. Springer Proceedings in Business and Economics. Springer, Cham; 2018. Available from: URL: https://doi.org/10.1007/978-3-319-70377-0_10

[24] Mavridakis T, Dovas D, Bravou S. The European Union's response to the Greek crisis. Paper presented at: 9th International Conference of The Economies of Balkan and Eastern Europe Countries in the Changed World; 2017 Apr 28-30; Piraeus, Greece. Available from: http://journal.par.hr/archives/send/5-vol-2-no-1/18-the-european-union-s-response-to-the-greek-crisis

[25] Labour Institute of the Greek General Confederation of Labour (INE/GSEE). The Greek economy and employment, annual report. GSEE; 2017.

[26] Labour Institute of the Greek General Confederation of Labour (INE/GSEE). The Greek economy and employment, annual report. GSEE; 2018.

[27] Labour Institute of the Greek General Confederation of Labour (INE/GSEE). The Greek economy and employment, annual report. GSEE; 2019.

[28] Labour Institute of the Greek General Confederation of Labour (INE/GSEE). The Greek economy and employment, annual report. GSEE; 2020.

[29] Vagianos D, Vettas N, Megir K, Pissaridis C. Pissaridis' Proposal Growth plan for the Greek economy. 24Grammata; 2020.

[30] Labour Institute of the Greek General Confederation of Labour (INE/GSEE). The transition of the Greek economy in a new model of growth. One proposition alternative to the Pissaridis proposal. GSEE; 2020.