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NEOLIBERAL POLICIES OF EUROPEAN UNION AND INTERNATIONAL MONETARY FUND HAVE DESTROYED GREECE'S ECONOMY, DIVIDED EUROZONE STATES, AND HOBbled A FRAGILE GLOBAL RECOVERY, NEW LEVY STUDY SAYS

New Economic Vision Needed to Bring End to Greek Crisis

ANNANDALE-ON-HUDSON, N.Y.— Greece's unemployment rate stands at 27 percent, youth unemployment is above 62 percent, and more than 30 percent of the population lives near or below the poverty line. In a nation of less than 11 million people, more than half a million children live in poverty—that's one out of three—with nearly 60 percent of them living in households that experience "severe material deprivation," according to UNICEF. A new report from the Levy Economics Institute of Bard College contends that what began as a financial crisis has been transformed into a full-fledged economic and social crisis by the neoliberal policies of the International Monetary Fund (IMF) and the European Union (EU). Instead of growth, these policies have destroyed Greece's economy, divided the eurozone states, and hobbled a fragile global recovery. Levy Research Associate and Policy Fellow C. J. Polychroniou argues that a political solution based on a new economic vision is needed to bring an end to the Greek crisis.

"The international bailouts of Greece have been an unmitigated economic and social disaster, with equally adverse implications for democracy and the sovereignty of the nation," writes Polychroniou in his new policy note, *A Failure by Any Other Name: The International Bailouts of Greece*. "Three years and three months after the EU and IMF, the 'twin monsters' of global neoliberalism, came to the 'rescue,' Greece has been transformed from a developed economy into an emerging economy, posting unemployment and poverty rates that are normally associated with so-called 'third world' nations, and is permanently stuck in a vicious cycle of debt, austerity, and depression."

For Greece and other countries throughout the eurozone, however, exiting the crisis will require more than an end to austerity, Polychroniou writes. He calls for EU institutions to be radically restructured around the principles of sustainable, equitable growth. Specifically, he says, Greece needs a comprehensive development plan, with massive public spending and investment.

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“Alternative policy regimes must become a key component in any dialogue or strategic course of action initiated by governments and other political and social forces determined to seek a permanent exit from the current crisis—not just in Greece, but throughout the euro area,” writes Polychroniou. “Political struggles that confine themselves to putting an end to austerity or forcing the EU to take responsibility for the debt burden of the crisis-ridden eurozone countries don’t go far enough. What the EU needs is a radical restructuring of its main institutions, and a political economy that recaptures the spirit of sustainable, equitable growth.”

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Policy Note 2013/6: *A Failure by Any Other Name: The International Bailouts of Greece*

To read the full text of this policy paper or to learn more about the Levy Economics Institute of Bard College, please visit <http://www.levyinstitute.org/publications/?docid=1840>.

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