



The Alternative Policy of INE GSEE for the Greek Economy to Exit the Crisis

Europe at the Crossroads: A Union of Austerity or Growth Convergence?

Levy Economics Institute
Megaron Athens International Conference Centre,
Athens, Greece
November 21-22, 2014

George Argitis

*Scientific Director of Institute of Labour, GSEE

Figure 1: Solvency Regimes

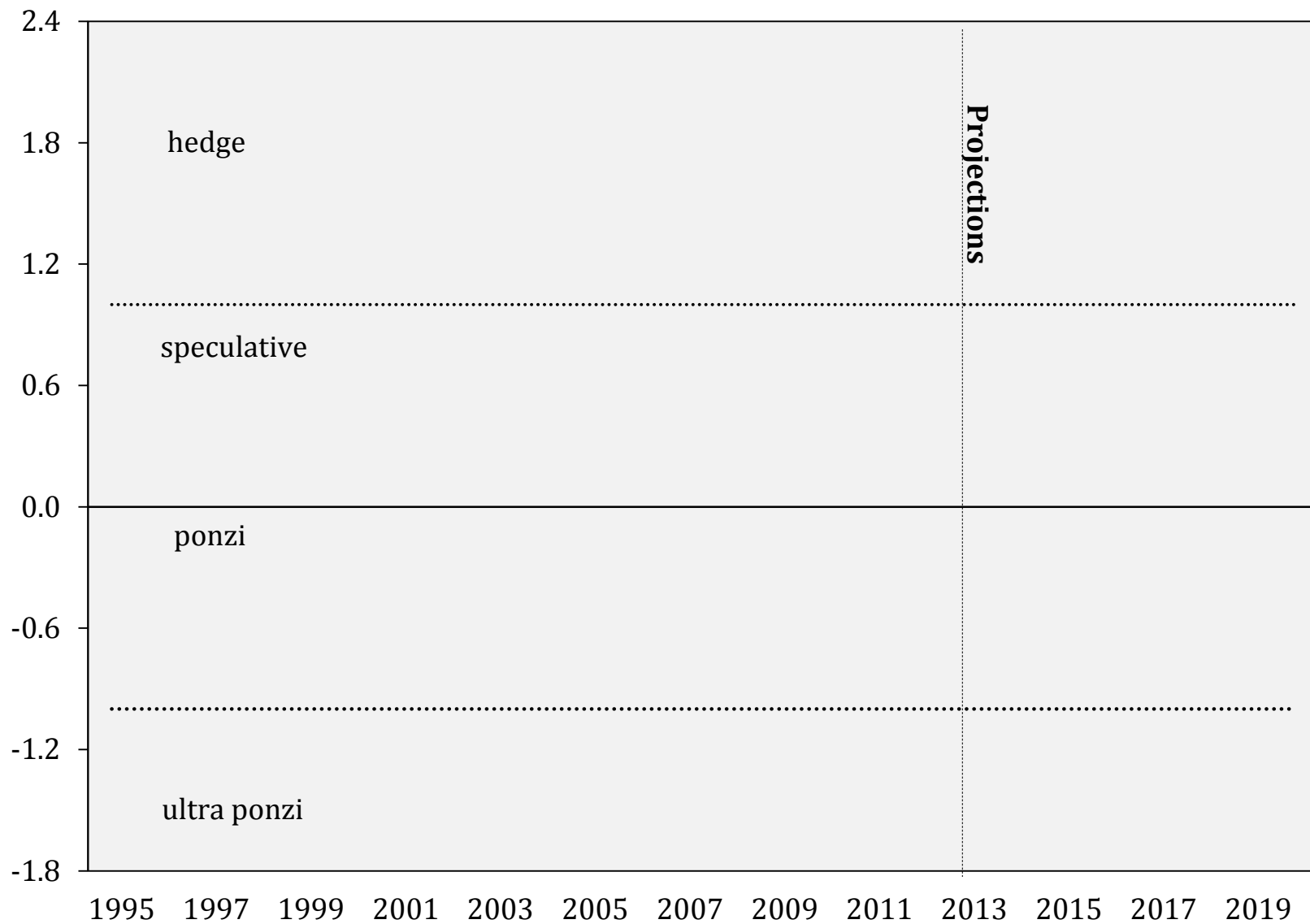


Figure 2: The Solvency Index for the Greek Government Sector

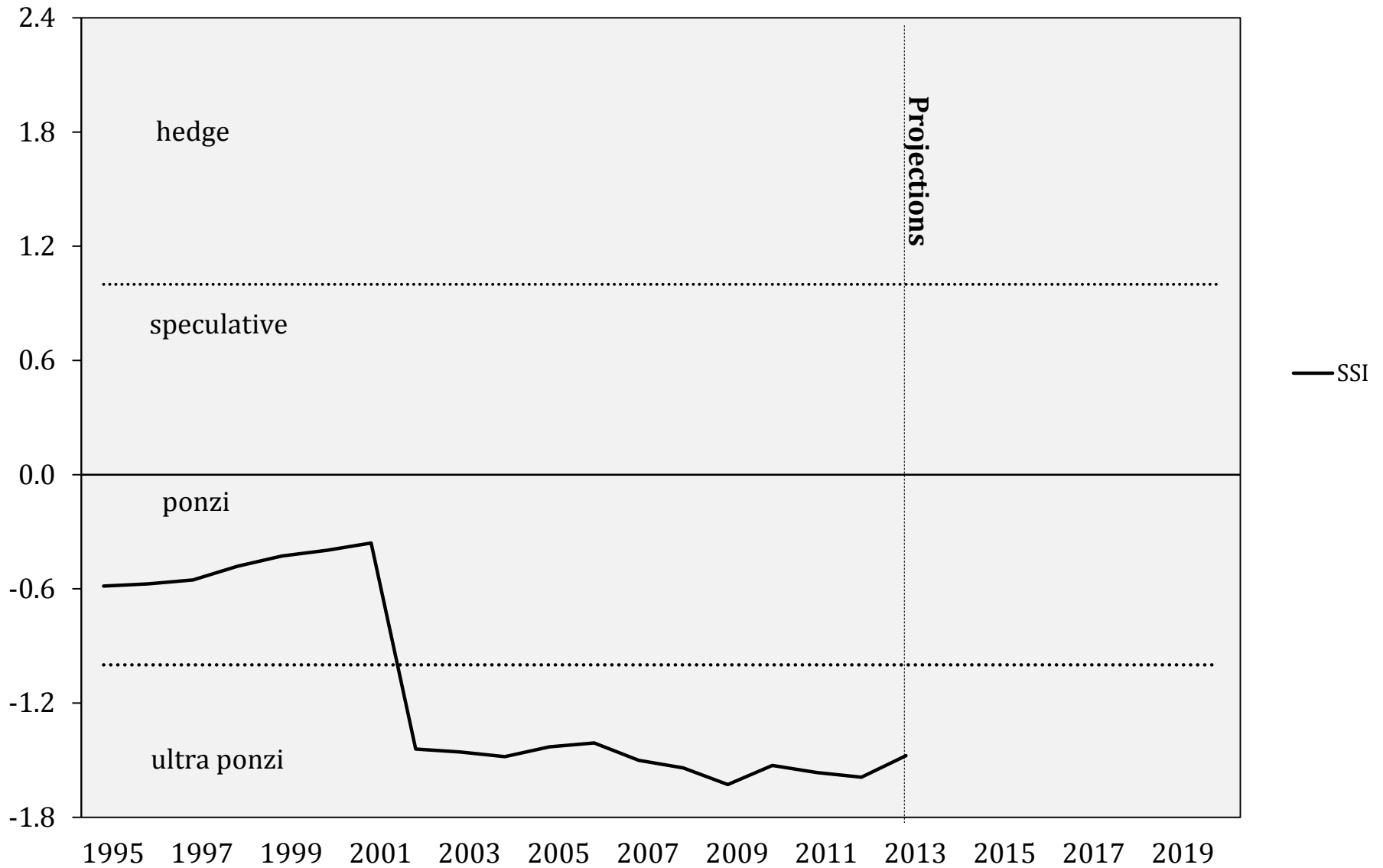


Figure 3: The Solvency Index
for the Greek Government Sector, 2014-2020

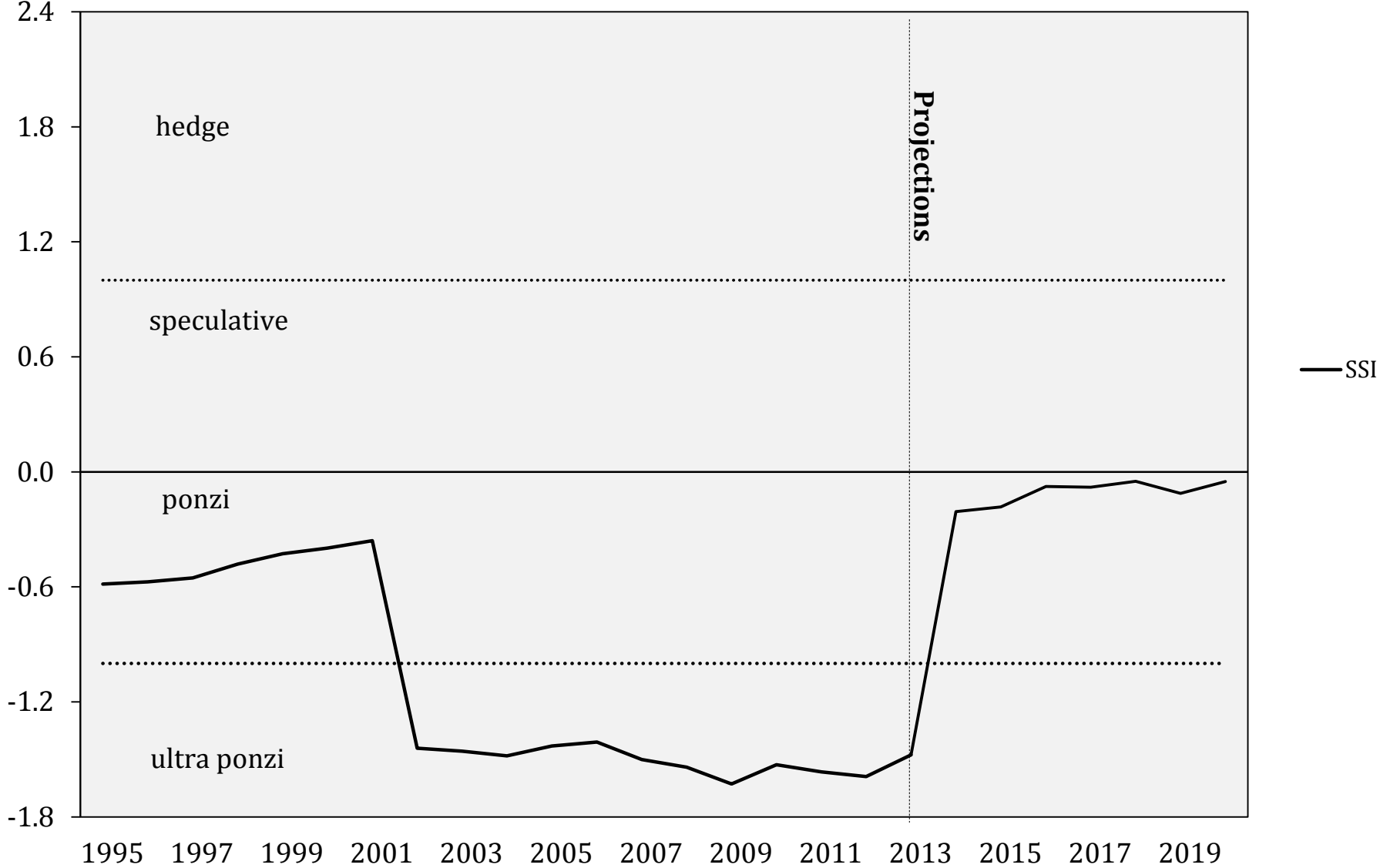


Figure 4: IMF's Expected Growth Rate
(Baseline Scenario)

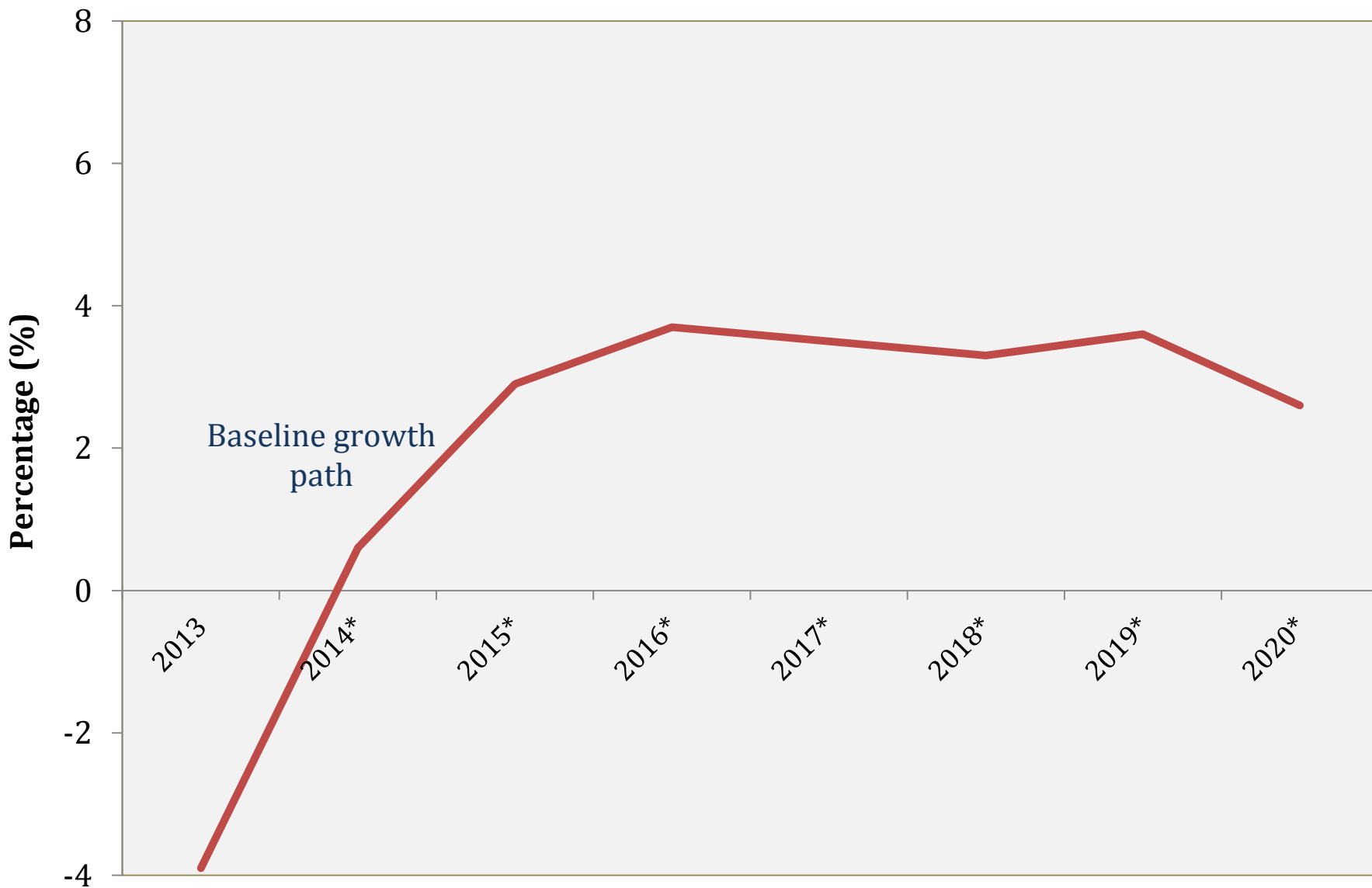


Figure 5: The Growth Rate that Satisfies the Solvency Condition

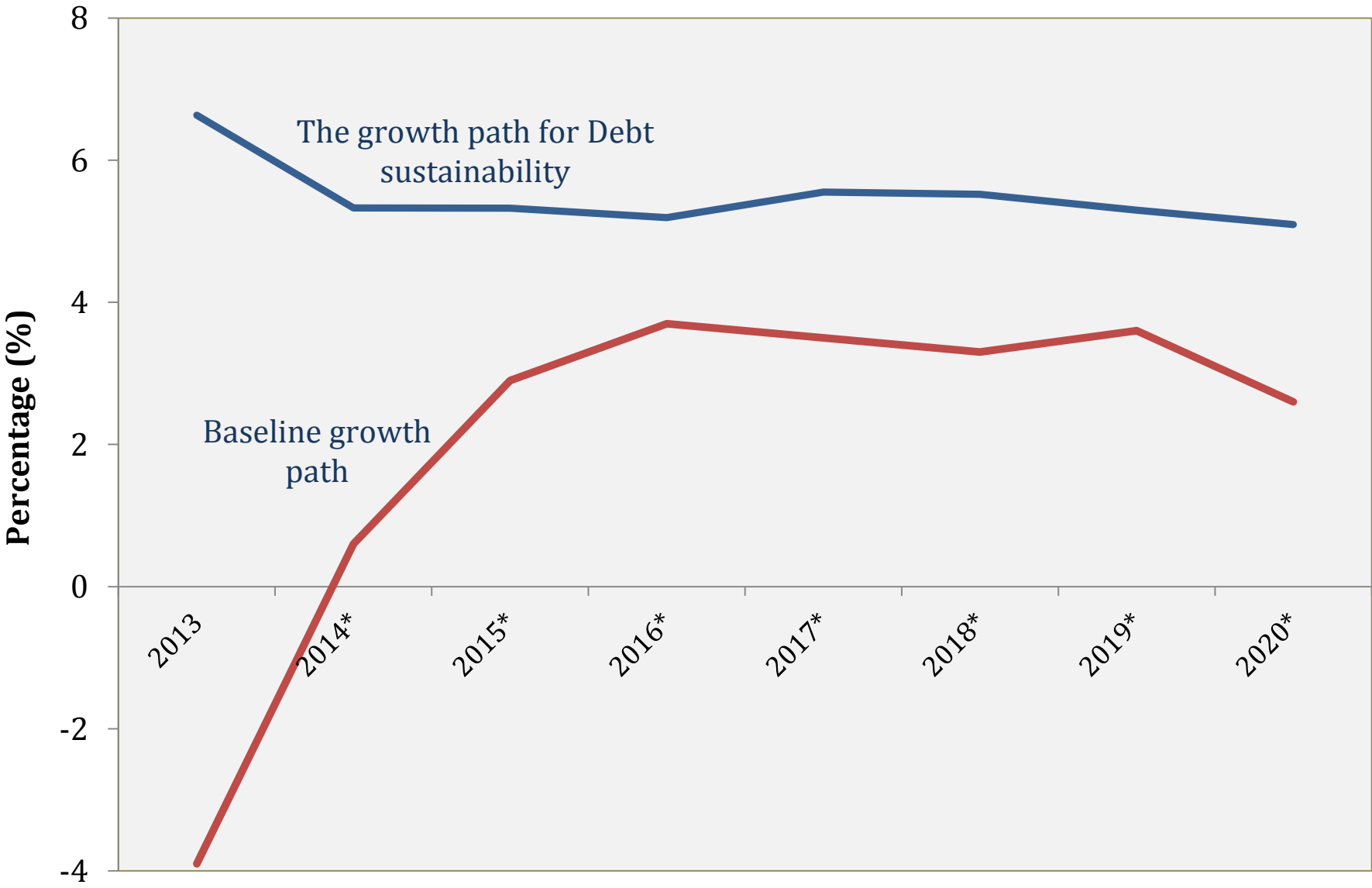


Figure 6: The Target Growth Rate –30%
Fall in Interest Payments

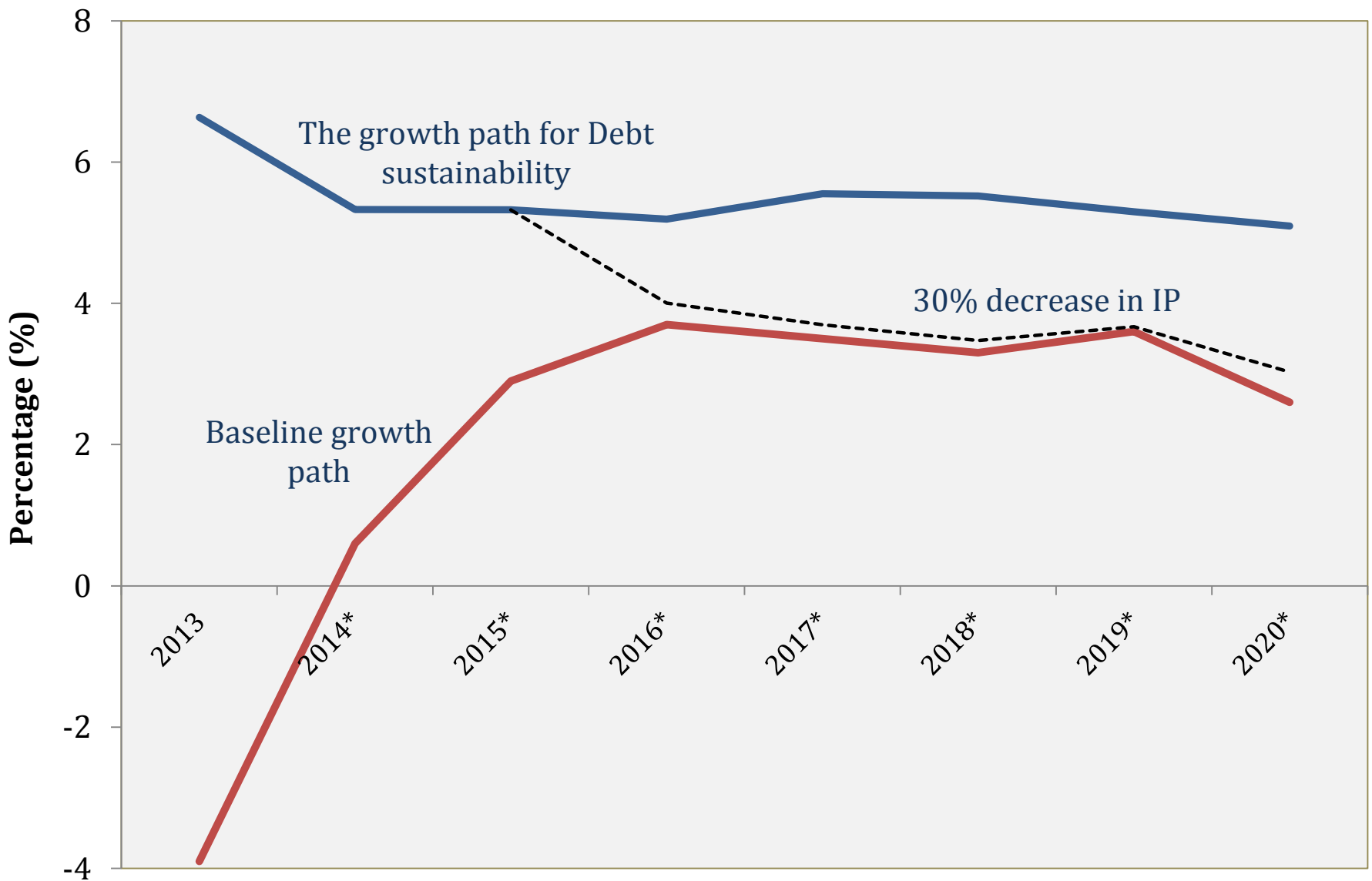


Figure 7: The Target Growth Rate -50%
Fall in Interest Payments

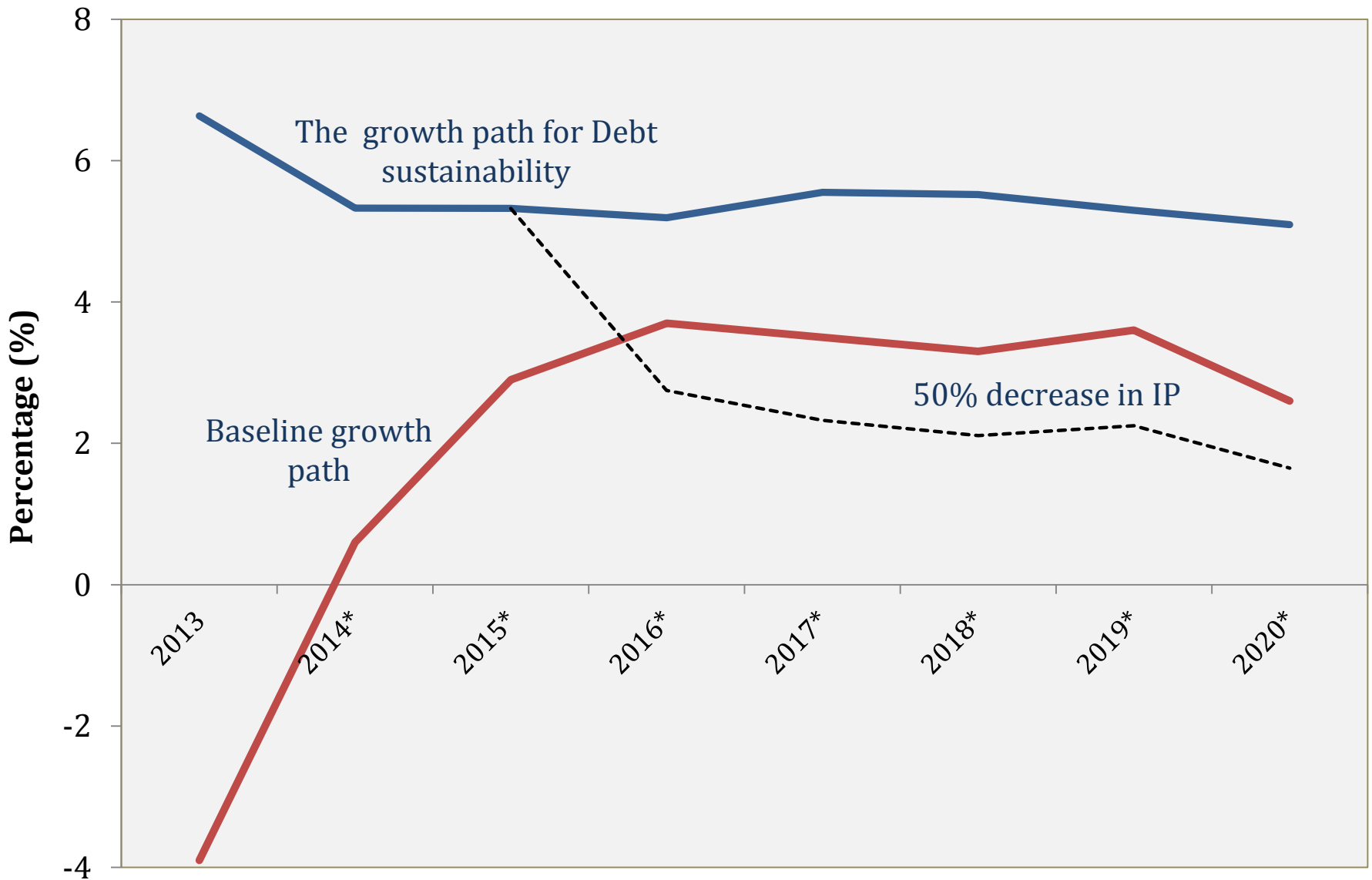


Figure 8: Solvency Index – 30% Decrease in Interest Payments

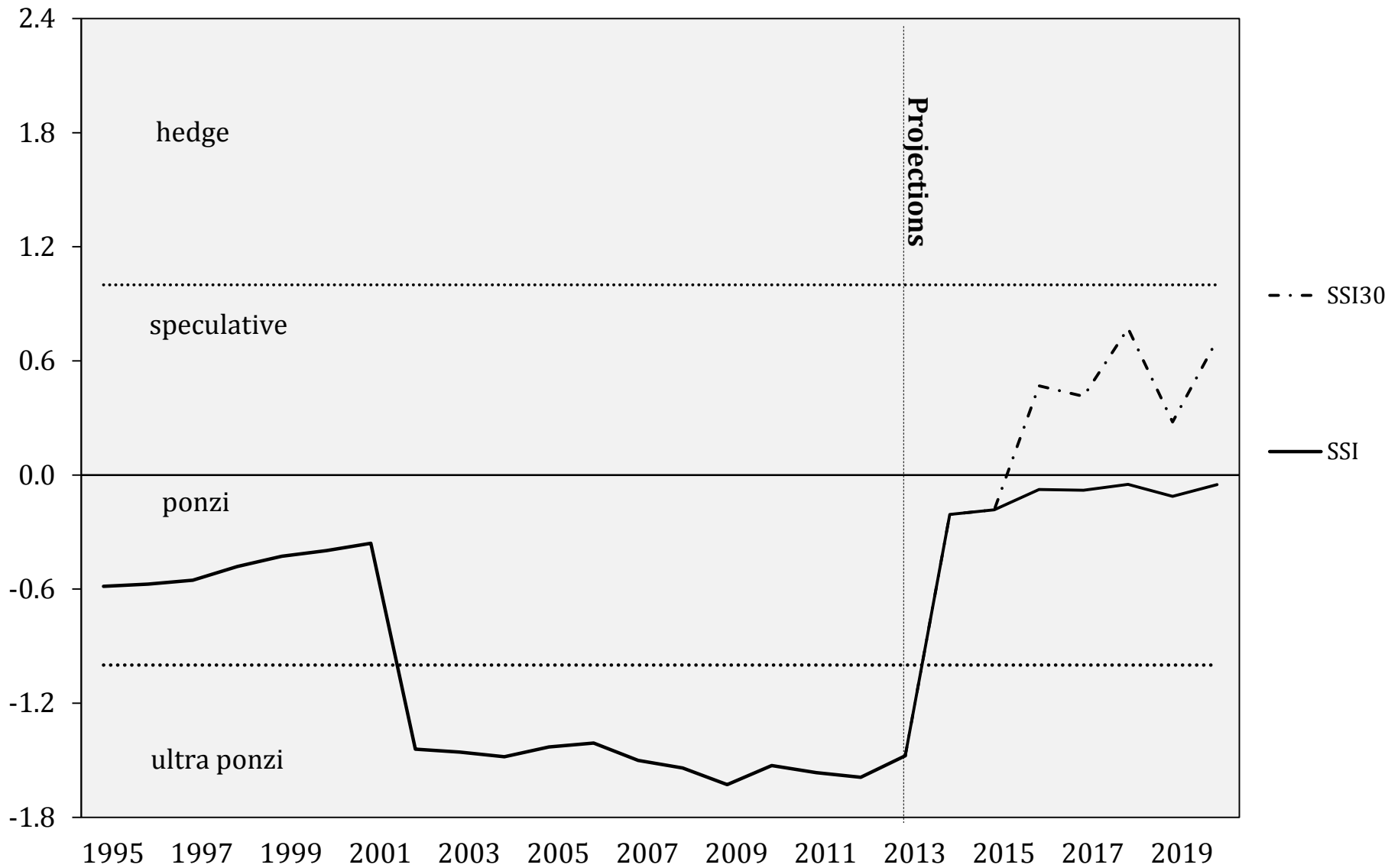


Figure 9: Solvency Index – 50% Decrease in Interest Payments

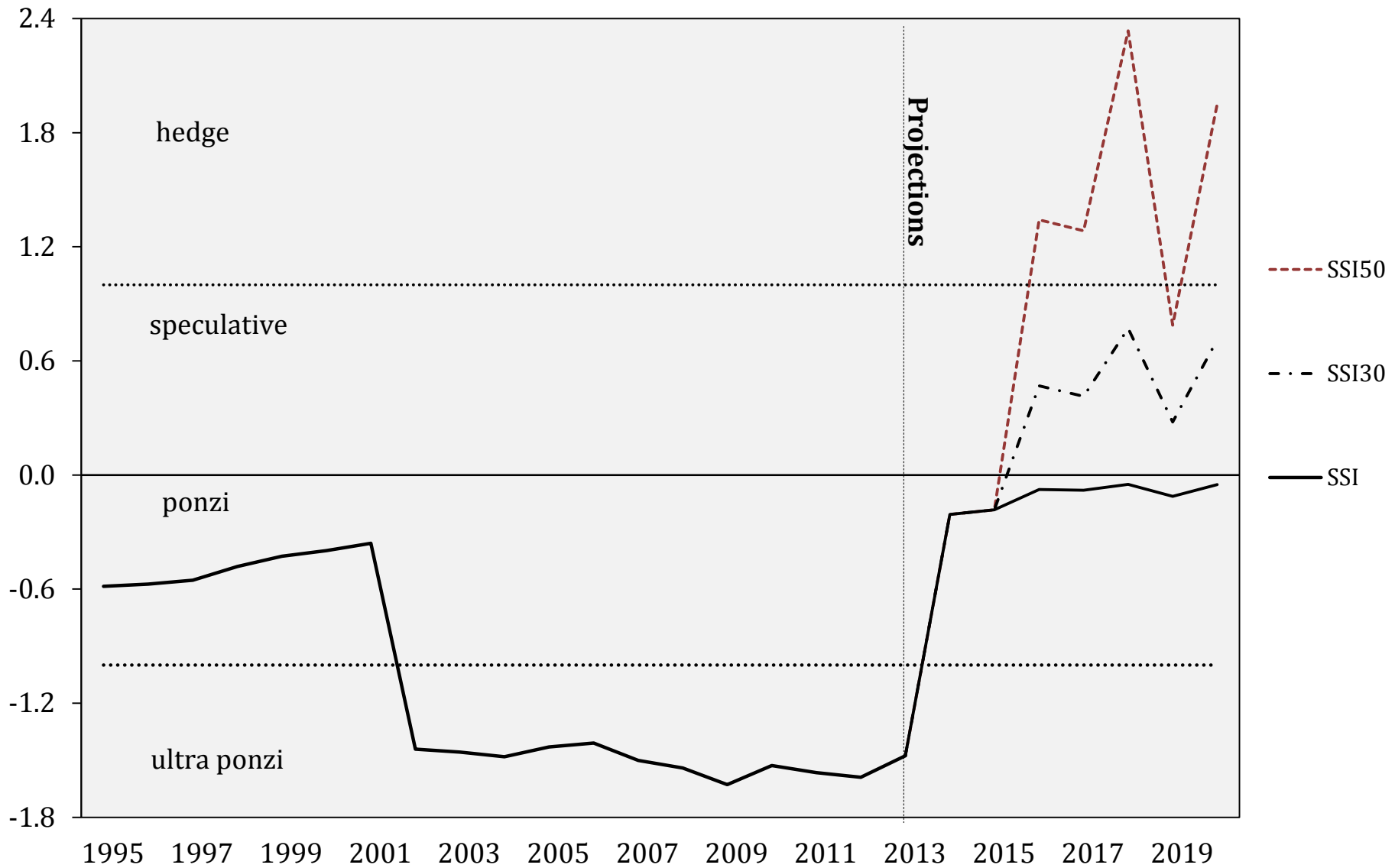
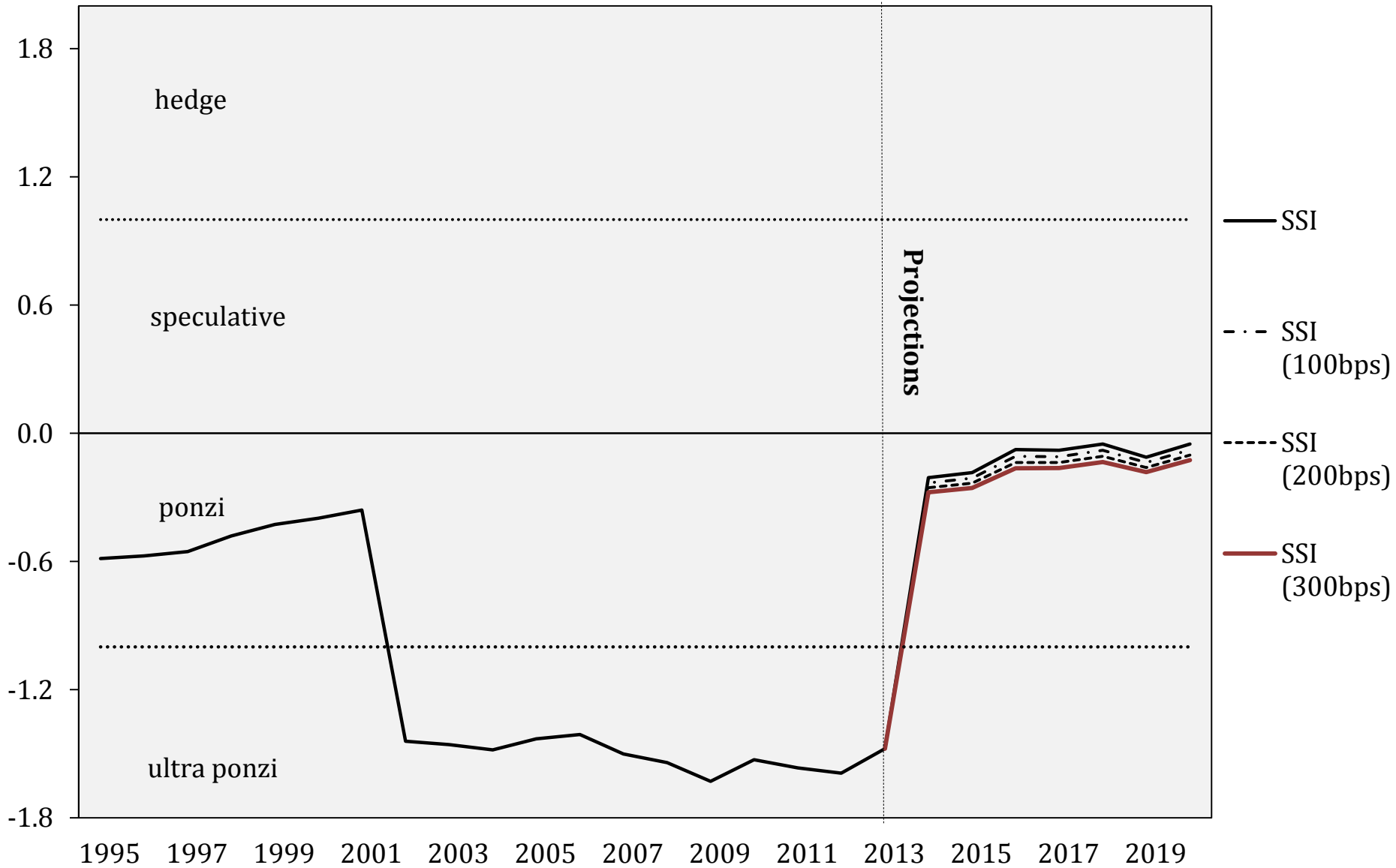


Figure 10: The Solvency Index



The Policy Proposal of INE-GSEE

- ✓ An Alternative Approach to Debt Sustainability that depends on the strategy “sustainable primary surplus – sustainable public debt”.
- ✓ An Employment of Last Resort approach to the sustainability of primary surplus and to the stimulus of domestic demand
- ✓ Re-regulation of the Labor Market

Figure 11: The Target Growth Rates

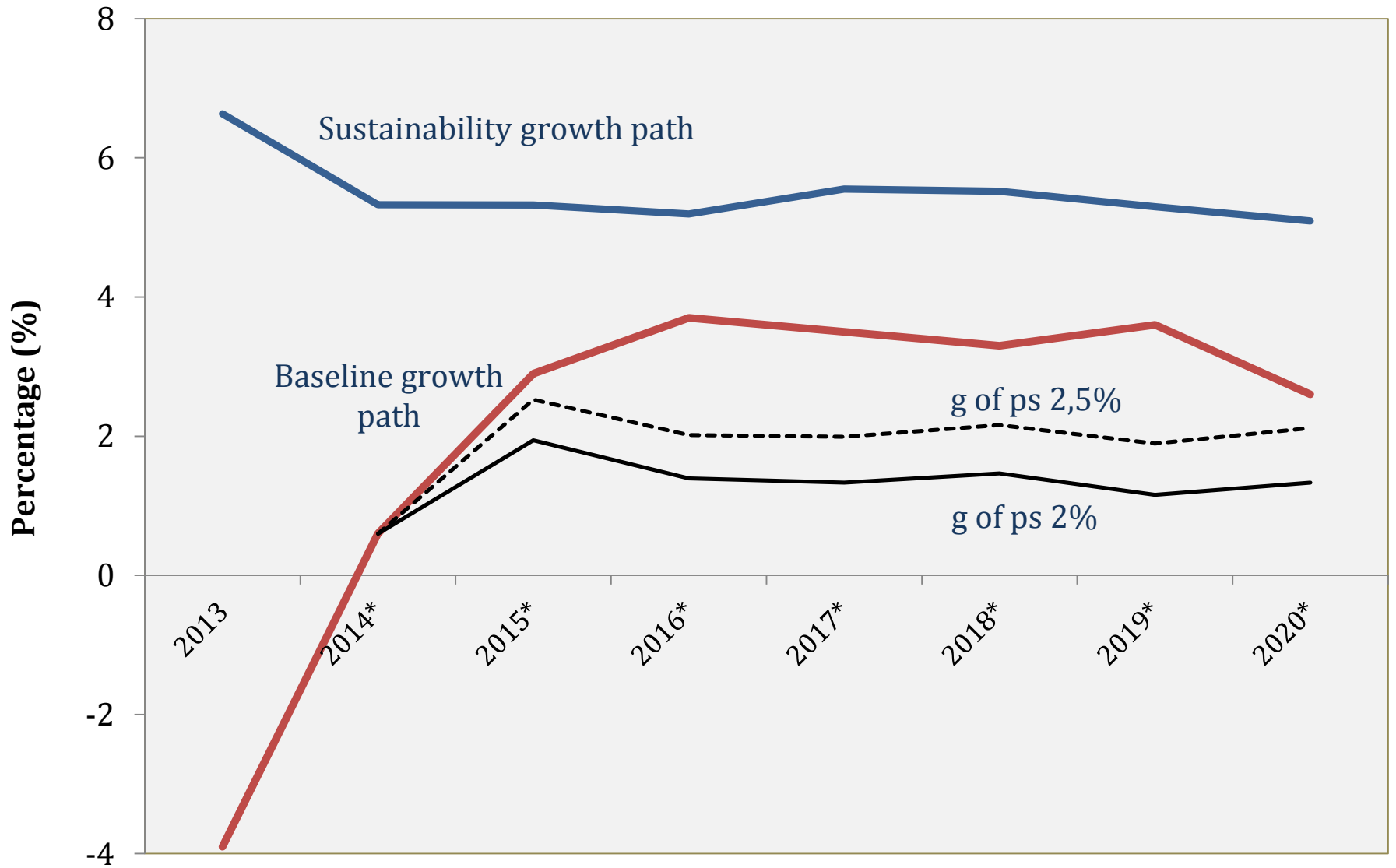


Figure 12: IMF's Baseline Scenario

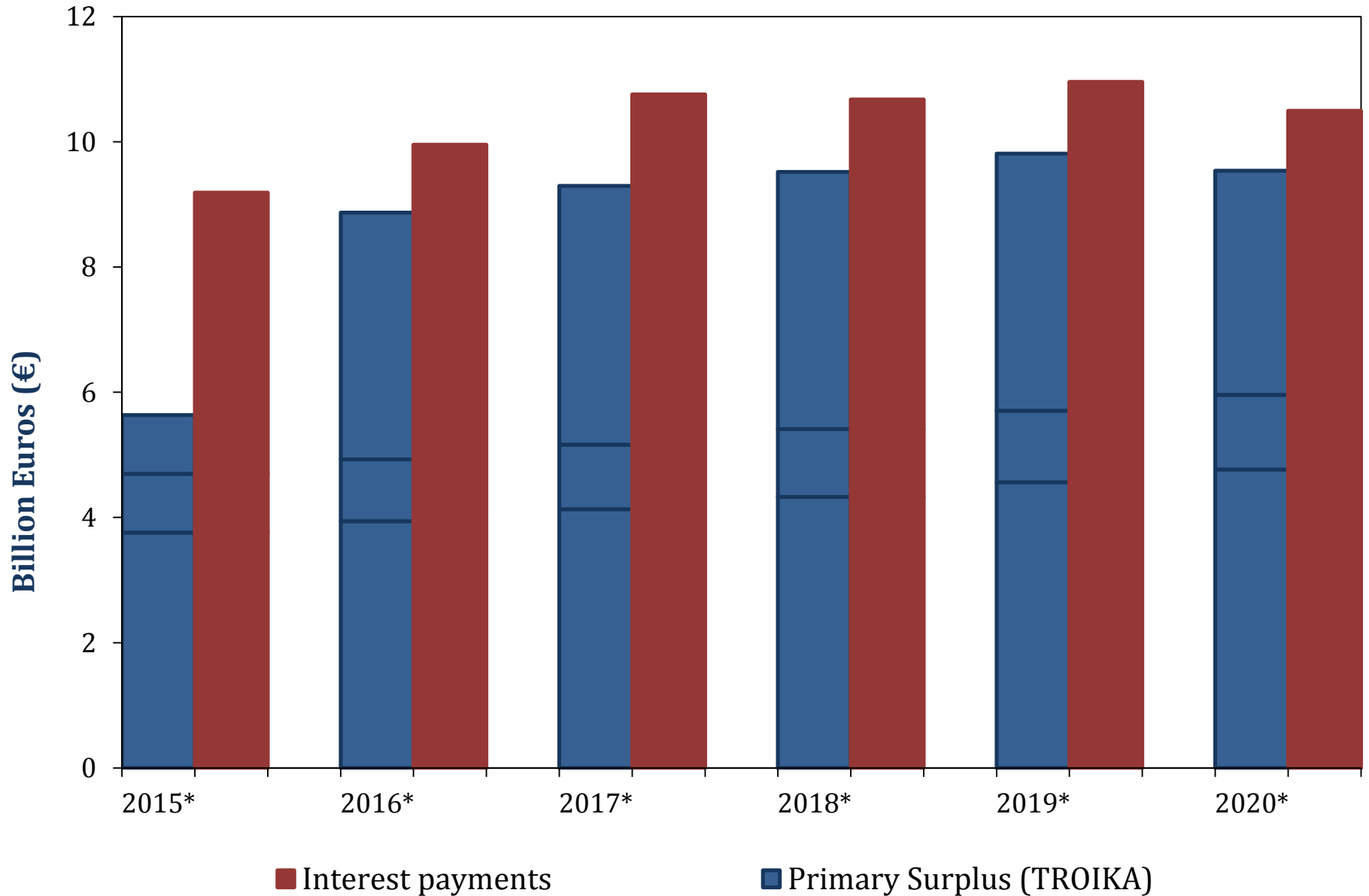


Figure 13: Interest Payments Adjustment to 2,5% of GDP Primary Surplus

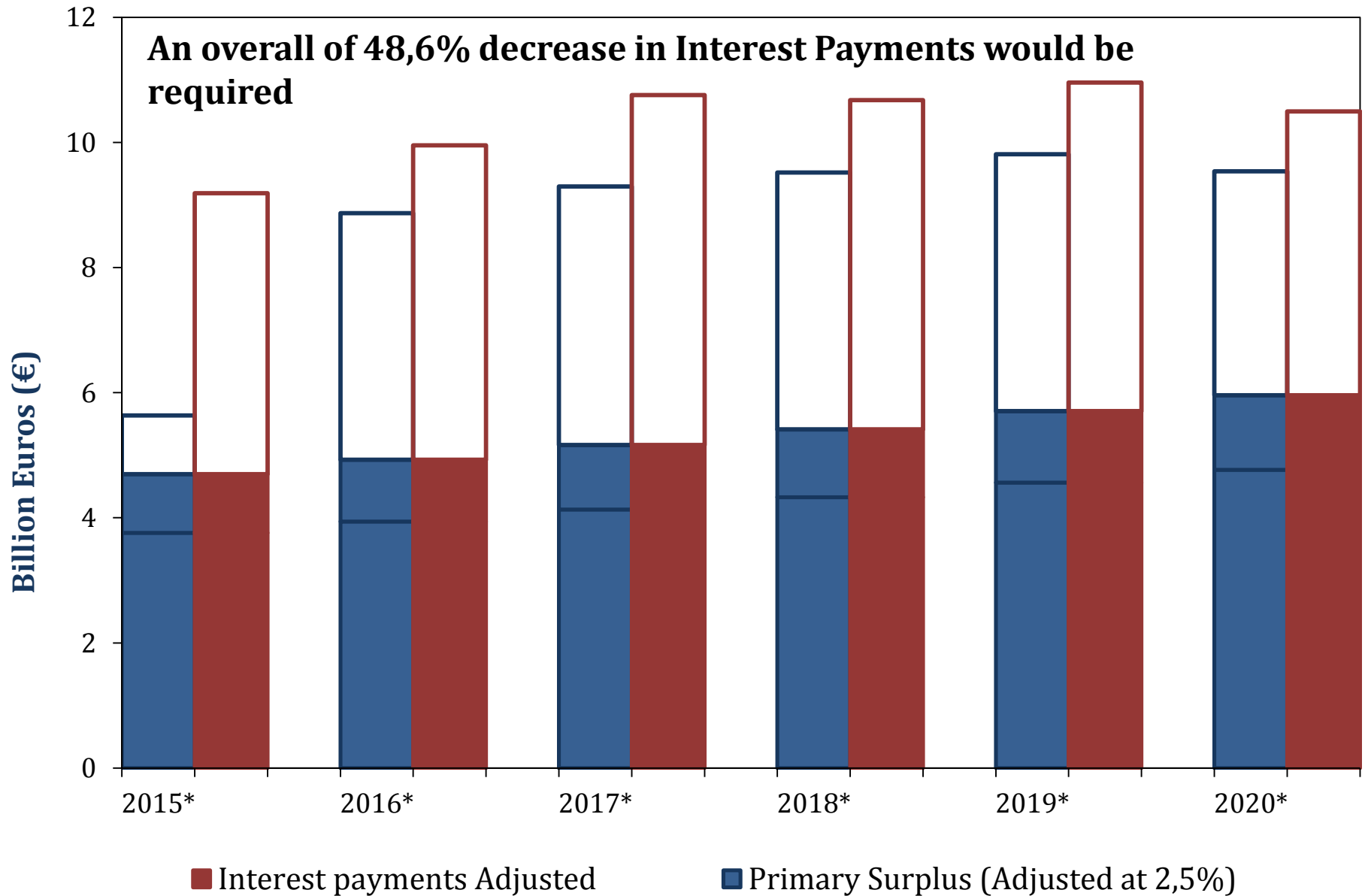
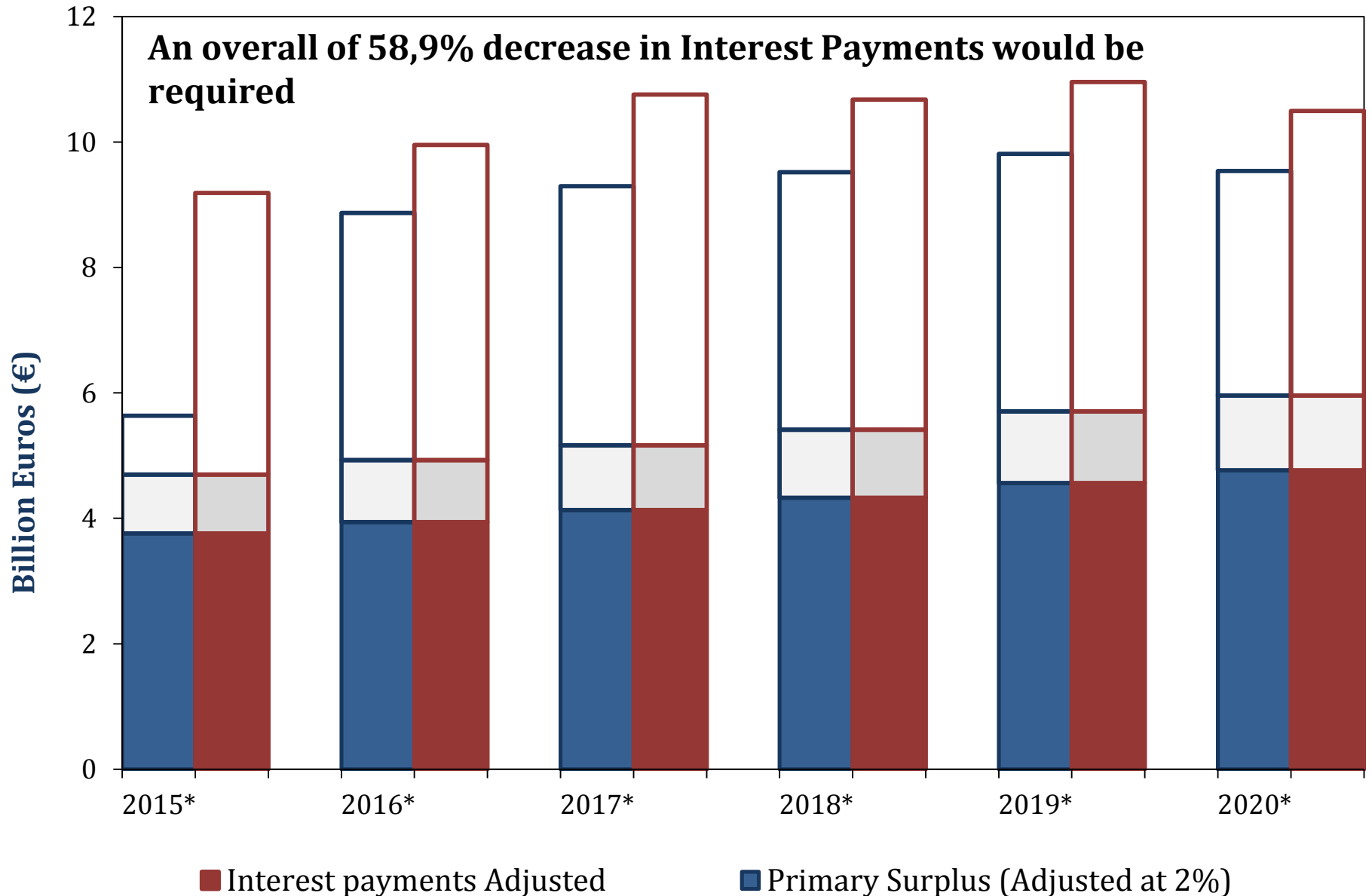


Figure 14: Interest Payments Adjustment to 2,0 Primary Surplus of GDP



The Policy Proposal of INE-GSEE

- ✓ An Alternative Approach to Debt Sustainability that depends on the strategy “sustainable primary surplus – sustainable public debt”.
- ✓ An Employment of Last Resort approach to the sustainability of primary surplus and to the stimulus of domestic demand
- ✓ Re-regulation of the Labor Market

Thanks for your attention
