

Greek Political Economy in a Period of Economic Crisis: The Need for a National Growth Strategy Plan

Pantelis Sklias¹, Spyros A. Roukanas², Georgios Galatsidas^{3*}

¹Neapolis University Pafos, Pafos, Cyprus

²Department of International and European Studies, University of Piraeus, Piraeus, Greece

³Department of Financial and Management Engineering, University of the Aegean, Chios, Greece

Email: p.sklias@nup.ac.cy, sroukana@unipi.gr, *g_galatsidas@yahoo.gr

How to cite this paper: Sklias, P., Roukanas, S. A., & Galatsidas, G. (2022). Greek Political Economy in a Period of Economic Crisis: The Need for a National Growth Strategy Plan. *Theoretical Economics Letters*, 12, 371-391.

<https://doi.org/10.4236/tel.2022.122019>

Received: January 3, 2022

Accepted: March 13, 2022

Published: March 16, 2022

Copyright © 2022 by author(s) and Scientific Research Publishing Inc. This work is licensed under the Creative Commons Attribution International License (CC BY 4.0).

<http://creativecommons.org/licenses/by/4.0/>



Open Access

Abstract

In this paper, we will approach the origins of the Greek public debt crisis under the prism of the Greek Economy's fiscal position over time; the evolution of budget deficits; as well as the (distorted) growth model that prevailed in the country during the past few decades. We argue that the public debt crisis was to a great extent the result of accumulated budget deficits and, at the same time, the predominance of a non-sustainable growth model, which has been parasitically thriving off the state. This sort of distorted government intervention in the economy used borrowed resources to create a wasteful state, which sustained high aggregate demand and high private consumption and, by extension, fuelled non-sustainable growth. Our argument is that the growth achieved by the Greek economy was not the outcome of competitive, innovative, and outward-oriented entrepreneurship, albeit was to a great extent the result of high private consumption, as well as investment in non-tradeable goods. As a result, this non-sustainable growth failed to create the conditions for the sustainable management of Greece's ballooning deficits and debt.

Keywords

International Political Economy, Public Debt Crisis, Public Deficit and Debt, Growth Model, Greek Economy

1. Introduction

It is a fact that the eight-year implementation of the programme for “bailing out” the Greek economy, the preconditions for which were the imposition of

austerity and strict fiscal discipline, has not only failed to bring about the expected reduction of the country's debt and deficits, but has also had a negative impact on its real economy and productive structure. In conjunction with the above facts, there is also a widespread perception that no national strategic plan for the transformation of the productive base of the Greek economy—which is a necessary condition for sustainable growth—is either implemented or designed, thus undermining the country long-term growth prospects.

The need to design and implement a national economic growth plan within a modern framework of regulation and economic governance is still a challenge, and emerges as a top priority. However, any effort to design a growth strategy for the Greek economy has to be preceded by an analysis of the failed growth model that prevailed in Greece, and, to a certain extent, contributed to the economic crisis we have been experiencing. Any solution to the predicament of the Greek economy hinges on identifying its inherent weaknesses and the root causes of the problem. Under this prism, we will study the causes of the Greek economic crisis, laying down the groundwork for enhancing the country's productive base.

The main argument of this paper is that Greece's fiscal position over time has been characterised by the continuous accumulation of fiscal deficits, without any serious attempt to rationalise and control government spending, which kept increasing the indebtedness of the public sector. A direct consequence was the predominance of an economic growth model that is based on domestic consumption, instead of innovative and outward-oriented entrepreneurship. This, however, not only leads to over-indebtedness due to the accumulation of deficits in the state budget, but, at the same time, the non-sustainability of any economic growth achieved does not pave the way for the repayment of loans.

In methodological terms, this paper adopts the theory of public debt crises. We need to analyze the factors of the equation that interprets public debt dynamics and, based on its parameters, apply and study the fiscal data of the Greek economy. Then we will analyze the high growth rates achieved by the Greek economy.

The questions we will be called to answer in this paper are: Did the Greek economy grow at a satisfactory rate during the post-transition period (the period after the restoration of democracy in Greece, i.e. after 1975)? What was the average annual growth rate? Was the growth of the Greek economy based on sustainable production investments and economic openness? What were the annual results from the management of public finances? How did the public debt and deficits evolve during the post-transition period? What role did the banks play in the formation and ascendancy of this specific type of economic growth in Greece?

It should be stressed that the effort to analyze the causes of the economic crisis is neither of cognitive value only, nor is an *ex-post* ascertainment of facts, albeit enriches economic theory and, at the same time, helps develop methodological

tools that provide early warning for, and effectively deal with, the emergence of the phenomenon in the future. Therefore, it is justifiable to believe that there is a feedback relationship between economic crises and economic theory. After all, this is also confirmed by the fact that economic crises were major turning points as regards the alteration of dominant theoretical and economic-political doctrines throughout the history of economics (Blaug, 1997; Skidelsky, 2009; Knoop, 2004: p. 3; Acemoglu, 2009). Thus, we will try to incorporate this paper's effort to analyse the causes of the Greek debt crisis in the overall context of advancing scientific knowledge.

This paper comprises the following sections: The first section is the introduction. The second provides a review of economic theories pertaining to public debt crises. The third section consists of an analysis of the fiscal position of the Greek economy over time, focusing on the study of the evolution of budget deficits, public debt, and government expenditure. The fourth section includes an analysis of the Greek economy's growth model. The final section discusses the findings of this study.

2. Theoretical Approach of the Public Debt Crisis

2.1. Definition of Public Debt Crisis

In order to facilitate our study, we will attempt, in advance, to classify economic crises, thus establishing the overall framework for our analysis. In terms of context, economic crises are divided into the following seven main categories: 1) conjunctural and growth crises; 2) inflation crises; 3) structural crises and commodity market bubbles (2008 property market bubble, 17th century "tulip mania"); 4) sovereign debt crises (Greece being a recent case); 5) exchange rate crises (the cases of Russia and South East Asia); 6) financial crises, which are divided into a) banking crises (e.g. the recent 2007/8 financial crisis of in the US) and b) stock market crises. However, crises are quite often of a mixed nature, combining features of more than one category (Kotios & Pavlidis, 2012: p. 53).

The term "sovereign debt" denotes the sum of the government's financial obligations, which result from the conclusion of loan agreements either by itself, or by agencies under its control. Public loan agreements are usually concluded with the issuance of bonds (transferable securities) (Kotios & Pavlidis, 2012: p. 53). Sovereign debt problems emerge in the case of countries that, with the creditors consent, have borrowed way beyond the level that they could afford and that would ensure the repayment of the loans, thus leading to over-indebtedness. Over-indebtedness may lead to the non-sustainability of public debt¹ and, consequently, to a sovereign debt crisis (Woodward, 1992: p. 23).

A sovereign debt crisis includes the partial, or total, inability to repay debts (Kotios & Pavlidis, 2012: p. 56), the default of the borrower's loan obligations, and the restructuring of the borrower's debts on less favourable, as compared

¹Inability to service and repay part (installments) of the loan, as well as failure to secure new loans from capital markets to repay current installments.

with the original, terms for the lender (Reinhart & Roggof, 2010: p. 6). Economists have grappled with this phenomenon since the era of Adam Smith, who, in his *Wealth of Nations*, states that at certain times it “becomes necessary for a state to declare itself bankrupt, in the same manner as when it becomes necessary for an individual to do so” (Smith, 1776). However, *over-indebtedness* does not automatically and inescapably lead to sovereign default, and this situation may be reversible (Kotios & Pavlidis, 2012: p. 56).

The emphasis on the analysis of debt crises is due to the fact that they directly lead to the alteration of a country’s business cycle, because of the disruption of its relations with its lenders, as well as the consequent austerity (Cohn, 2009: pp. 261-264). Now we will examine the factors that help increase sovereign debt.

2.2. The Dynamics of Sovereign Debt

The size of a country’s sovereign debt is expressed as a percentage of GDP and is affected by the factors of the following equation:

$$Dt - dt - 1 = pdt - ndfst + \frac{rt - gt}{1 + gt} dt - 1$$

(Pinto and Prasad, 2009: p. 182)

where dt is the debt-to-GDP ratio at the end of a time period, pd is the primary deficit to GDP ratio, gt is the real growth rate, and $ndfs$ is the non-debt financing sources to GDP ratio. According to the above function, any changes in the debt-to-GDP ratio are explained by the primary deficit, the real interest rate, and the real growth rate. There are also other factors, including privatisations as a non-debt financing source, that can play a key role (albeit only as regards the reduction of the debt-to-GDP ratio). The above factors, either individually or combined, can affect the level of debt as a percentage of GDP, being potential causes of over-indebtedness and sovereign debt crisis (Table 1).

2.3. Budget Deficits and Government Borrowing

Debt is linked to budget deficits via government revenue and expenditure. The fiscal deficit is determined by: 1) the primary deficit (pd) of an economy’s government budget (central government revenue minus expenditure); and 2) the loans’ servicing costs (determined by the size of a country’s total debt and borrowing rate)² (Pantelakis, 1995: p. 25; Krugman, 2008). Economies that show fiscal deficits resort to borrowing in order to cover them. Therefore, the accumulation of primary deficits over time is one of the main reasons behind a ballooning

²In this analysis of over-indebtedness we will focus on the accumulation of budget deficits over time, as well as on the growth model that prevailed in Greece. It is a fact that, in the case of the Greek crisis, the budget deficit was also augmented by loan servicing costs, as a result of the steep increase of the country’s borrowing rate caused by the global financial crisis, but also due to other factors, such as the speculative role of markets (see Roukanas, 2015: pp. 296-271), the lack of support from the EU, the management of Greek statistical data following the elections of 2009 (the political handling of the macroeconomic data sent to Eurostat), however this will not be addressed by this analysis. For further details on those issues, see: Mamatzakis, 2016; Arghyrou & Tsoukalas, 2010; Roukanas & Sklias, 2016.

Table 1. The determinants of a country's debt level.

-
- 1) Fiscal Deficit = primary deficit + interest payments
 - 2) Nominal debt change = primary deficit + interest payments – (sovereign rights + privatisation)
 - 3) Interest payments = nominal interest rate * nominal debt
 - 4) The faster the economy grows, the lower the debt to GDP ratio remains.
 - 5) If part of the debt is denominated in dollars, then a nominal revaluation (or devaluation) will increase (reduce) the debt level in local currency,
 - 6) Moreover, the debt increases when the government is bailing out banks.
-

Source: Pinto and Prasad, 2009: p. 185.

public debt. Moreover, interest payments increase the deficit for the current year and, consequently, total indebtedness (Kazakos et al., 2016: p. 51).

Based on the above, sovereign debt stabilisation is achieved through the reduction of the budget deficit to manageable levels, as well as with the pursuit of strong growth rates. Indeed, as debt is not examined as an absolute figure, but as a percentage of GDP (debt/GDP ratio), any increase in GDP reduces the debt-to-GDP ratio. Therefore, primary surpluses are not panacea, since the existence of a manageable deficit for investment activities and, by extension, the managed maintenance of moderate debt levels, is necessary for financing sustainable economic growth in deficit countries and has a positive effect on the sustainable reduction of the debt-to-GDP ratio (Sidiropoulos, 2009; Krugman, 2011; Kazakos et al., 2016: p. 51; Wolfson, 1994: p. 221; Gaston Gelos et al., 2004). However, the occurrence of the problem was due to the high indebtedness and the manner in which this debt was used. According to research on a database that comprises 18 member countries of the OECD for the past thirty years, debt levels of more than 85% of GDP constitute an impediment to growth (Cecchetti et al., 2011).

On the other hand, budget deficits, in combination with current account deficits, suffocate public finances (particularly when the economy lacks adjustment tools such as monetary and foreign exchange policy). Chronic current account deficits are linked to a lack of competitiveness in an economy, i.e. a country's capability to sell goods and services abroad, a fact that is related to the efficiency and productivity of the economic system (Malliaropoulos, 2011; Kollintzas, 2011; Davradakis, 2011). As regards the consequences of budget deficits and sovereign debts, there are three different approaches in economic theory: Ricardian equivalence, the Neoclassical perspective, and Keynesian analysis.

First, Ricardian equivalence says that government bonds, i.e. sovereign debt, do not increase real wealth in an economy, because rational³ consumers realise that increased government borrowing in the present implies increased taxes in the future, since these taxes will be necessary for servicing the debt. Therefore, the expectation of increased taxes in the future means that an increase in government borrowing will not lead to an increase in consumption, and, as a result,

³This argument hinges on whether the prospect of future taxes does not have a significant effect on current consumption, and people are rational and not "myopic".

the overall effect of borrowing on the economy is zero (Kazakos et al., 2016: p. 49). The Neoclassical perspective differs from Ricardian Equivalence as regards human behaviour. Indeed, the horizon of a person's consumption planning is strictly identified with the expected duration of their limited life, thus rendering any increase in the taxes for future generations irrelevant. According to this view, budget deficits increase the total lifelong consumption of the current generation and, by extension, disposable incomes as a whole, and may have a temporary beneficial effect on the real economy, at the expense of future generations (Kazakos et al., 2016: p. 51).

Keynesian analysis, which is based on the established IS-LM model, argues that the substituting borrowing for taxation, given the level of public expenditure, boosts total effective demand and, consequently, increases disposable incomes, having a beneficial effect on the unemployment rate. However, inflation erodes the real value of sovereign debt and, as a result, offsets any increase in the real wealth of private actors (Dalamagas 2003 in Kazakos et al., 2016: pp. 51-52). In conclusion, consumers are not rationally thinking but, on the contrary, are carried away by the increase in borrowing and consume more, and thus borrowing leads to a rise in GDP. Increased consumption will inevitably lead to inflation.

In summary, the theoretical review of economic crises and, in particular, sovereign debt crises, aims at providing us with the interpretative tools required for analysing the weaknesses of the Greek economy over time. Now it is deemed useful to examine the fiscal position of the Greek economy.

3. The Fiscal Position of the Greek Economy over Time

In order to understand the current position of the Greek Economy, it is useful to analyse the macroeconomic data regarding the evolution of primary deficits, public debt, expenditure, as well as the economic growth achieved over time (1975 to 2010). **Table 2** presents the evolution of data pertaining to economic growth and budget deficits from 1975 to 2010, as recorded in the data base of the European Commission (European Commission, 2021).

The findings reveal that in the period 1975-1979, Greece maintained a satisfactory growth rate, under conditions of fiscal stability, according to the **Table 2**. From 1979, however, and over the course of the next decade, there is a period of marginal GDP growth (the sustainability and the qualitative features of this growth will be examined in the next section). As we can see, the annual budget deficit-to-GDP ratio remained stable and under control, at manageable levels of no more than 3% of GDP up to 1980, whereas from 1981 onwards it increased and remained persistently high (with the exception of the run-up to eurozone entry and the achievement of the Maastricht criteria⁴ (deficit at no more than 3% of GDP and debt at no more of 60% of GDP). However, despite the reduction of

⁴Makrydakis et al. (1999), studying data on the Greek economy between 1958-1995, conclude that the Greek budget deficit was not manageable. Whereas Katrakilidis & Tabakis (2006) maintain that in 1956-2000 the Greek budget deficit was slightly manageable.

Table 2. Growth-development and budget deficit, 1975-2010.

Year	Growth-development		Budget deficit	
	A) GDP at constant 2015 prices (€ bn)	B) Y-o-y Change (%)	C) Annual deficit at constant prices (€ bn)	D) Annual deficit-to-GDP ratio (%)
1975	108.72	6.4	0.6	2.9
1976	116.17	6.9	0.4	1.6
1977	119.59	2.9	0.8	2.5
1978	128.25	7.2	1.0	2.9
1979	132.46	3.3	0.9	2.4
1980	133.36	0.7	1.0	2.6
1981	131.28	-1.6	4.0	19.0
1982	129.8	-1.1	3.6	6.8
1983	128.4	-1.1	4.0	7.5
1984	130.98	2.0	4.8	8.3
1985	134.27	2.5	6.9	11.6
1986	134.96	0.5	5.1	9.4
1987	131.91	-2.3	4.9	9.1
1988	137.57	4.3	6.4	10.4
1989	142.8	3.8	8.4	12.2
1990	142.8	0.0	10.4	14.2
1991	147.23	3.1	8.1	9.9
1992	148.25	0.7	9.4	11.0
1993	145.88	-1.6	10.7	12.0
1994	148.8	2.0	7.8	8.3
1995	151.92	2.1	9.1	9.1
1996	156.27	2.4	7.3	6.7
1997	163.28	3.6	7.3	5.9
1998	169.64	3.4	4.7	3.9
1999	175.85	3.4	4.1	3.1
2000	181.71	4.5	5.2	3.8
2001	189.21	4.2	6.5	4.5
2002	196.64	3.4	7.6	4.9
2003	208.03	5.9	9.9	5.8
2004	218.56	4.4	13.8	7.5
2005	219.87	2.3	10.9	5.6
2006	232.3	5.5	12.6	6.0
2007	239.9	3.5	15.1	6.8
2008	239.1	-0.2	23.1	9.9
2009	228.81	-3.1	36.1	15.6
2010	216.28	-4.9	24.0	10

Source: European Commission, 2021.

interest expenses (owing to the convergence of European interest rates) and despite Greece's almost certain accession to the EMU, primary spending started again to increase, leading to the rise of the deficit to GDP ratio (Sklias & Maris, 2016; Karavitis, 2008). The increase of the deficit is evident after the country's accession to the EMU and until the onset of the crisis.

This deficit means that the general government's primary spending increases faster than its total revenues⁵. Sophia Dimeli demonstrates that expenses equalled revenues up to the 1970s. In 1980, spending stood at 25% of GDP and, since then, it has been rising, reaching 47% of GDP, with a less than proportionate increase in revenues (Dimeli, 2010: p. 74). These persistent budget deficits were used for covering consumer spending, even during periods of growth (Alogoskoufis, 2013). Equally important parameters are the imbalance on the public revenue side, as well as the failure to rationalise the public administration's expenses. More specifically, even in the 1990s, when Greece showed surpluses, these did not result from a reduction of public spending through the rationalisation of resources, but instead resulted from the growth of public revenues (Argitis, 2012). These chronic budget deficits led to the accumulation of public debt, as shown in Table 3.

Table 3 presents public debt in absolute terms for the period 1975-2010, as well as the year-on-year change at current prices (bn euros). It also shows public debt as a percentage of GDP, as well as year-on-year percentage change as a percentage of GDP.

The creation of a continuously expanding primary deficit, leads to the accumulation of public debt, as we can see in Table 3. In 1975, the debt stood at 18.2% of GDP, much lower than the 60% suggested by the Maastricht treaty as manageable and safe for the economy. In the next decade, the debt started its gradual and steady increase, reaching almost 100% of GDP in the early 1990s, and remained at that level until the onset of the crisis. According to a study by the Bank of International Settlements, the borrowing of Greek households and businesses does not constitute a problem for the Greek economy, since it is less than the average of the 18 most developed capitalist countries; in contrast, the Greek government is heavily indebted (Cecchetti et al., 2011).

However, the persistence of deficits is also the result of the failure to rationalise public resources. This, indeed, is the outcome of research by Hauptmeier et al. who examine fiscal adjustment and the rationalisation of expenditure in different countries during the last three decades. In Greece, a reform and primary spending reduction effort was made during the 2000s, leading to the reduction of the expenditure-to-GDP ratio by 0.4%, while in countries that undertook ambitious reforms and started from more or less the same starting point (as regards the size of public spending) this reduction ranged from 9.7% to 23.3%; it should be noted that, in Greece, this reduction was to a large part the result of the

⁵This paper will only deal with the expenditure side of the Greek economy, without questioning the contribution of the efficient management of the revenue side.

Table 3. Public debt-to-GDP ratio and changes thereof, 1975-2010.

Year	Public Debt			
	A) As a percentage of GDP (%)	B) Y-o-y percentage change (%)	C) Absolute figure (at constant prices, € bn)	D) Y-o-y change as a percentage (%)
1975	18.2	-	3.9	-
1976	17.7	-2.7	4.6	17.9
1977	17.9	1.1	5.2	13.0
1978	23.2	29.6	7.2	38.5
1979	22.7	-2.2	9.7	7.9
1980	22.5	-0.9	8.5	7.6
1981	26.7	18.7	11.9	40
1982	30.2	13.1	3.4	28.6
1983	34.6	14.6	17.6	15.0
1984	41.3	19.4	23.4	33.0
1985	48.3	16.9	23.2	-0.9
1986	50.2	3.9	25.4	9.5
1987	56.4	12.4	29.1	14.6
1988	61.6	9.2	36.8	26.5
1989	64.8	5.2	42.2	14.7
1990	71.7	10.6	49.5	17.3
1991	74.0	3.2	57.5	16.2
1992	79.1	6.9	64.2	11.7
1993	99.2	25.4	84.9	32.2
1994	97.2	-2.0	88.7	4.5
1995	97.9	0.7	95.0	7.1
1996	100.3	2.5	107.7	13.4
1997	97.5	-2.8	114.9	6.7
1998	95.4	-2.2	115.7	0.7
1999	94.9	-0.5	122.3	5.7
2000	104.4	10.0	141.0	15.3
2001	104.7	0.3	151.9	7.7
2002	102.6	-2.0	159.2	4.8
2003	98.3	-4.2	168.0	5.5
2004	99.8	1.5	183.2	9.0
2005	101.2	1.4	195.4	6.7
2006	107.5	6.2	224.2	14.7
2007	107.2	-0.3	15.1	6.7
2008	112.9	5.3	263.3	10.0
2009	129.7	14.9	299.7	13.8
2010	148.3	14.3	329.5	9.9

Source: European Commission, 2021.

decrease in debt-servicing costs, owing to the drop in borrowing rates (cited in [Rapanos, 2008: pp. 167-169](#)).

The Greek side's lack of determination to pursue structural policies related to resource administration and management issues, points to its inability to save on resources. As a direct consequence, the Greek economy was very wasteful, its profligacy being fuelled by public borrowing ([Rapanos, 2008](#)). Actually, the rationalisation and containment of expenses are, to a great extent, the product of political will, through the proper execution of the government budget as an economic policy instrument ([Maris, Sklias, & Maravegias, 2021](#)).

Papadimitriou & Hadjigiannakis argue that in the last three decades the budgets of most ministries show major deviations in terms of realisation. In order to estimate these deviations, we sought data from the budgets approved by the Parliament for each year of the period 2000-2008, and these data were compared to budget outturn data, i.e. annual disbursements, as recorded in the State Budget Execution Bulletins issued by the General Accounting Office of the State and, more specifically, the General Directory of Treasury and Public Rule. It is indeed telling that, according to the research, realised expenses systematically exceed budgeted ones ([Papadimitriou & Hadjigiannakis, 2010](#)). No effective fiscal management methods and procedures were followed, and all recent governments are to be held responsible for this⁶.

The above examples are indicative of an overall wasteful management of public finances. In fact, Greek governments have neither established any due process regarding the study of the opportunity cost of each expenditure they undertake, nor any procedure for disclosing to the public, and evaluating the feasibility of, each expenditure in terms of its multiplier effect on economic growth and social prosperity, and, consequently, on the better utilisation of resources ([Sklias & Maris, 2013](#); [Papadimitriou & Hadjigiannakis, 2010](#)). As a direct consequence, the Greek economy maintained the type of profligate spending that is tantamount to the existence of growth-impeding deficits. The unfavourable development of fiscal aggregates (debt and deficit) was accompanied by strong GDP growth.

4. The growth Model of the Greek Economy

In this section we will attempt to examine the effects of the Greek economy's chronic fiscal derailment on other economic aggregates, such as private consumption, investment, and GDP, during the decade prior to the onset of the crisis. In this context, we will examine the qualitative features of both the economic growth that was achieved, and the Greek economy's GDP. Moreover, we will

⁶Moreover, the blame for the mismanagement and failure of budgets does not only lie with the Greek political leadership, but also with the EU, which created a currency union without establishing fiscal rules. Instead, we can see a fixation with general quantitative targets, such as those of the Maastricht Treaty or the Stability Pact, without distinction in individual categories of expenditure and revenues, and without any procedures for justifying and monitoring fiscal aggregates ([Papadimitriou & Hadjigiannakis, 2010](#)).

discuss the competitiveness and productivity, as well as openness, of the economy, as they were shaped during the decade prior to the manifestation of the crisis.

4.1. The Contribution of Consumption in the Greek Economy's GDP

According to the European Commission, private consumption during the period leading to the manifestation of the economic crisis (2000-2009) represented 73% Greek GDP (the largest percentage in EU-27), as compared to a eurozone average of 58.8% (Anastasatos, 2009: p. 5). The high share of consumption in the makeup of Greek GDP also resulted from the incessant annual increase of private and public consumption during the twenty years that preceded the outbreak of the economic crisis (Table 4 and Table 5).

We can see that consumption is a major determinant not only of GDP, but also of its year-on-year growth rate (% growth) during the last decade. The point is to explore the contribution of various factors of the Greek economy (investment, consumption, and external sector) to its growth.

4.2. The Contribution of Various Sectors to GDP Growth

In 2000-2008, the Greek economy experienced a period of uninterrupted strong economic growth, at an average annual rate of almost 3.4% (Table 2), against an EU-16 average of 2.1%. That said, the economy was growing faster than its long-term potential output growth rate suggested, taking into account the sources of this growth (Anastasatos, 2009: p. 4).

We will examine the contribution of the three variables of the GDP formula ($GDP = C + I + G + NX$), which are: consumption, investment, and net exports, to the economy's growth. When studying the contribution of private consumption to the growth of Greek GDP, we can see that it stood at 65.5%, against a eurozone average of 52.7%. This sustains a vicious spiral of growth and consumption.

Table 4. Average annual percentage change of private consumption in Greece.

Private consumption (Average percentage y-o-y change)							
Years	1992-1996	1997-2001	2002-2006	2007	2008	2009	2010
% annual change	1.8	3.1	4.3	3.2	-2.2	-4.5	

Source: European Economy Forecast Spring 2011 in Kotios & Pavlidis, 2012: pp. 208-209.

Table 5. Average annual percentage change of public consumption in Greece.

Public consumption (Average percentage y-o-y change)							
Years	1992-1996	1997-2001	2002-2006	2007	2008	2009	2010
% annual change	1.0	4.3	3.9	8.2	1.5	10.3	-6.5

Source: European Economy Forecast Spring 2011 in Kotios & Pavlidis, 2012: pp. 208-209.

As a direct consequence of increased private consumption, savings suffered a steep fall of –12% of GDP. In 1975, savings had reached their peak, exceeding 25% of GDP, and started to decrease since then, without any interruption until the advent of the crisis. During Greece's EMU membership, savings in Greece remained at consistently negative rates, whereas in the other countries of the European South, excluding Portugal, the national savings rate is also positive, and the same is true for the average savings rate in the eurozone, which stands at 5% of GDP (EEAG, 2011: p. 107). From 1989 onwards, this drop in the savings rate of the Greek economy is wholly attributed to the decrease in private savings from 27% in 1988 to 11% in 2008, thus leading to a scarcity of investment capital (Kotios & Pavlidis, 2012).

Total investment accounted for 23.4% of economic growth, as compared to an average of 21.2% in the eurozone. However, almost 1/3 of these investments concerned home construction (Anastasatos, 2009), as a result of the economy's specialisation in the production of non-tradeable goods. Indeed, according to Christodoulakis (2009), the Greek economy remains capital intensive in the sector of non-tradeable goods. This specialisation persisted in the EMU era, thus funnelling foreign direct investment in the non-tradeable goods sector (home-hotel construction sector), at the expense of tradeable goods. This leads to the crowding out of the participation of productive and sustainable investments to the growth of the Greek economy, with obvious effects on supply and the makeup of the economy's productive structure⁷, which affect its international competitiveness and, ultimately, imposes a burden on the trade balance, as the examination of the economy's external sector will show.

The contribution of the external sector to Greece's economic progress prior to the crisis had been feeble. Indeed, exports of goods and services accounted for 30.8% of economic growth, against a eurozone average of 87.5%, highlighting the problem of limited openness, which is also a consequence of Greece's productive specialisation and reduced international competitiveness. Moreover, imports absorbed resources equivalent to 35.4% of economic growth, more-than-offsetting the positive contribution of exports. In other words, the external sector of the economy is an impediment to economic growth, as it deprives it of resources⁸ (Anastasatos, 2009).

The External Sector of the Greek Economy

A more thorough investigation of Greece's external sector reveals a large expansion of both the current account deficit and the trade deficit, which stood at

⁷In contrast, the countries of the European North, which were capital intensive in the tradeable goods sector, managed to attract foreign investment in this sector, increasing the production of tradeable goods, and improving their productivity and international competitiveness, and, consequently, their trade balance. This has created an imbalance in the eurozone, which has contributed to discrepancies between the trade balances of the countries of the North and the South.

⁸The stability of the public investment-to-GDP ratio cannot account for the absorption of the additional funds that flow into the country. In fact, since 1992, and even during the period that Greece is a member of the EMU, public expenditure remains stable at approximately 3% of GDP.

14.1% and 18% of GDP, respectively, in 2007, demonstrating the problem of the economy's twin deficits (Alogoskoufis, 2009: pp. 71-73). At this point we will try to analyse Greece's position, as regards its trade relations with foreign countries. In the period 2000-2008, the total growth of Greek exports stood at 36.25% Greek imports during the same period increased by 67.36%. We can see that, overall, import growth was higher (by 31.11%) than the growth of exports (Table 6 and Table 7).

Table 8 shows that, throughout the entire period under review (2000-2008)

Table 6. Greek exports to EU27 and Third Countries, 2000-2008 (million euros).

Country/Region Exports						Change (%)
	2000	2002	2004	2006	2008*	2008/2000.
EU 27	7885	6699	7902	10,558	11,102	40.79
% of total	61.98	60.83	64.21	63.89	64.05	40.79
Third Countries	4837	4314	4404	5967	6232	28.84
% of total	38.02	39.17	35.79	36.21	35.95	-
Total	12,722	11,013	12,306	16,525	17,334	36.25

Source: ELSTAT, 2017.

Table 7. Greek imports from EU27 and Third Countries, 2000-2008 (million euros).

Country/Region Exports						Change (%)
	2000	2002	2004	2006	2008*	2008/2000.
EU 27	23,526	18,594	25,518	29,014	33,330	41.67
% of total	64.90	55.69	60.16	57.26	54.94	-
Third Countries	12,724	14,792	16,897	21,654	27,339	114.86
% of total	35.10	44.31	39.84	42.74	45.06	-
Total	36,250	33,386	42,415	50,668	60,669	67.36

Source: ELSTAT, 2017.

Table 8. Greece's trade Balance with EU27, eurozone, and Third Countries, 2000-2008 (million euros).

Country/Region Trade Balance (X-M)						Change Per cent
	2000	2002	2004	2006	2008*	2000/2008.
EU 27	-15,641	-11,895	-17,616	-18,456	-22,228	42.11
% of total	66.48	53.17	58.50	54.05	51.29	-
Third Countries	-7,887	-10,478	-12,493	-15,687	-21,107	167.61
% of total	33.52	46.83	41.50	45.95	48.71	-
Total	-23,528	-22,373	-30,109	-34,143	-43,335	84.18

Source: ELSTAT, 2017.

Greece's trade balance has been persistently in deficit, which increased by a total of 84.18%. The trade deficit rose from 15.92% of GDP in 2000, to 18.22% in 2008. Exports accounted for 8.05% of GDP in 2000 and 8.32% in 2008, while imports rose from 23.97% of GDP in 2000 to 26.55% respectively.

The source of the current account problem is the trade balance (Konstantakopoulou, 2012). More specifically, analysing the evolution of the components of Greece's current account balance in the period 2000-2009, we can see that exports declined, whereas imports were on the rise. On the other hand, the improvement in the services balance was not enough to offset the deterioration of the trade balance. Capital inflows and direct investments are at low levels. At the same time, both the incomes balance and the transfers balance also deteriorated (Bank of Greece, 2010). It is a fact that the capital outflows related to the current account deficit are offset by capital inflows from abroad. However, this was not the case in the Greek economy, reflecting the dynamic relationship between the current account deficit and the accumulation of external debt.

The deterioration of the trade balance is due to the lack of competitiveness and openness of the Greek economy, as well as to high domestic demand for, and consumption of, imported goods (Sidiropoulos, 2016), while we should not ignore the economy's position in the overall division of production. In the face of these problems, Greece was experiencing economic growth.

4.3. Competitiveness, Productivity, and Per Capita GDP in the Greek Economy

The economic growth experienced by Greece prior to the crisis did not match the competitiveness of its economy or the productivity of labour. Both figures are key determinants of sustainable economic growth.

The difference between per capital GDP and labour productivity in the Greek economy is both the outcome, and the cause, of the growth model that prevailed in Greece. Indeed, as mentioned in a previous section, from 2001 onwards Greece saw one of the highest growth rates, which on average stood at 3.4% per annum, leading to the rise of per capita GDP and the country's convergence with its EU partners.

Indeed, between 2000 and 2009, gross per capita income in Greece rose by 32%, as compared to 11% in France, 16% in Germany, 2% in Italy, and 10% in Portugal. In addition, "for the first time since 1981, Greece's living standard, measured in terms of private consumption, exceeded the EU-15 average, rising from 98.5% to 107.9% of the average for the 15-member European Union in 2008" (Sidiropoulos, 2016: p. 245).

Given that all the aforementioned countries have a common currency, this rise in Greek incomes could only be sustainable if labour productivity grew faster than in the other countries, thus justifying the fact that wages in Greece grew faster than in the other countries of the eurozone. However, this is not verified by the facts. The productivity of one hour of labour increased by 26% in Greece

during 2000-2009, as compared to 20% in France, 18% in Germany and Portugal, and 3% in Italy. Thus, we can conclude that the growth of productivity in Greece was not sufficient to justify such a large rise in incomes (Sidiropoulos, 2016: pp. 245-246).

Excessive and imbalanced income growth gave rise to imbalances in the economy. More specifically, prices were on the rise, increasing by 37% during the ten-year period, as compared to 18% in Germany, 20% in France, 26% in Italy, and 29% in Portugal. The rise of the price level had a detrimental effect on the competitiveness of Greek products and the trade balance, as mentioned above (Sidiropoulos, 2016: pp. 245-246).

The study of the mismatch between the economy's competitiveness and per capita GDP for 2011, presented in **Table 9**, can lead to important conclusions. In terms of income, Greece was ranked 31st in the world, whereas in terms of competitiveness it was ranked 90th. In order to understand the magnitude of this mismatch, we can just say that in terms of per capital GDP Italy was ranked 29th in the world, while in terms of competitiveness it was ranked 41st. Spain was ranked 27th and 37th respectively; these are discrepancies that are not encountered in developed countries.

This corroborates the fact that Greece was living beyond its financial means (Naftemboriki, 2017). That said, the productive specialisation of the economy, as well as the heavy propensity to consume, were, to a great extent, related to the financing of the economy by the banking system. Therefore, we need to examine the role of the banking sector in the ascendancy of this specific growth model.

4.4. The Role of the Banking System in Forming the Growth Model

There is a strong interaction between the banks and the macroeconomic environment in which they operate. The degree of this interaction depends on the policies choices of the banking system (Drimpetas & Kalogeridis, 2016: p. 69). In successful economic growth models, such as that of South Korea, the lending

Table 9. Country rankings in terms of competitiveness and per Capita GDP, 2011.

Country	Competitiveness	Per capita GDP	Change in place
Greece	90	31	59
Italy	41	29	12
Spain	37	27	10
Germany	7	19	-12
Portugal	45	39	6
Belgium	15	18	-3
Bulgaria	73	68	5
Albania	78	95	-17

Source: Processing of IMF data.

options of the banking system were put to the service of the government's economic growth priorities (Kohli, 2004). However, in the Greek economy, banking operations shy away from the above practices.

According to research by Drimpetas & Kalogeridis, the Greek banks' mode of operation fuelled the consumption-based growth model of the Greek economy. Indeed, in 1990-2000 the Greek banking system operated under strict regulations and under conditions of high stability, while the loans-to-deposits ratio stood at 0.40 in 1993 and rose to almost 0.56 in 2001⁹. At the same time, banking assets more-than-doubled, from 49.16 billion euros in 1993 to 162.42 billion euros in 2001. Loans quadrupled from 15.61 to 74.36 billion euros, while deposits proportionately increased by a factor of 3.5, from 38.94 to 131.32 billion euros. However, the Greek banking system, adjusting to the requirements of international competition, embarked on a new mode of operation.

In the next decade, 2000-2010, Greek banks continued to grow at rates higher than those of the previous period, in an effort to utilise a portion of their deposits that remained idle and caused the efficiency of the banking system, and the economy as a whole, to lag. In fact, the loans-to-deposits ratio rose from 0.64 at the beginning of the decade to 1.17 in 2010; this led to the reduction of safety margins and left commercial banks vulnerable to economic downturns¹⁰. During the same period, the sector's assets increased by 133%. Deposit growth stood at 50.62% and was disproportionate to the increase in loans, which stood at 176.25%, thus pointing to the responsibility of the central bank as the supervisor of commercial banks. However, the challenge for the economy is to utilise loans for investment purposes (Drimpetas & Kalogeridis, 2016).

The allocation of the loans managed by Greek banks had an effect on the structure of the Greek economy. Based on the data presented in **Table 10**, the number of total loans extended to the three industries in which Greece enjoys a comparative advantage, i.e. agriculture (€1.5 billion), tourism (€7.3 billion) and shipping (€14.2 billion) stands at €23 billion, whereas consumer loans exceed €32 billion (Papadogiannis, 2012).

By comparing the data and examining the ratio of consumer loans to loans extended to manufacturing and construction, we can see that consumer loans exceeded loans to manufacturing by 45% and loans to construction by 215% (Papadogiannis, 2012).

It is worth noting that consumer lending accounted for 14% of total loans, while mortgage lending accounted for a further 32%. Therefore, 46% of total loans were extended for consumption, as well as for housing (Papadogiannis 2012), which is considered to be an in-between good, covering both consumer

⁹This means that, for every euro of deposits, banks extended total loans of 0.56 euros. It is well-known that the amount of loans extended by banks depends on the amount of deposits kept with them.

¹⁰Although the Greek economic crisis was not caused by the banking system, the fiscal crisis and the resulting depression dealt a huge blow to the stability of the banks, which had failed to establish safety margins. That said, the need to bail out banks through recapitalisation exercises led to increased public debt.

Table 10. The structure of bank lending to various sectors of the Greek economy until September 2012.

Loan amounts as per September 2012	Amounts in € million
BUSINESSES	110,320.00
1) Agriculture	1503.00
a) Mining and quarrying	22,011.00
2) Industry	672.00
a) Manufacturing	21,338.00
3) Commerce	22,641.00
4) Tourism	7326.00
5) Shipping	14,190.00
6) Construction	10,146.00
7) Electricity, gas, water supply	5944.00
8) Storage and transport, excluding shipping	1135.00
9) Other	18,523.00
a) Information and communication	2885.00
b) Real estate management	4720.00
c) Professional and other activities	2873.00
d) Other sectors	8046.00
10) Insurance companies and other financial institutions	6902.00
FREELANCE PROFESSIONALS, FARMERS & SOLE PROPRIETORSHIPS	13,957.00
RETAIL CLIENTS & PRIVATE NON-PROFIT INSTITUTIONS	107,541
1) Housing	75,098.00
2) Consumer	30,634.00
3) Other	1809.00
Total Loans	231,818.00

Source: Papadogiannis, 2012.

and investment purposes (Orleans, 2010: p. 23), albeit as an investment good it does not contribute to sustainable growth. Responsibility for the above structure of lending does not only lie with commercial banks, but also with the Bank of Greece and the political leadership that failed to properly oversee the banking system.

It is worth noting that the banking system could have positively contributed to the reformation of the Greek economy's productive structure, by giving emphasis to the financing of innovative investment schemes with sound long-term profitability, differentiation, and an outward-looking orientation.

5. Conclusion

In conclusion, this paper discussed how the debt and other aggregates of the Greek economy were formed. The study of the data shows that the growth model prevailing in the Greek economy was based on the ability to fuel consumption through the use of borrowed resources, as well as on growth-impeding deficits and profligate spending. This was compounded by the fact that sustainable and export-oriented productive investment—which utilises the country’s competitive advantages, increases the added value of the primary sector’s output and, at the same time, lays the groundwork for the specialisation of the economy’s productive base in advanced sectors—did not play the leading role.

It is true that the type of Greek capitalist model that was allowed to prevail, without any effort being made to counter it, does not lead to the direct and concerning increase of the economy’s debt, but instead works as a catalyst for consolidating the crisis. Indeed, in the long term, non-sustainable economic growth leads to the worsening of the debt-to-GDP ratio (debt as a percentage of GDP). This gives rise to the triptych of deficits, non-sustainable growth, and debt crisis. During the period that the Greek economy was under surveillance, the sole focus was on the debt and the deficits, without any serious effort being made to prepare a national strategic plan for the restructuring of the productive base, on the basis of the rationale highlighted above.

Our analysis shows that Greece needs to break free from the debt-deflation loop, which was created by the policy of the Memorandums and contributed to the further contraction and weakening of the production system. The country needs to employ a procedure for the restructuring and reorganisation of its technical-productive model, along the lines presented above. The first priority is the planning of proper state intervention in the economy, through a cutting-edge government action plan. The ultimate goal of the proposed action plan for the government’s intervention in the economy will be the design and implementation of economic growth-inducing policies, in order to enhance the country’s productive fabric and ensure the establishment of a competitive and outward-looking model of economic growth.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

References

- Acemoglu, D. (2009). *The Crisis of 2008: Structural Lessons for and from Economics*. CEPR Policy Insight No. 28, Centre for Economic Policy Research.
- Alogoskoufis, G. (2009). *Greece after the Crisis*. Kastaniotis Publications. (In Greek)
- Alogoskoufis, G. (2013). *Macroeconomics and Politics in the Accumulation of Greece’s Debt: 1975-2009*. Athens University of Economics and Business. (In Greek)
<https://doi.org/10.2139/ssrn.2360268>

- Anastasatos, T. (2009). *Towards a New Greek Growth Model: Investment and Extroversion*. Eurobank Research: Economy and Markets. (In Greek)
- Arghyrou, M., & Tsoukalas, J. (2010). *The Greek Debt Crisis: Likely Causes, Mechanism and Outcomes*. Working Paper No. 3266, Center for Economic Studies.
<https://doi.org/10.2139/ssrn.1719032>
- Argitis, G. (2012). *Bankruptcy and Economic Crisis* (in Greek). Alexandria.
- Bank of Greece (2010). *Governor's Annual Report 2009*.
<http://www.bankofgreece.gr/BogEkdoseis/ekthdkth2009.pdf>
- Blaug, M. (1997). *Economic Theory in Retrospect*. Cambridge University Press.
<https://doi.org/10.1017/CBO9780511805639>
- Cecchetti, S. G., Mohanty, M. S., & Zampolli, F. (2011). *The Real Effect of Debt*. Working Paper No 352, Bank for International Settlements.
- Christodoulakis, N. (2009). Ten Years of EMU: Convergence Divergence and New Policy Priorities. *National Institute Economic Review*, 208, 86-100.
<https://doi.org/10.1177/0027950109338653>
- Cohn, T. (2009). *Global Political Economy Theory and Practice*. Gutemberg.
- Davradakis, M. (2011). *Greek Current Account Balance and Debt Financing of the Private Sector*. Economic Research & Forecasting Division, Eurobank. (In Greek)
- Dimeli, S. (2010). *Macroeconomic Aggregates and Growth Rates of the Greek Economy*. Athens University of Economics and Business. (In Greek)
- Drimpetas, E., & Kalogeridis, N. (2016). The Dynamics and Role of Greece's Banking System, 2000-2010. In S. Roukanas, & P. Sklias, (Eds.), *The Greek Political Economy, 2000-2015. From EMU to the Support Mechanism* (pp. 66-95). Livanis Publications.
- EEAG (2011). The EEAG Report on the European Economy: A New Crisis Mechanism for the Euro Area (pp. 71-125). Center for Economic Studies.
- ELSTAT (Hellenic Statistical Authority) (2017). *Imports-Exports of Goods and Services, 2016*. <http://www.statistics.gr/el/statistics/-/publication/SEL30/2016>
- European Commission (2021). *Annual Macro-Economic Database (AMECO)*.
http://eu.economy_finance/ameco//user/serie/SelectSerie.cfm
- Gaston Gelos, R., Sahay, R., & Sandleris, G. (2004). *Sovereign Borrowing by Developing Countries: What Determines Market Access?* Working Paper 04/221, International Monetary Fund. <https://doi.org/10.5089/9781451875263.001>
- Karavitis, N. (2008). *Public Debt and Deficit*. Dioniko Publications. (in Greek)
- Katrakilidis, C., & Tabakis, N. (2006). Greek Budget Deficits, Structural Breaks and the Concept of Sustainability: New Econometric Evidence. *Economics and Business Review*, 8, 263-278.
- Kazakos, P., Liargovas, P., & Repoussis, S. (2016). *Greece's Public Debt*. Papazisis Publications. (In Greek)
- Knoop, T. (2004). *Recessions and Depressions. Understanding Business Cycles*. Greenwood Praeger Publishers.
- Kohli, A. (2004). *State-Directed Development: Political Power and Industrialization in the Global Periphery*. Cambridge University Press.
<https://doi.org/10.1017/CBO9780511754371>
- Kollintzas, T. (2011). *The 'Other' Memorandum and Restructuring*. (In Greek)
<http://www.euro2day.gr/specials/opinions/article/638571/to-allo-mnhmonio-kai-h-ana-diarthros.html>

- Konstantakopoulou, I. (2012). *The Evolution of the Current Account Balance over Time*. Economic Developments 2021/12, KEPE. (In Greek)
- Kotios, A., & Pavlidis, G. (2012). *International Economic Crises: Systemic or Policy Crises?* Rosili Publications. (in Greek)
- Krugman, P. (2008). *The Return of Depression Economics and the Crisis of 2008* (Greek Translation by Ariadne Alavanou). Kastaniotis
- Krugman, P. (2011). *End This Depression Now!* (Translated in Greek by Tina Theou), Polis Publications.
- Makrydakis et al. (1999). *Forecasting: Methods and Applications*. Wiley.
- Malliaropoulos, D. (2011). Competitiveness, External Deficit and External Debt of the Greek Economy. *Economy and Markets*, 6, 1-14.
- Mamatzakis, E. (2016). Greek Statistics: Unraveling Ariadne's Thread. In S. Roukanas, & P. Sklias (Eds.), *The Greek Political Economy, 2000-2015. From EMU to the Support Mechanism*. Eburon.
- Maris, G., Sklias, P., & Maravegias, N. (2021). The Political Economy of the Greek Economic Crisis in 2020. *European Politics and Society*, 1-21.
<https://doi.org/10.1080/23745118.2021.1895552>
- Naftemporiki (2017). Per Capita GDP Inconsistent with Greek Productivity. *Naftemporiki Newspaper*. (In Greek).
<https://m.naftemporiki.gr/story/1219349/to-kata-kefalin-aep-den-sunadei-me-tin-antagonistikotita-tis-xoras>
- Orleans, A. (2010). From Euphoria to Panic (Greek Translation by Babis Papadimitriou). In P. Askenazy, & C. Daniel (Eds.), *Les Troupes de la Defense* (pp. 9-118). Polis Publications.
- Pantelakis, N. (1995). *Public Borrowing*. National Bank of Greece Cultural Foundation. (In Greek)
- Papadimitriou, P., & Hadjigiannakis, G. (2010). The Fiscal Situation in Greece: In the End, It is All Our Blame. In *Minutes of the International Conference on International Business* (pp. 1-18). (In Greek)
- Papadogiannis, G. (2012, November 25). *Greek Banks Extend Loans for Consumption and Not Production*. (In Greek)
<http://www.kathimerini.gr/474143/article/oikonomia/ellhnikh-oikonomia/daneia-sthn-katanalwsh-kai-oxi-sthn-paragwgh-apo-tis-ellhnikes-trapezes>
- Pinto, B., & Prasad, M. (2009) Lessons from Market-Access Countries on public Debt Sustainability and Growth. In C. Braga, & D. Domeland (Eds.), *Debt Relief and beyond: Lessons Learned and Challenges Ahead* (pp. 181-201). The World Bank.
- Rapanos, V. (2008). Economic Theory and Fiscal Policy: Fiscal Institutions in Greece. In T. Giannitsis (Ed.), *In Search of a Greek Growth Model* (pp. 159-180). Papazisis Publications. (In Greek)
- Reinhart, C. M., & Roggof, K. S. (2010). *From Financial Crash to Debt Crisis*. Working Paper No. 5795, National Bureau of Economic Research.
<https://doi.org/10.3386/w15795>
- Roukanas, S. (2015). *The Political Economy of the Greek Crisis: The Need to Design a State Growth Strategy*. In *PEDiS Scientific Conference Titled "Greece and the European Union at the Crossroads of Crucial Developments": Policies, Strategic Choices, and Prospects* (pp. 265-282). Nomiki Vivliothiki. (In Greek)
- Roukanas, S., & Sklias, P. (2016). *The Greek Political Economy, 2000-2015. From EMU to*

the Support Mechanism. Eburon.

- Sidiropoulos, M. (2009, February 10). *Should Greece Eradicate Its Public Debt?* (In Greek) <https://sidiropoulos.wordpress.com/2009/02/10/%cf%80%cf%81%ce%ad%cf%80%ce%b5%ce%b9-%ce%b7-%ce%b5%ce%bb%ce%bb%ce%ac%ce%b4%ce%b1-%ce%bd%ce%b1-%ce%b5%ce%be%ce%b1%ce%bb%ce%b5%ce%af%cf%88%ce%b5%ce%b9-%cf%84%ce%bf-%ce%b4%ce%b7%ce%bc%cf%8c%cf%83%ce%b9/>
- Sidiropoulos, M. (2016). Economic Policy Impetus to Post-EMU Greece's Economic Growth. In S. Roukhanas, & P. Sklias (Eds.), *The Greek Political Economy, 2000-2015. From EMU to the Support Mechanism* (pp. 303-318). Eburon.
- Skidelsky, R. (2009). *Keynes: The Return of Master*. Allen Lane (Penguin Books).
- Sklias, P., & Maris, G. (2013). The Political Dimension of the Greek Financial Crisis. *Perspectives on European Politics and Society*, 14, 144-164. <https://doi.org/10.1080/15705854.2012.732392>
- Sklias, P., & Maris, G. (2016). The Maastricht Convergence Criteria and Greece in the 1980s and 1990s. In P. Sklias, & S. Roukhanas (Eds.), *The Greek Political Economy 2000-2015* (pp. 33-53). Eburon Academic Publishers.
- Smith, A. (1776). *An Inquiry into the Nature and Causes of the Wealth of Nations*. Book V, Chapter III. <https://www.gutenberg.org/cache/epub/3300/pg3300-images.html>
- Wolfson, M. (1994). *Financial Crises: Understanding the Postwar Experience*. M.E. Sharpe.
- Woodward, D. (1992). *Debt and Adjustment: An Introduction*. Pinter Publishers.