

**Misky Conference Greece:**

# **The Eurozone Crisis Greece and the Experience of Austerity**

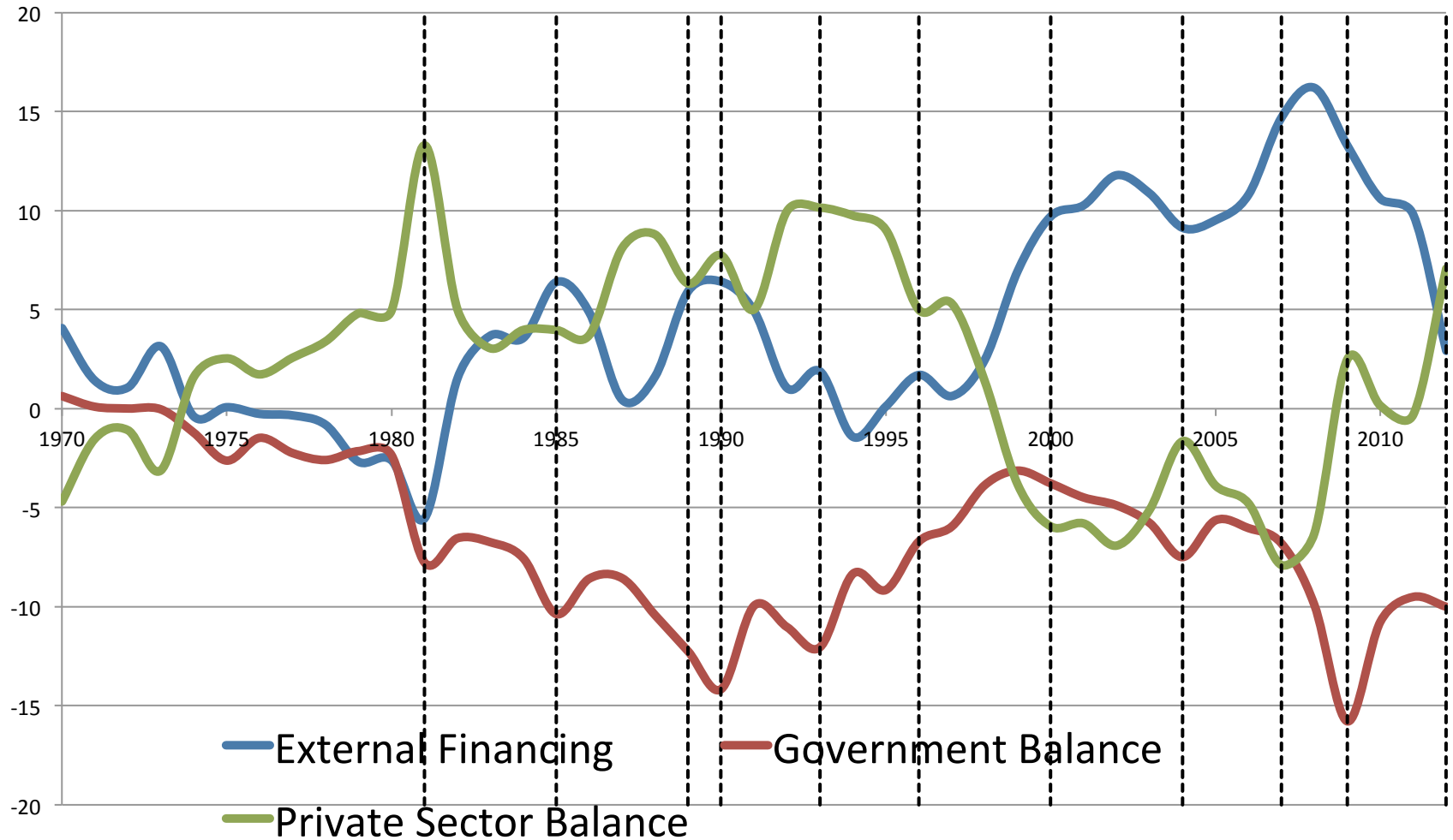
***Structural analysis of  
macroeconomic prospects***

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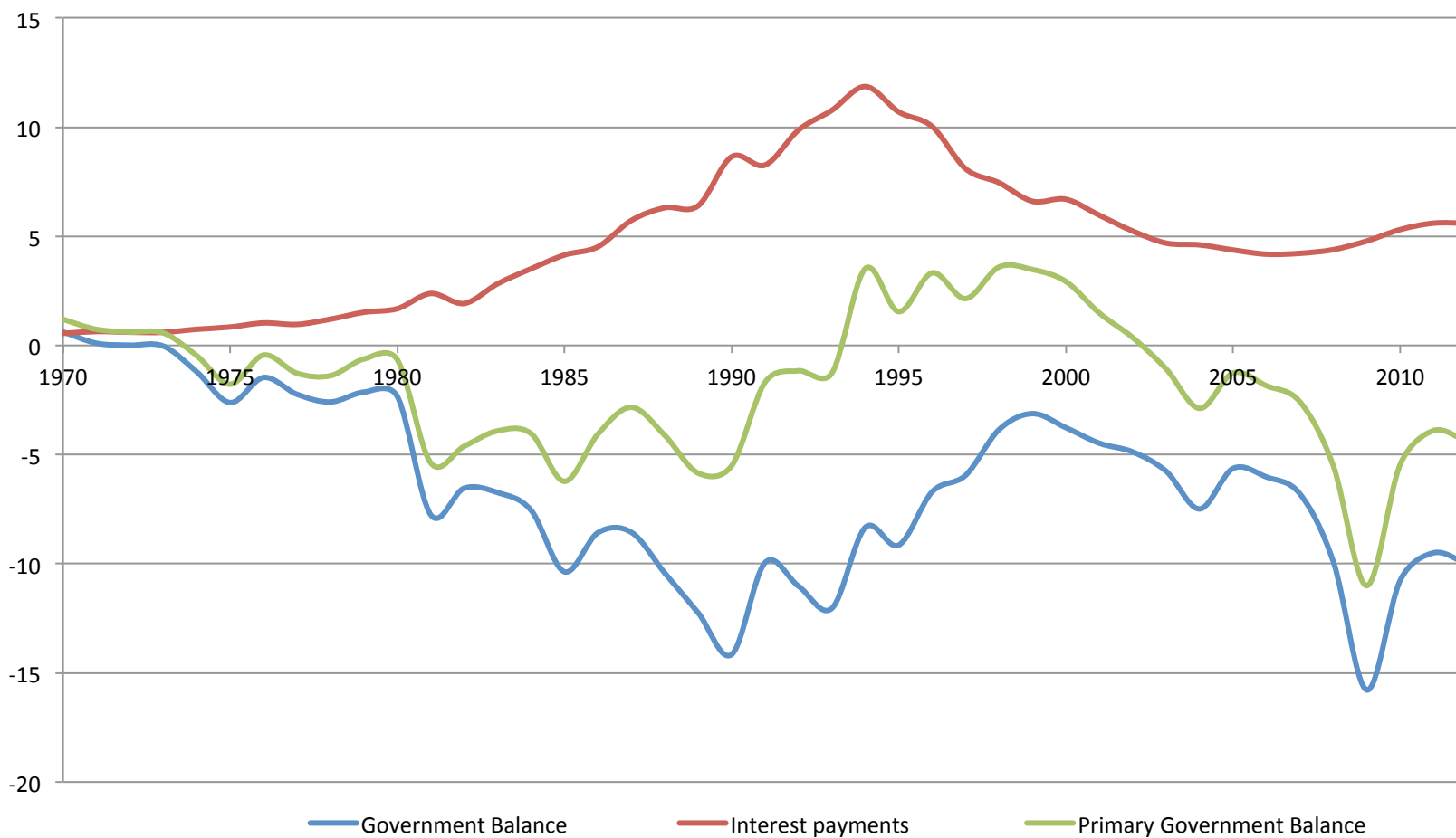
# Outline

- 1. Balances and imbalances**
- 2. Recent events and structure**
- 3. Modelling simulations: representing, explaining, policy experiment**
- 4. Some implications**

# 1. Structural deficit: net lending

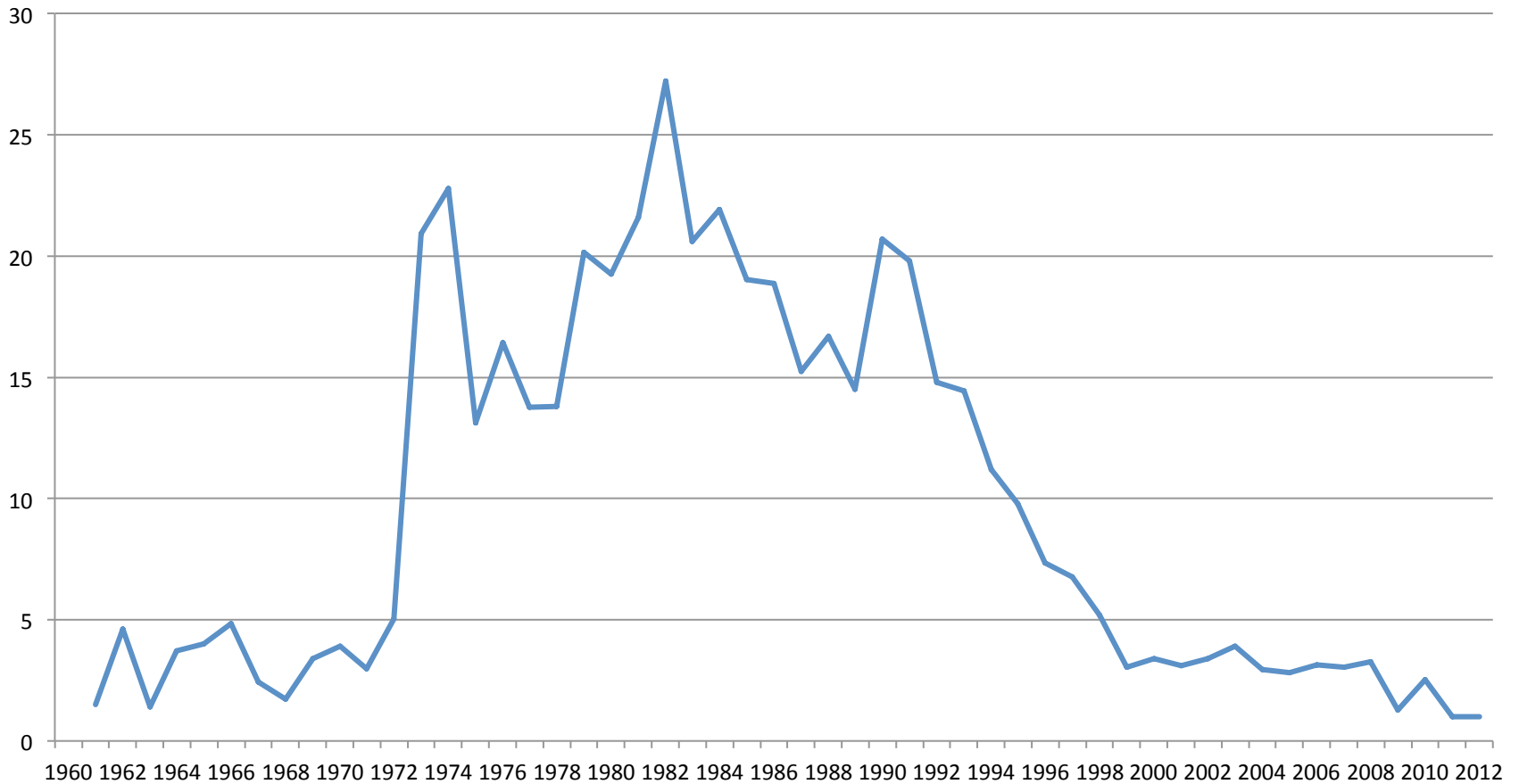


# 1. Fiscal balances

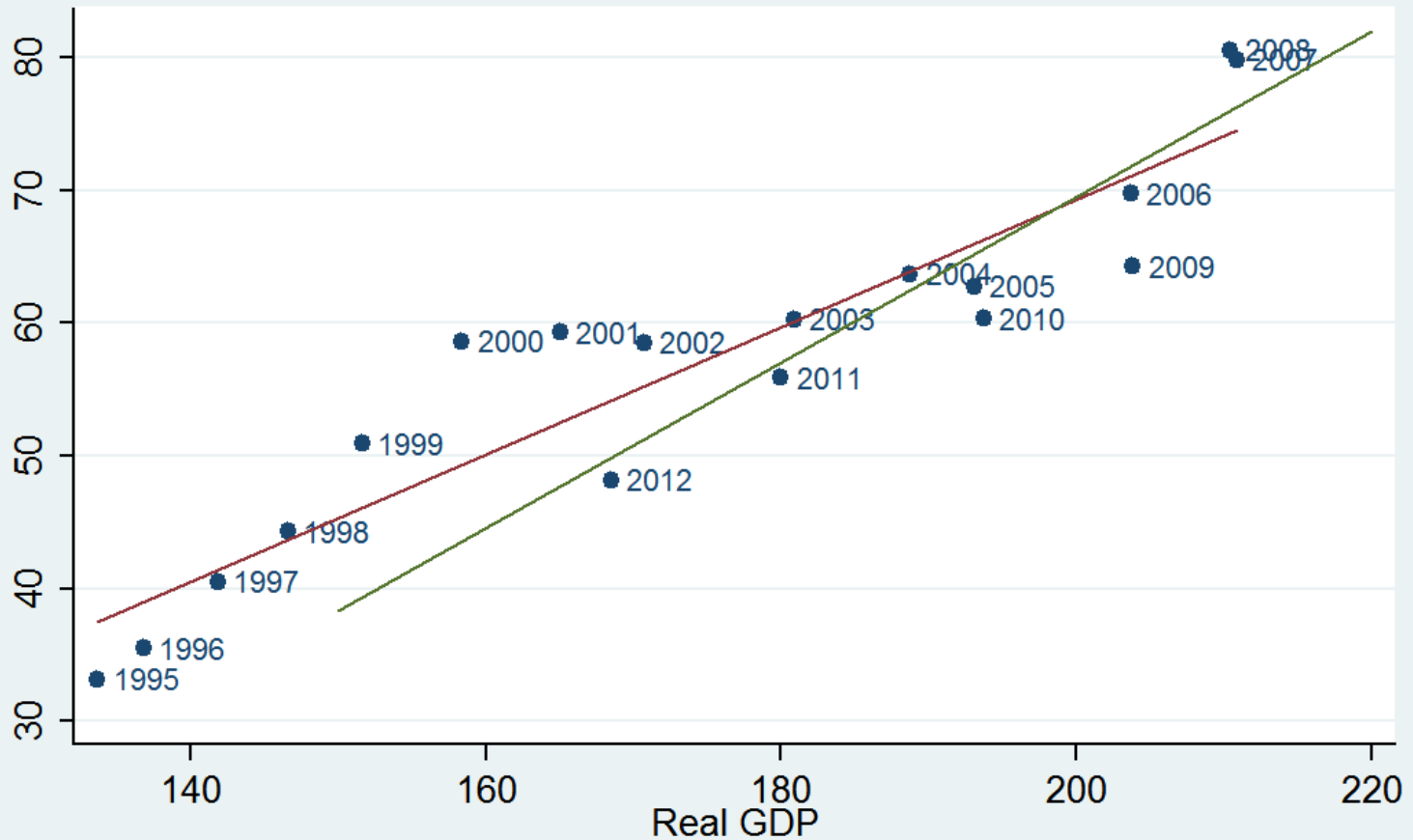


## 2. Events

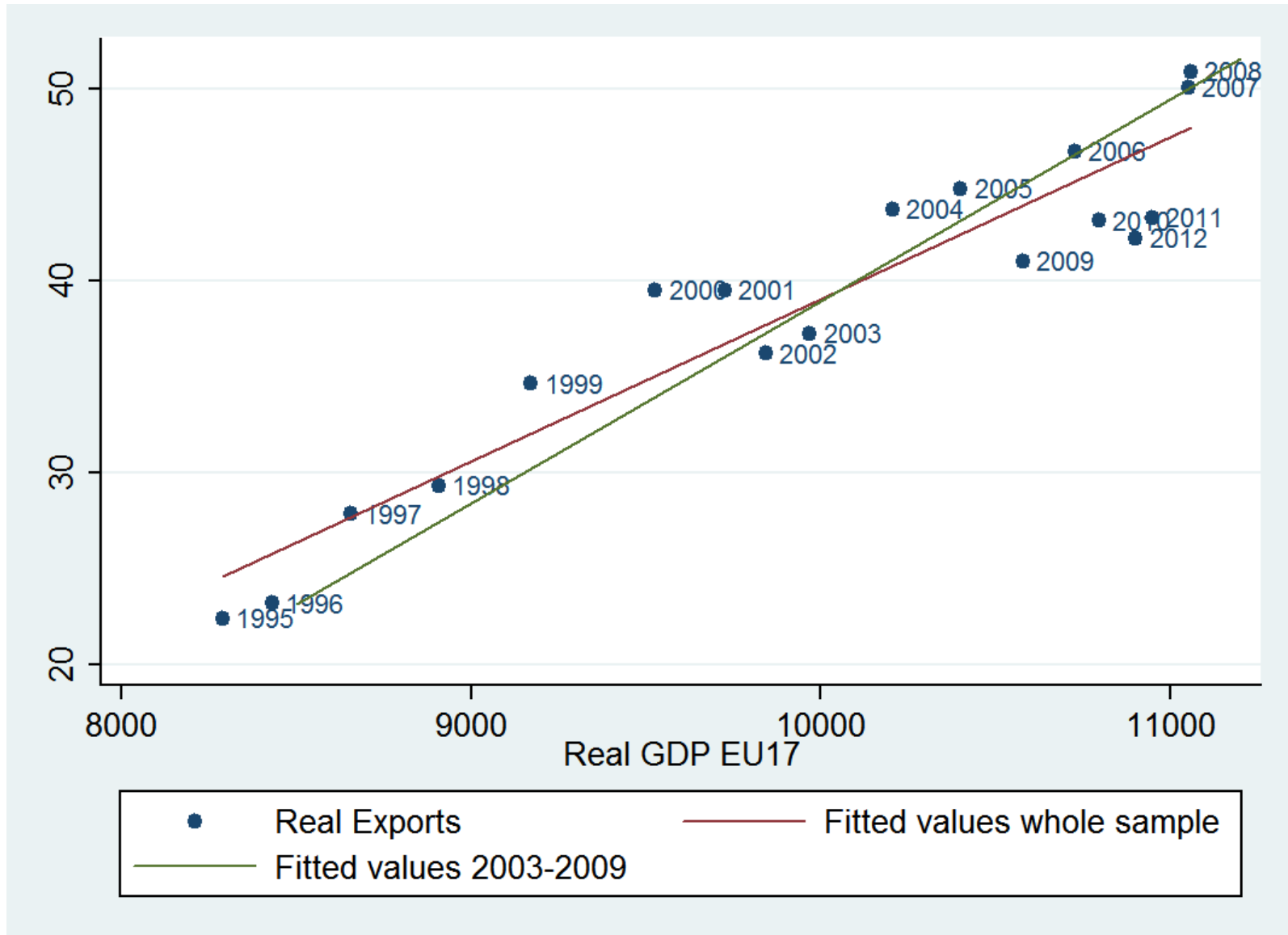
**Inflation, GDP deflator (annual %)**



## 2. Some structure

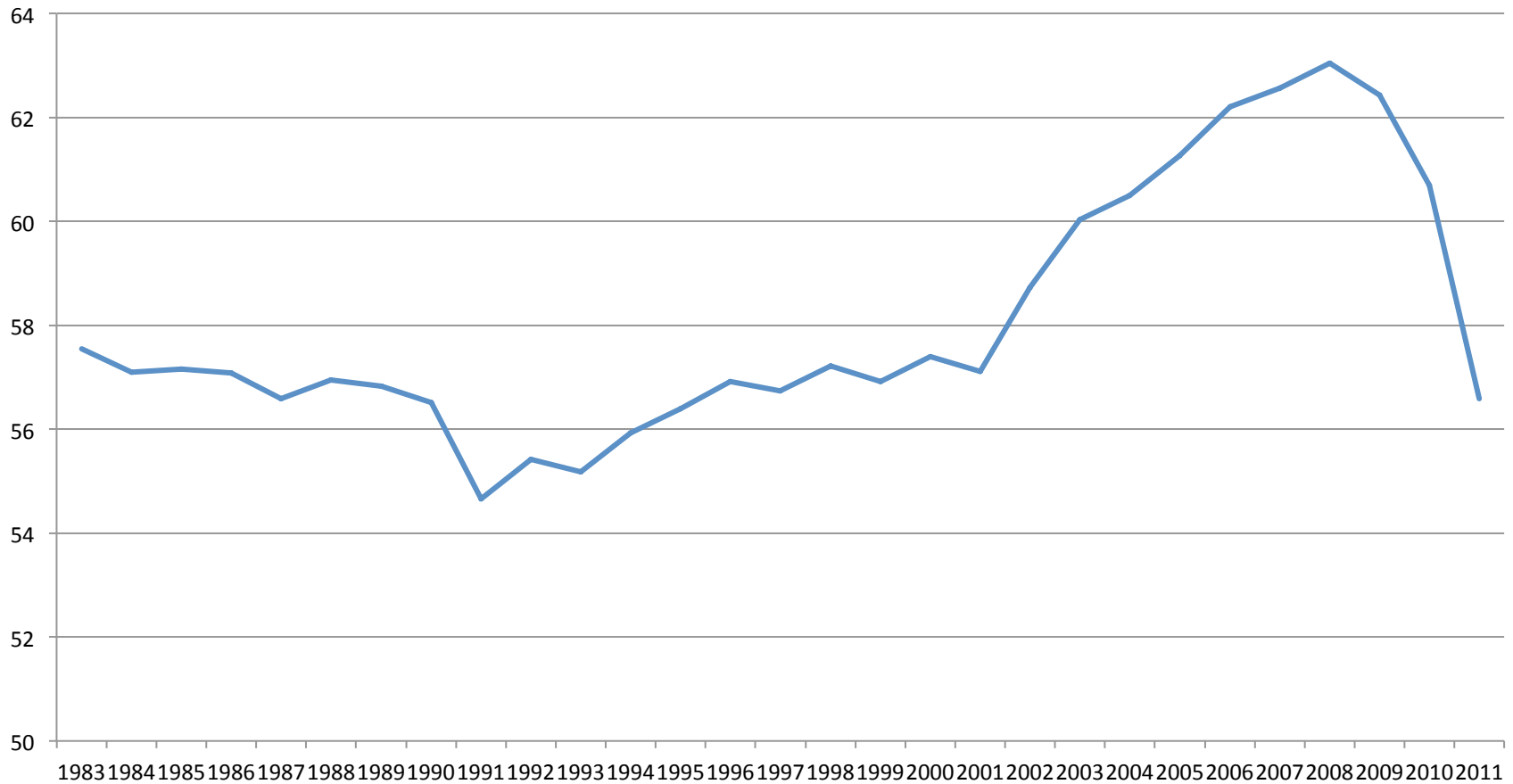


## 2. Some structure



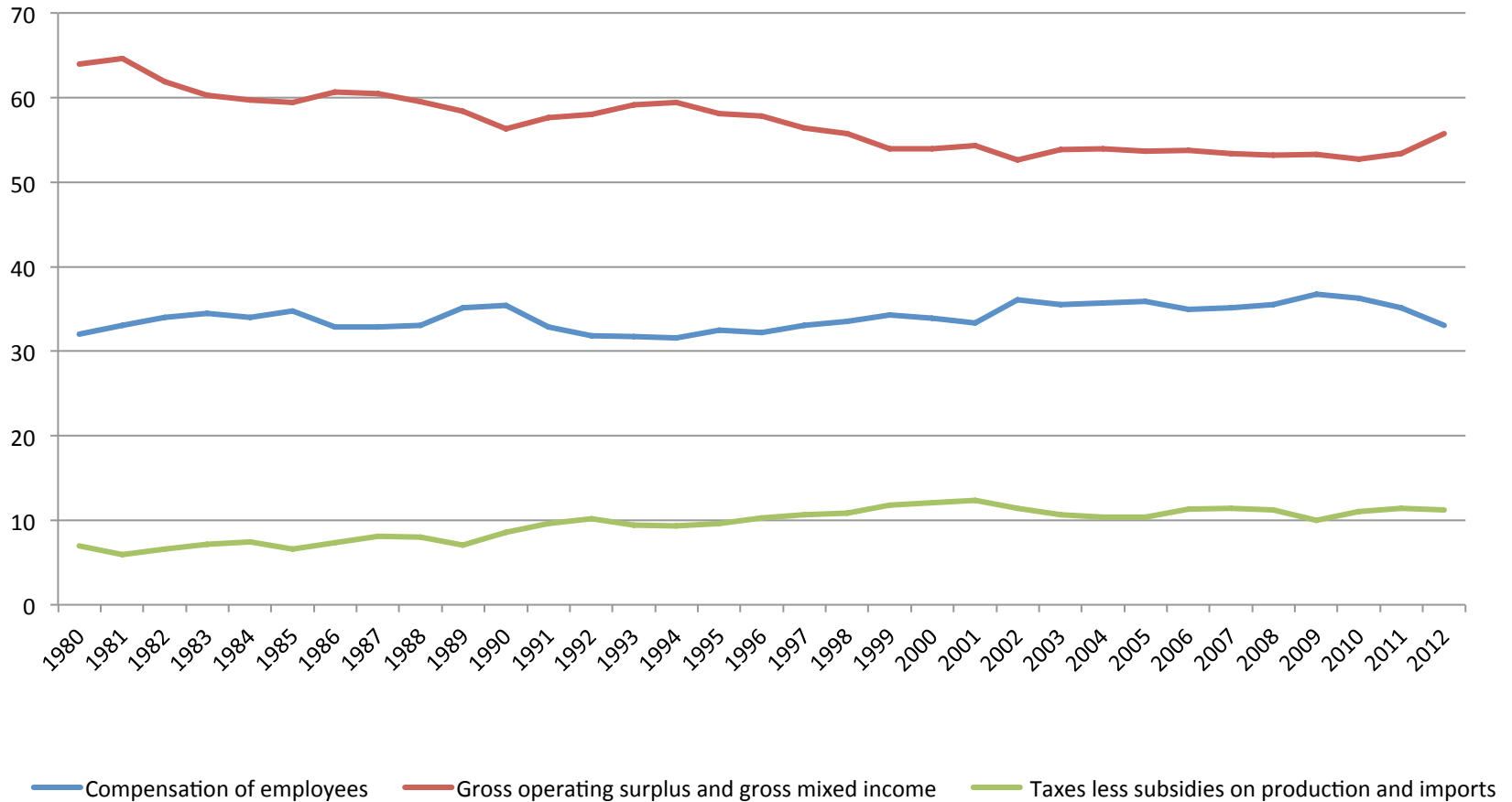
## 2. Recent events: employment

**Employment/population ratio**

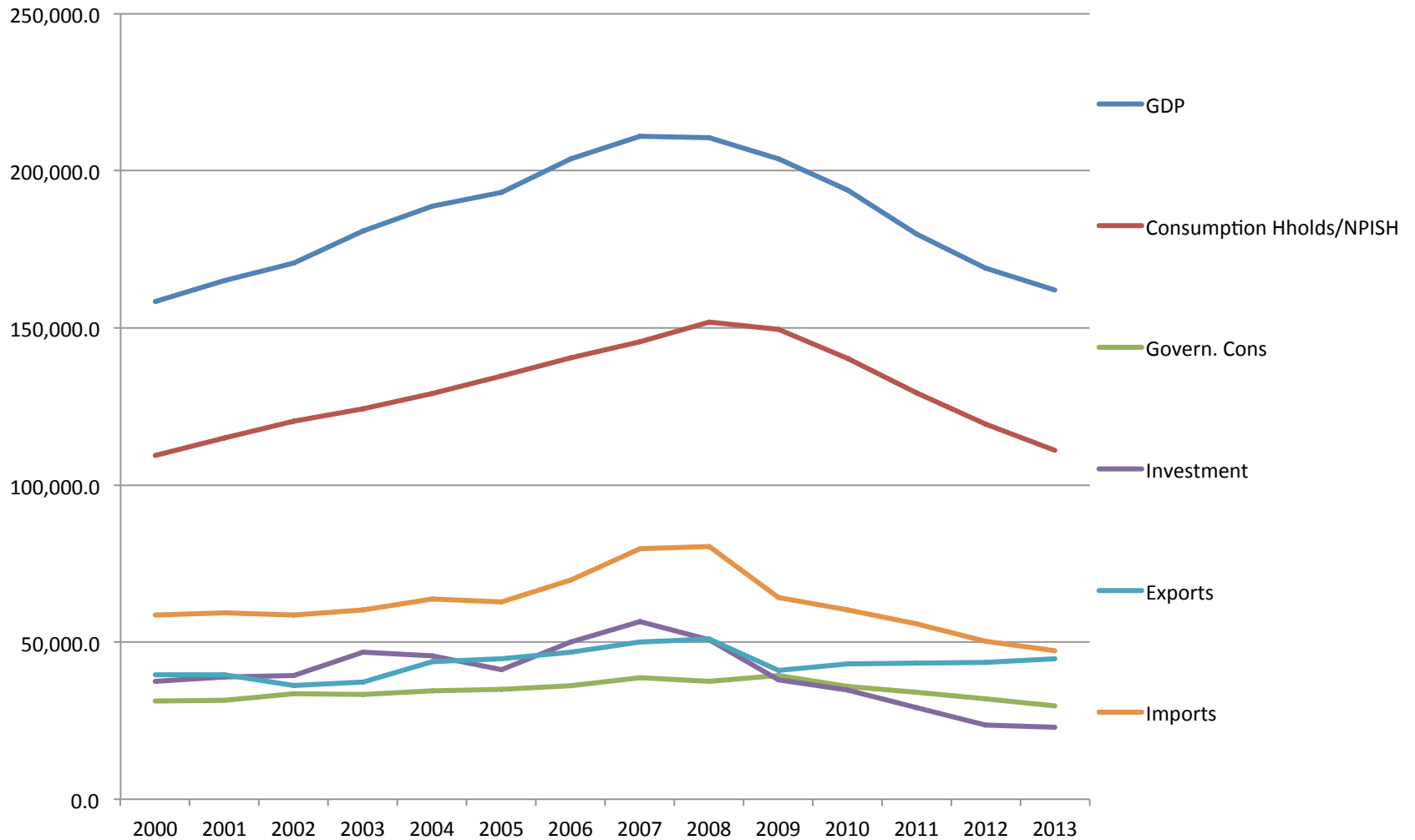




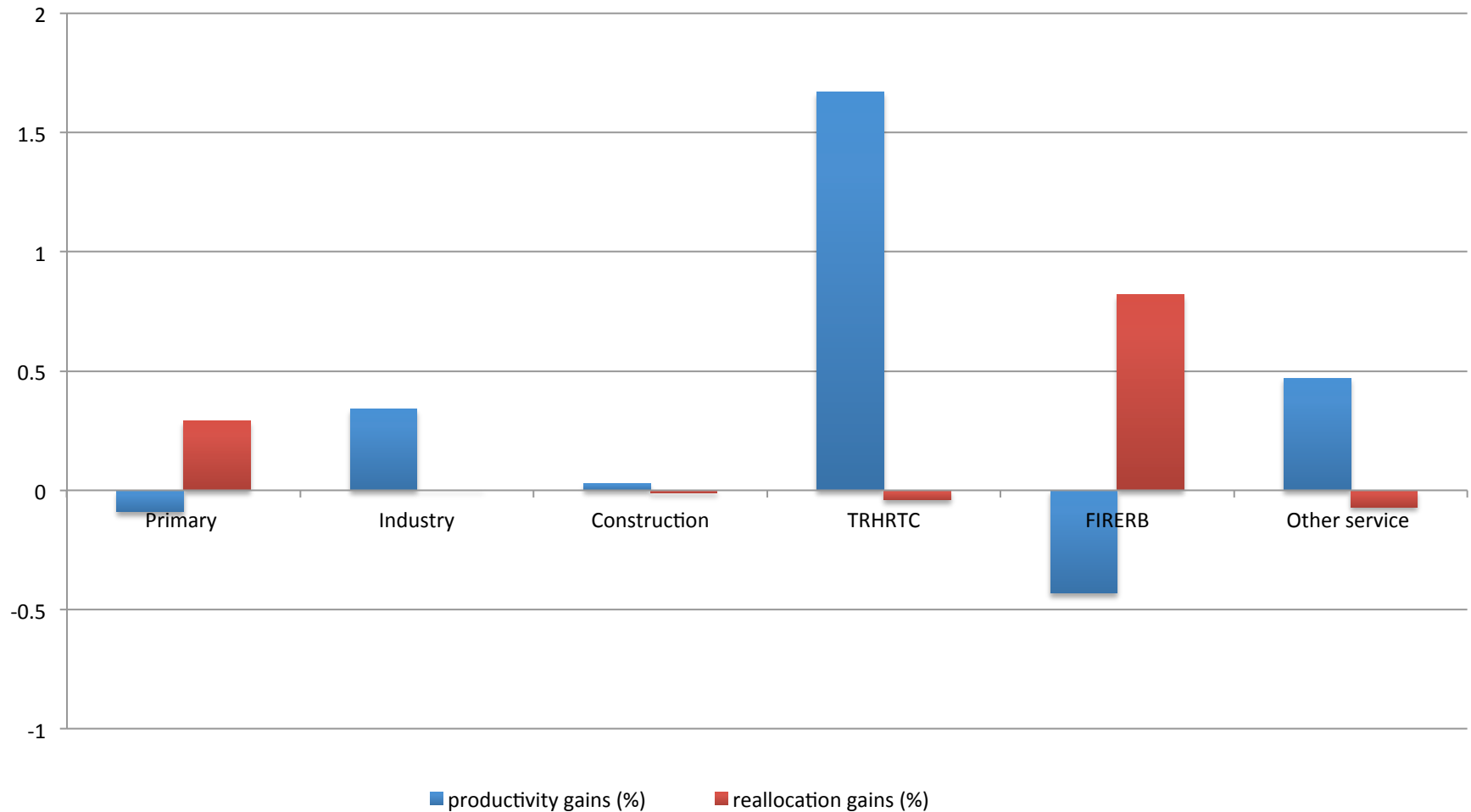
## 2. Recent events: distribution



## 2. Recent events: expenditure

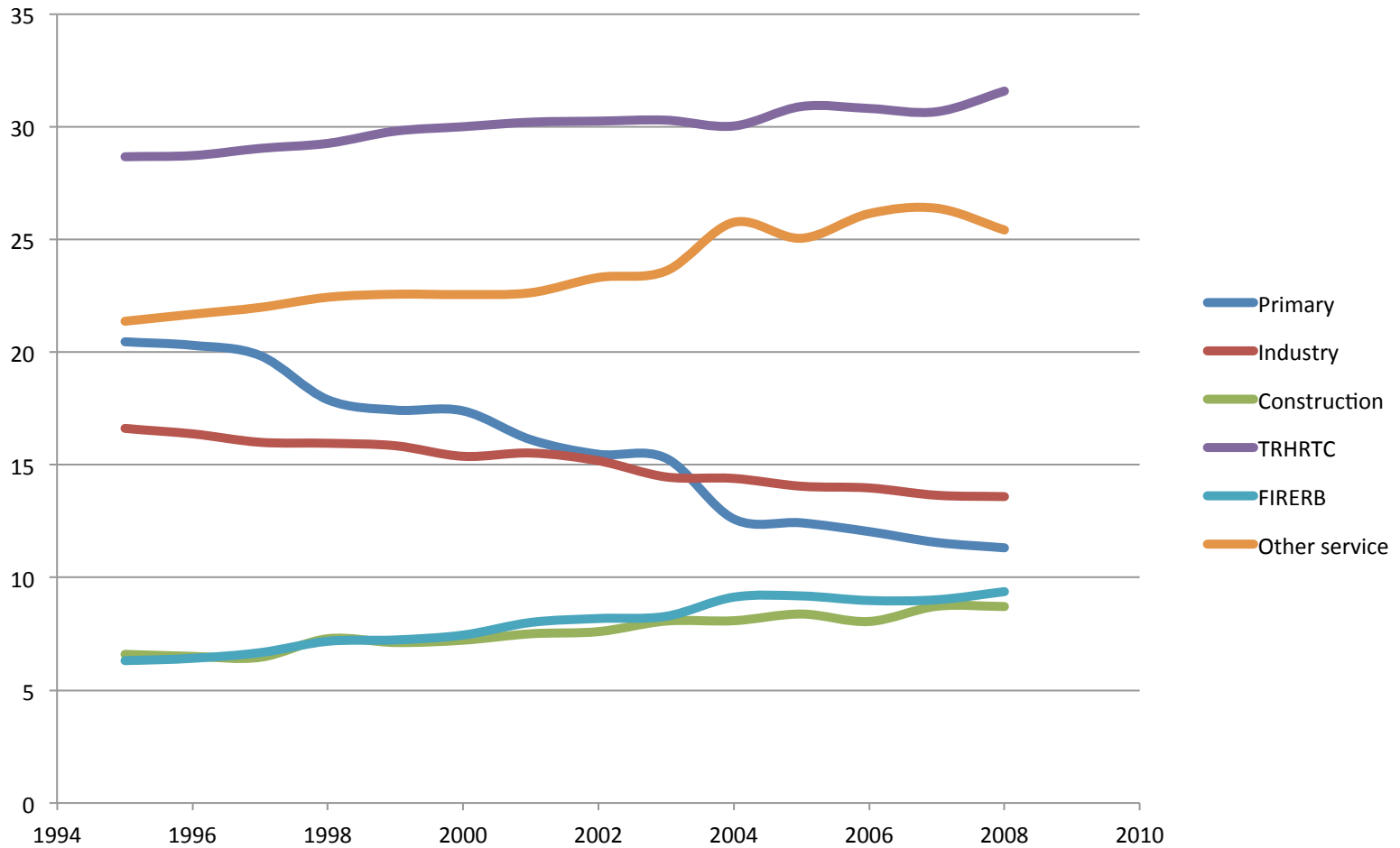


## 2. Some structure

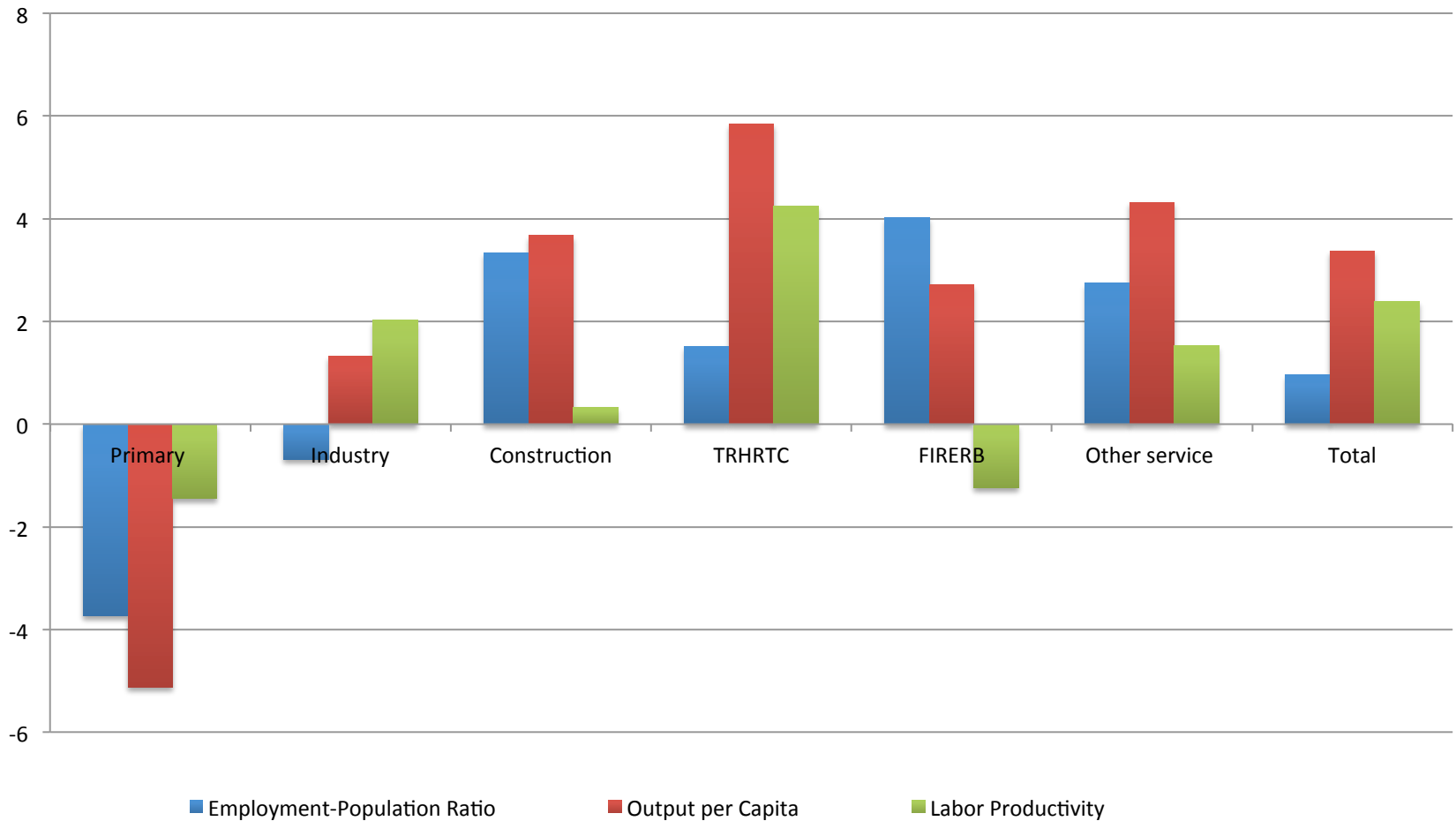


Productivity decomposition: 1995-2007

## 2. Some structure

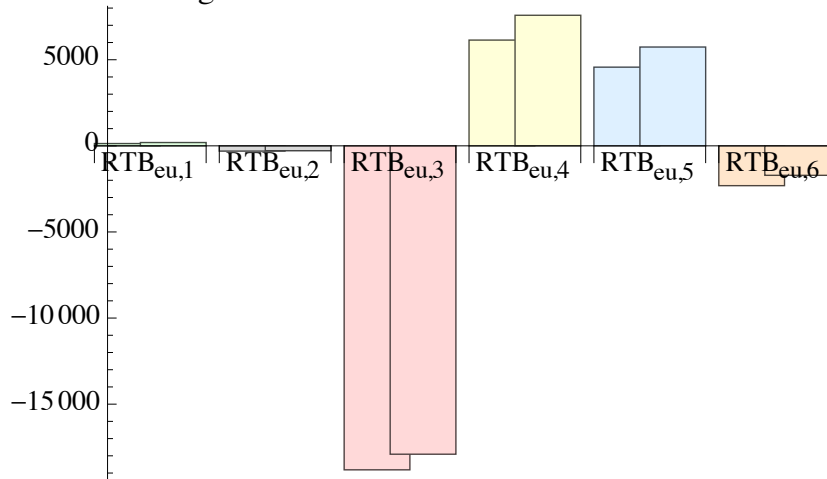


## 2. Some structure

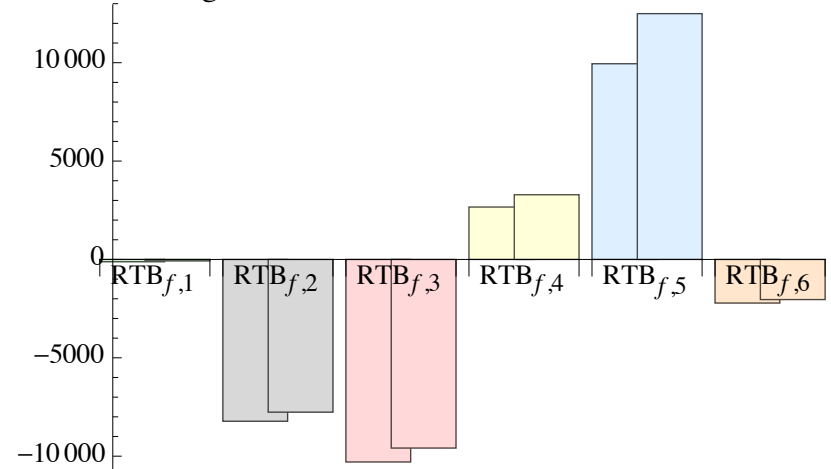


# Some modelling simulations

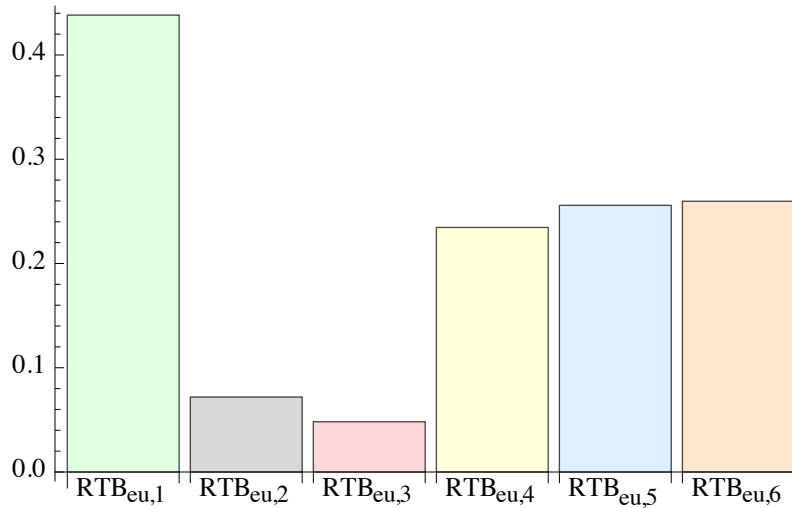
wage cut:REAL TRADE BALANCES levels



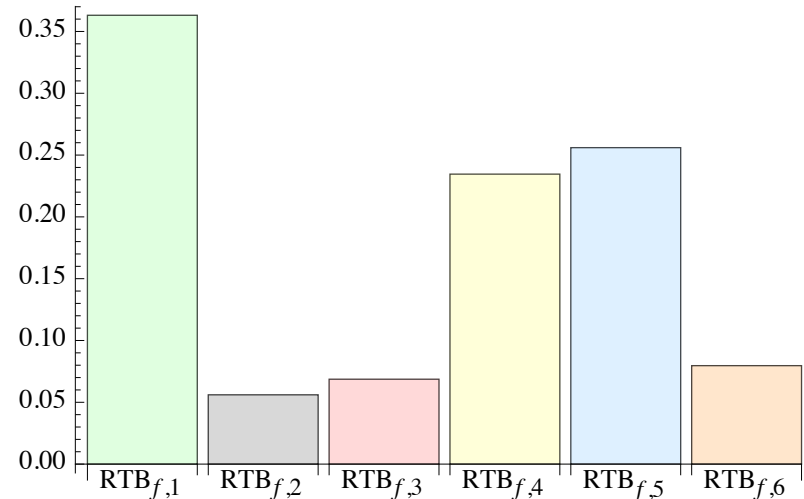
wage cut:REAL TRADE BALANCES levels



internal dev.:REAL TRADE BALANCES %



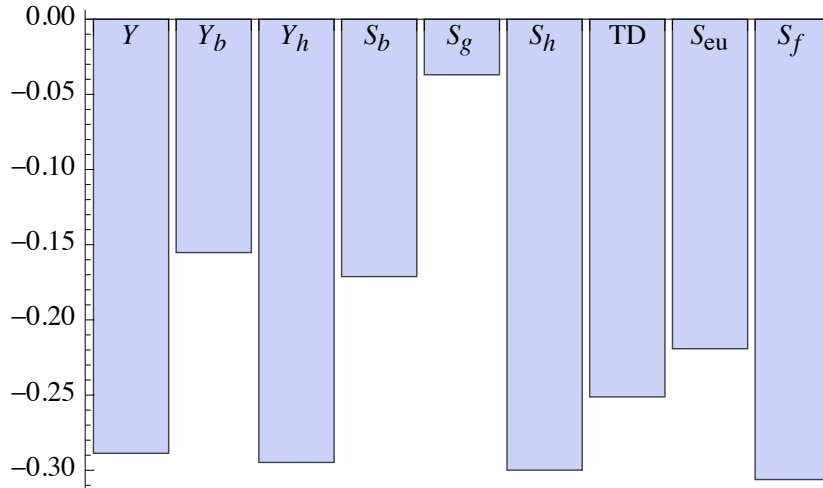
internal dev.:REAL TRADE BALANCES %



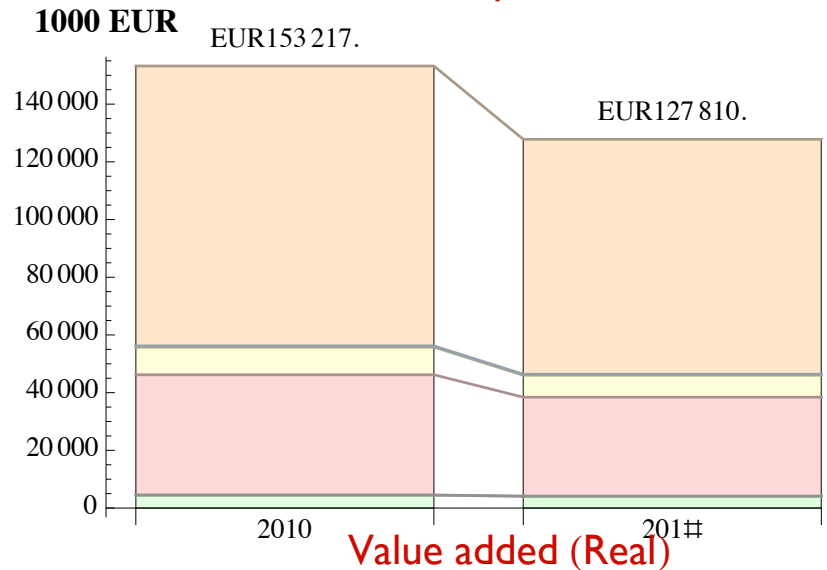
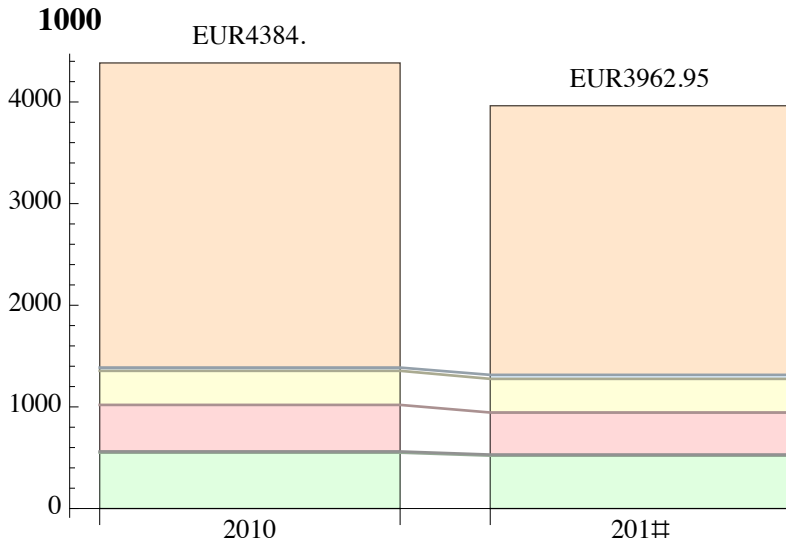
# Some modelling simulations

## Consumption

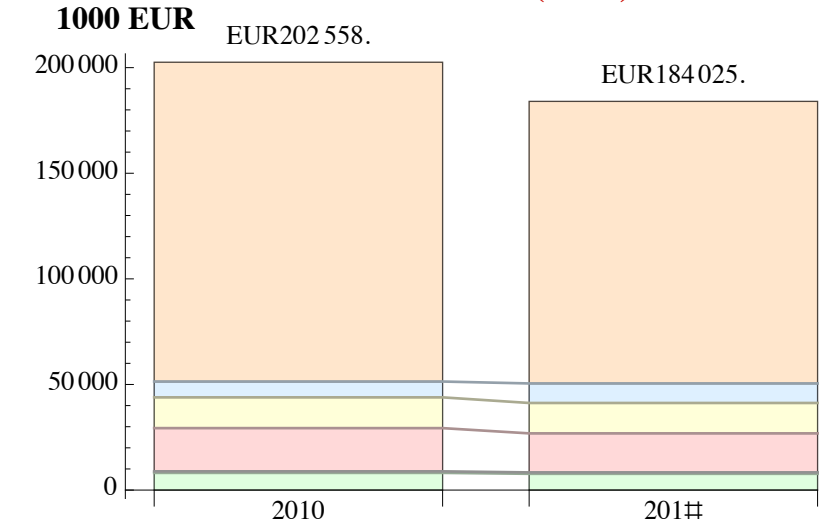
internal dev.:INCOMES & BALANCES %



## Employment



## Value added (Real)



# Conclusions

- 1. Wage, prices and deficits when CA is structural**
- 2. Need of external financing**
- 3. Need of climate for investment: SOCIAL DIALOGUE**
- 4. Targeted policies**