

An Update on the Greek and the European Crises: Part 3

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Four Parts

- 1 Part 1:
The Greek and the European Crises; an Overview.
Ioannides and Pissarides, "Is the Greek Crisis One of Supply Or Demand?"
- 2 Part 2:
The Greek Crisis on the Way to Recovery
- 3 Part 3:
Political and Economic Meltdown; Agreement No. 3.
- 4 Part 4:
EU/EZ, Lessons from the Crises and Prospects for the Future.

Four Parts: sources

- 1 Part 1: Ioannides and Pissarides, "Is the Greek Crisis One of Supply Or Demand?"

<https://sites.tufts.edu/yioannides/files/2015/09/Ioannides-Pissarides-BPEA-Conference-draft-Sept-12-upd.pdf>

- 2 Part 2: Ioannides, "Why Productivity Enhancing Reforms Will Help Greece Exit the Crisis and Usher in Long Run Growth."

<https://sites.tufts.edu/yioannides/files/2015/01/IoannidesJan242015MegaronPaper.pdf>

- 3 Part 3: Leetaru, "A New Way to Read the Crisis in Greece." *Foreign Policy*.

<http://foreignpolicy.com/2015/07/31/greece-debt-syriza-tspiras-google/>

- 4 Part 4: Ioannides, "Large versus Small States in The Eurozone, The Democratic Deficit, and Future Architecture."

https://sites.tufts.edu/yioannides/files/2012/09/Ioannides-Small-vs-large-Countries-June-9-2015_FIGS.pdf

Voxeu.org ebook, Baldwin and Giavazzi, eds. *The Eurozone Crisis: A Consensus View of the Causes and a Few Possible Solutions*

<http://www.voxeu.org/content/eurozone-crisis-consensus-view-causes-and-few-possible-solutions>

Sad Tale of Political Opportunism

- Syriza does well, ND – Pasok Coalition does poorly in European Parliament and local elections
- Government Back pedals on reforms
- Syriza signals it would not go along with election of the president of the republic, force a parliamentary election
- EZ partners, esp. Germany blunder colossally, not agree with the government on the review of the agreement, over 1 b euro of savings

Why?

“We will have to deal with Syriza anyway, let’s deal with them across the board.” Or: “We should not deliver them a gift of fresh funds.”

Hardouvelis, Gikas. 2015. “How to Undo the Damage in Greece.” New York Times, July 7. “*A blunder...*”

<http://www.nytimes.com/2015/07/07/opinion/gikas-hardouvelis-greece-how-to-undo-the-damage.html>

Sad Tale of Political Opportunism. Cont'd

“Back then, Greece had secured a credit line from its euro-area partners for 2015. At the Eurogroup meeting of Dec. 8, 2014, the European Union commissioner for economic affairs, Pierre Moscovici, stated that Greece had done more than was required to fulfill the obligations for completing the so-called fifth review of the second adjustment program. Doing so would have unlocked 7.2 billion euros of funding, or 4 percent of Greece’s G.D.P., and about one-third of that was not a loan. “But in late summer 2014, the previous government, in which I served, became excessively anxious to have one of the lenders, the International Monetary Fund, cease its program at the end of 2014, more than a year earlier than had been previously planned. Since European lending programs were also ending, this would have allowed the government to claim it had finished with austerity and lenders’ strict rules. Yet this move prompted a reaction by the I.M.F., which became tougher in its demands during the second half of 2014.” ... “At the December 2014 Eurogroup meeting, the I.M.F. and the European Central Bank did not agree with the European Commission that Greece had done enough to receive the

Sad Tale of Political Opportunism. Cont'd

- A nightmarish 8 months economic slowdown, futile posturing, bank closures and capital controls that land Greece with a referendum, July 5, an additional 86 b euros in loans, and and new elections, Sept. 20.
<http://foreignpolicy.com/2015/07/31/greece-debt-syriza-tspiras-google/>
- Agreement no. 3, supported by a great majority of Jan. 25, 2015 parliament. Bridge loan, further disbursements subject to upcoming review.

On to Part 4: EU/EZ, Lessons from the Crises and Prospects for the Future