

A large teal triangle graphic on the left side of the slide, pointing towards the top right.

Euro: it's time to say good bye

Dimitris Pavlopoulos

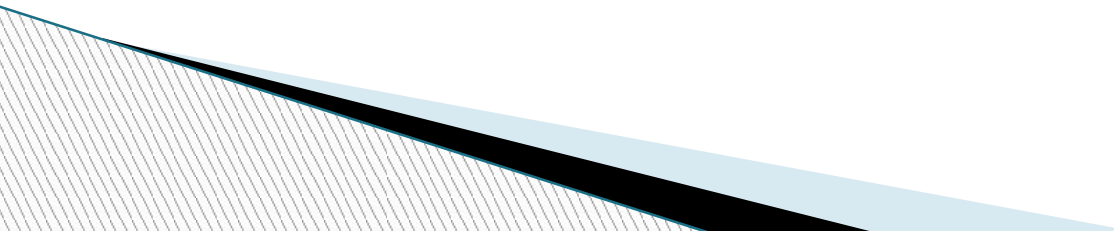
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A hatched pattern graphic at the bottom of the slide, consisting of many thin, parallel lines forming a textured area.

The EU and Greece

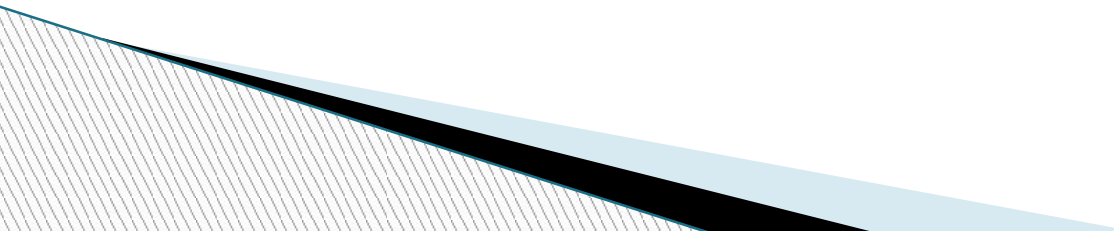
- ▶ Liberalization
- ▶ Privatization
- ▶ Free movement of capital
- ▶ ...and finally a common 'currency'

Effects on an economy:

- ▶ Small, closed
 - ▶ Self-sustainable (in some sectors i.e. agriculture)
 - ▶ ...but dynamic (in some sectors i.e. shipyards, mining)
- 

What were the Greek people promised?

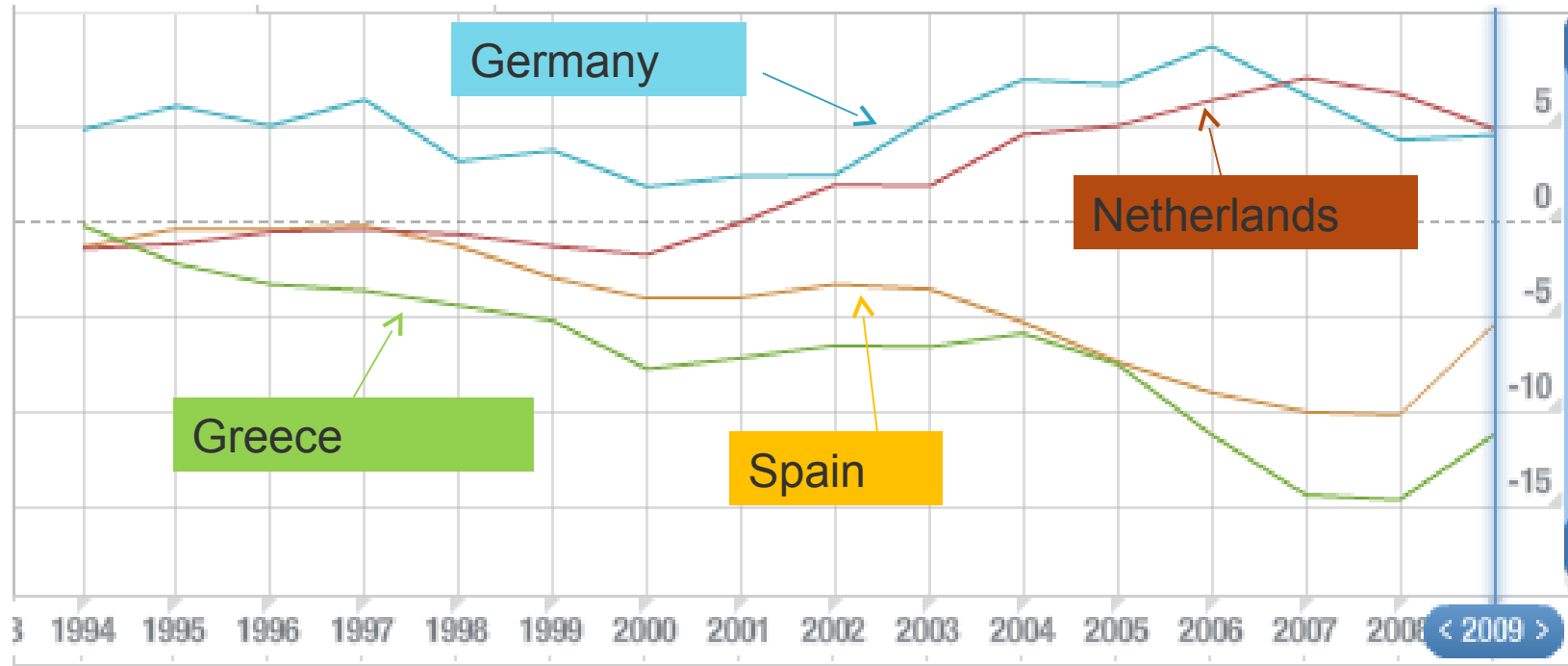
The story starts 30+ years ago...

- ▶ “A 300-million people market for us”.
 - ▶ “Financial stability and protection against crises”.
 - ▶ “Increased welfare and subsidies”.
 - ▶ “Free movement of people. Democracy at a higher level”.
- 

What did the people get?

1. 'New market' - trade balance

Eurozone: Trade balance out of balance



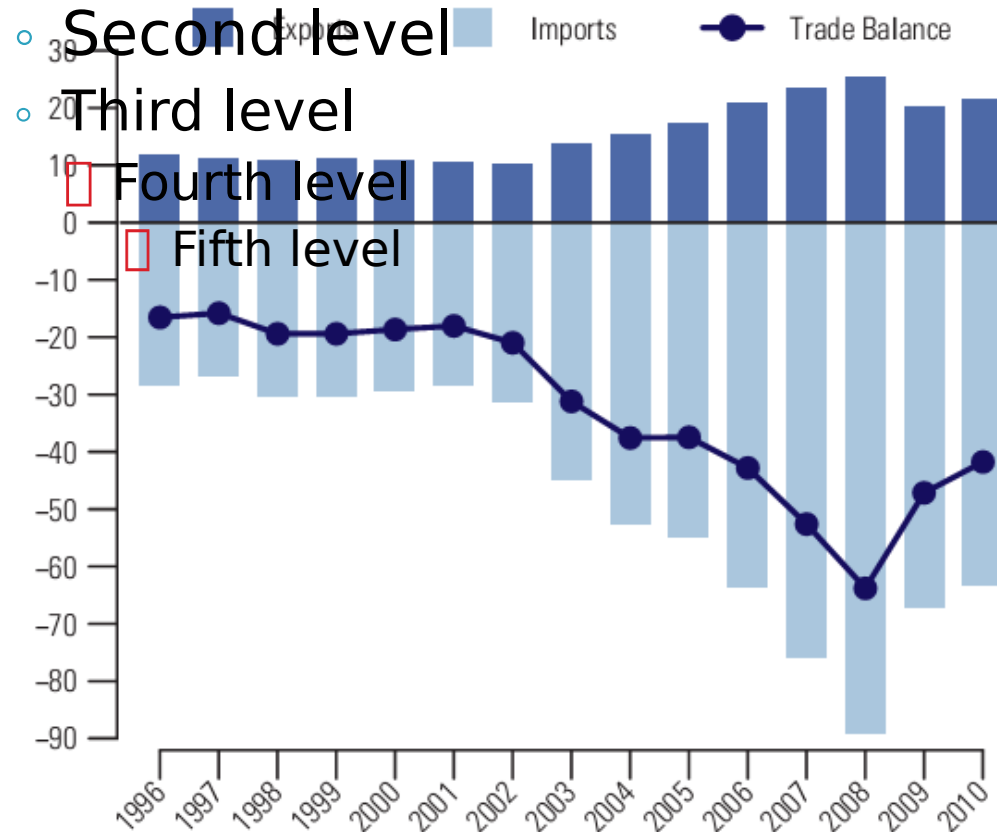
©IMF, 2011, Source: World Economic Outlook (September 2011)

What did the people get?

1. 'New market' - trade balance

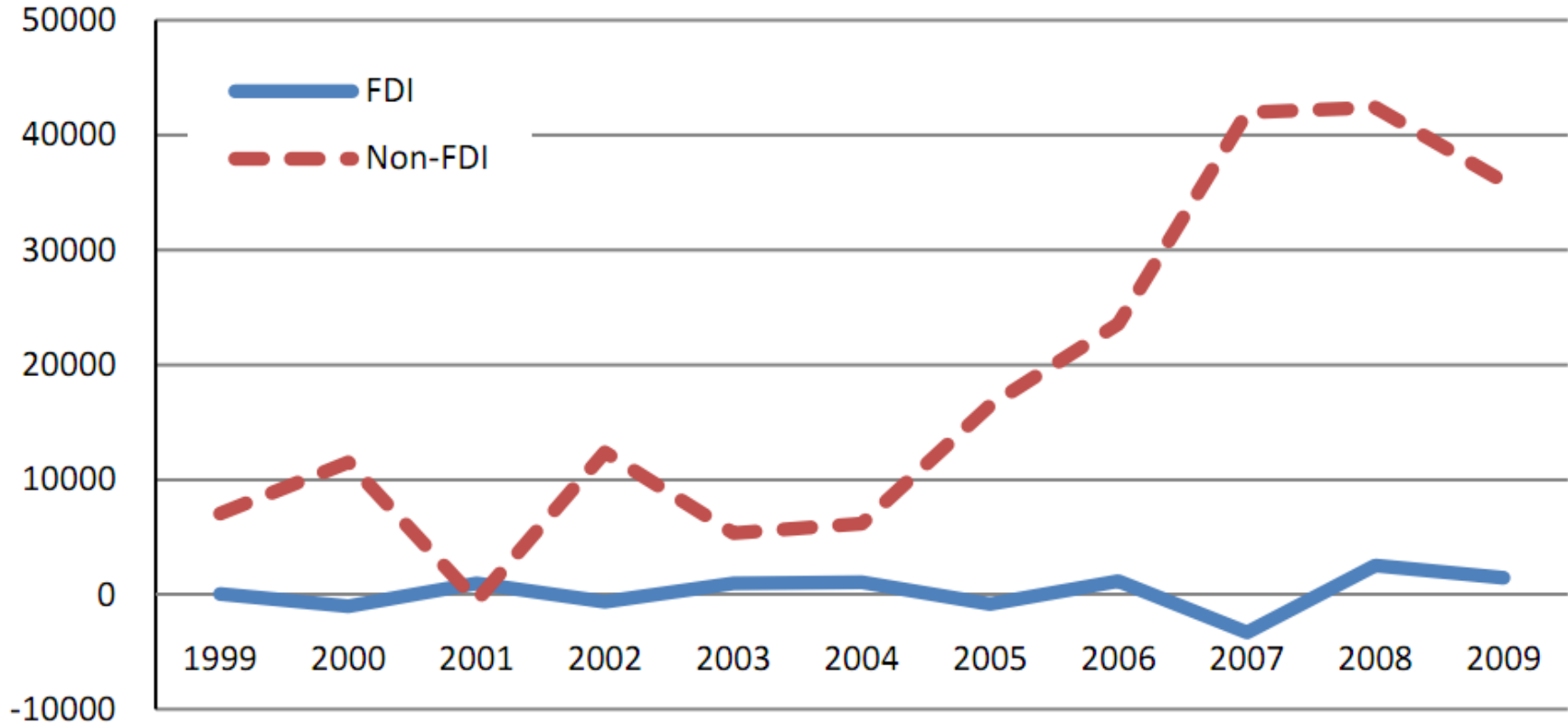
- ▶ [Click to edit Master text styles](#)

Graph 1: Total imports, exports and trade balance
(Bln US\$ by year)



What did the people get?

1. 'New market' - trade balance



Source: IMF IFS

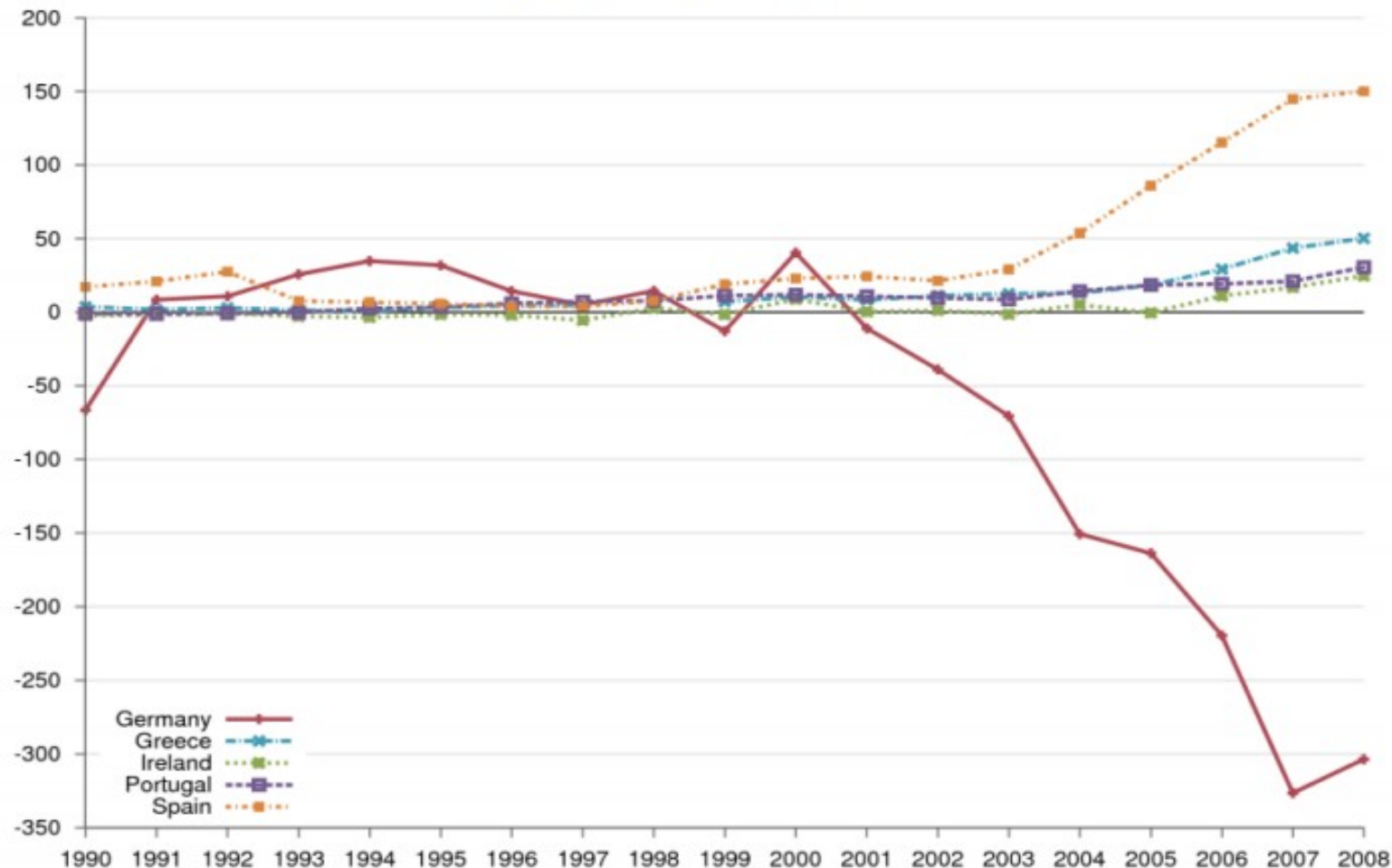
- No investments in 'real' economy...
- A lot of money in financial economy.

What did the people get?

1. 'New market' - trade balance

Capital and financial account

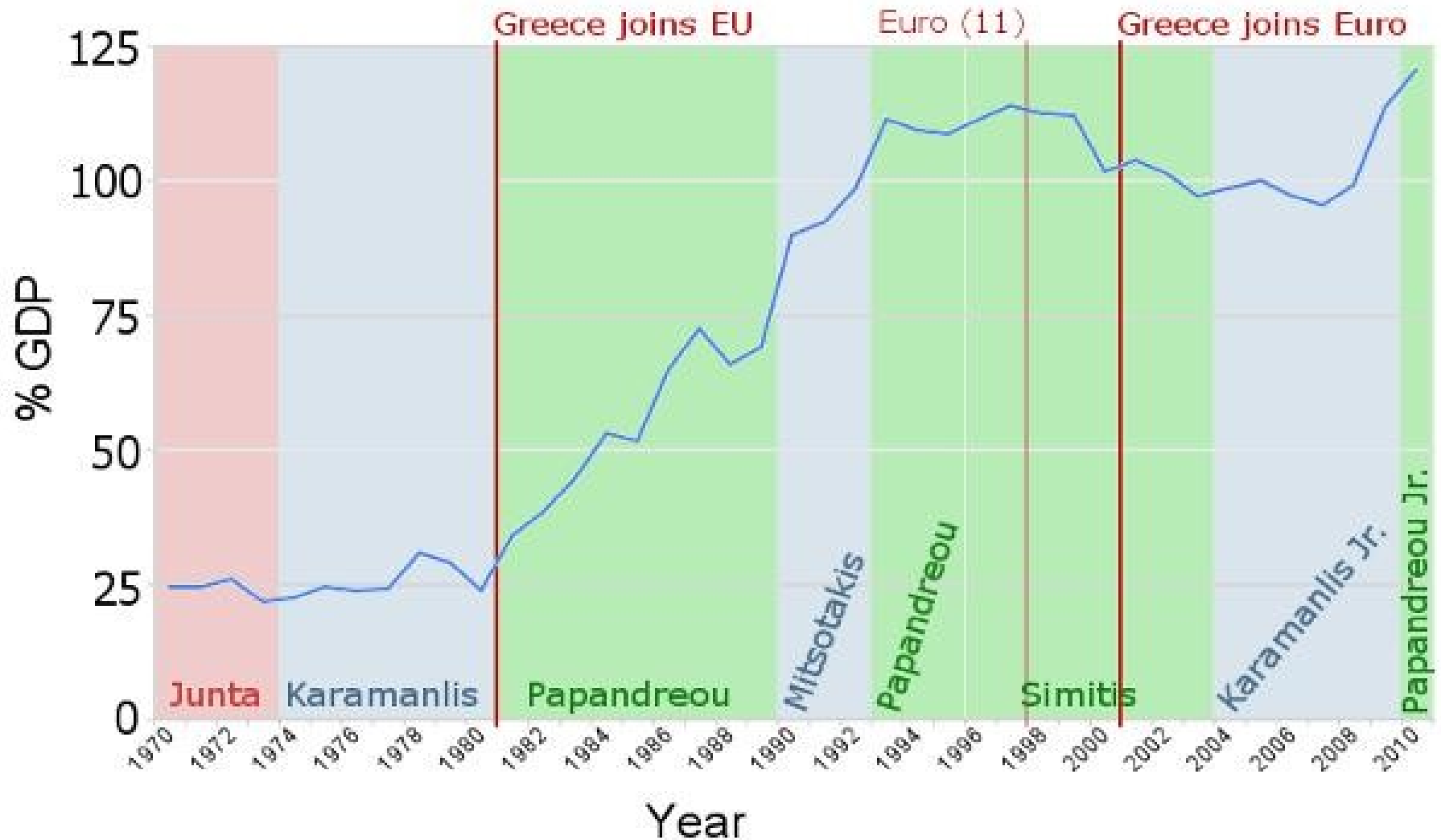
Net, \$bn. Source: IMF BOP



Countries of the south 'imported' financial capital from the North

What did the people get?

2. 'Financial stability' - sovereign debt



EU-accession and eurozone integration went hand in hand with debt-explosion

What did the people get?

2. 'Financial stability' - sovereign debt

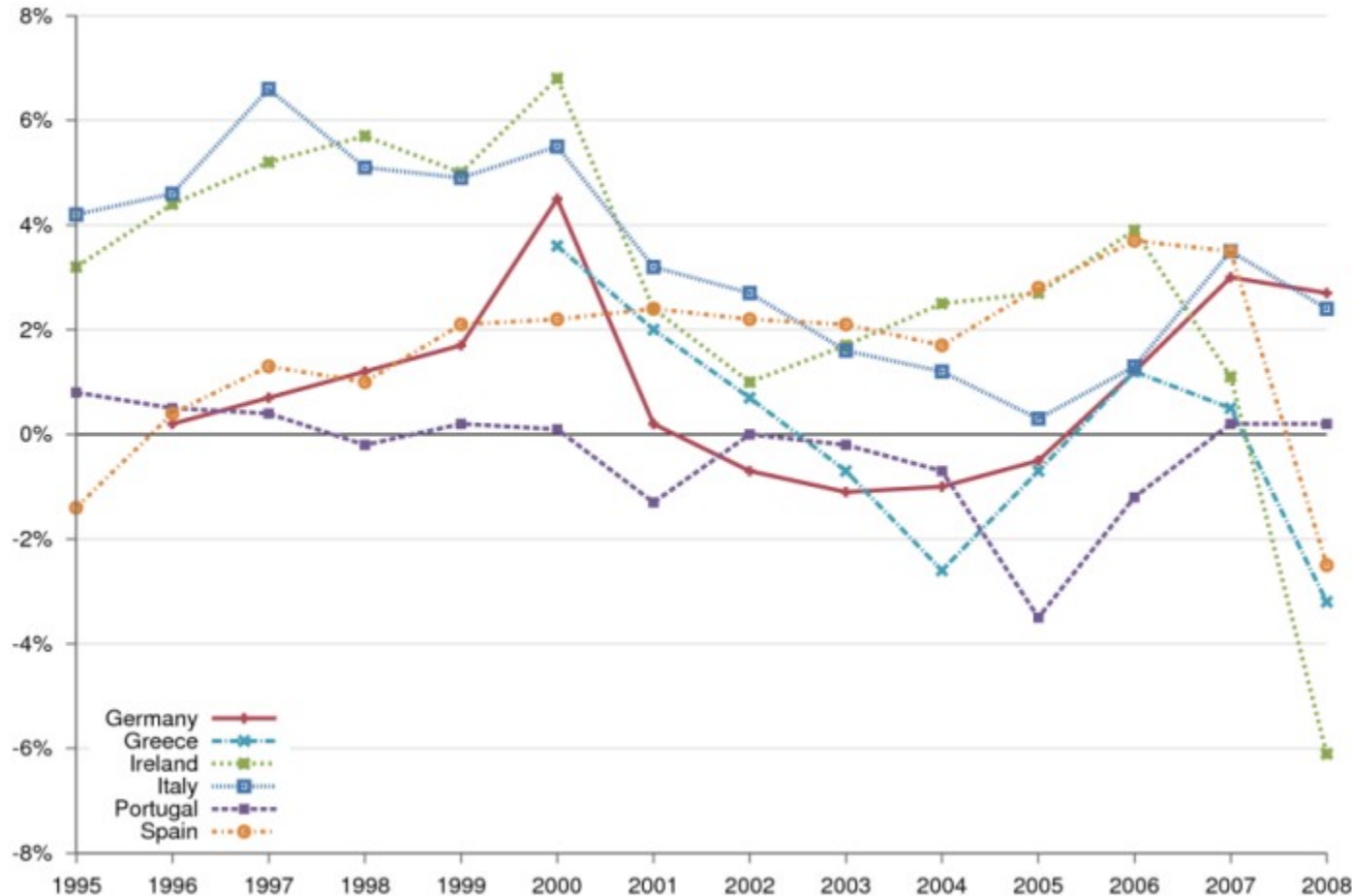
- ▶ Why did it go wrong?
- ▶ Many popular explanations:
 - Mainly: *'Greeks were living above their means'*
 - Extremely generous welfare state
 - High and rising wages
 - No tax moral
 - ...and of course corruption

What did the people get?

2. 'Financial stability' - sovereign debt

Fig. 21 Government **primary** balance

% GDP Source: Eurostat



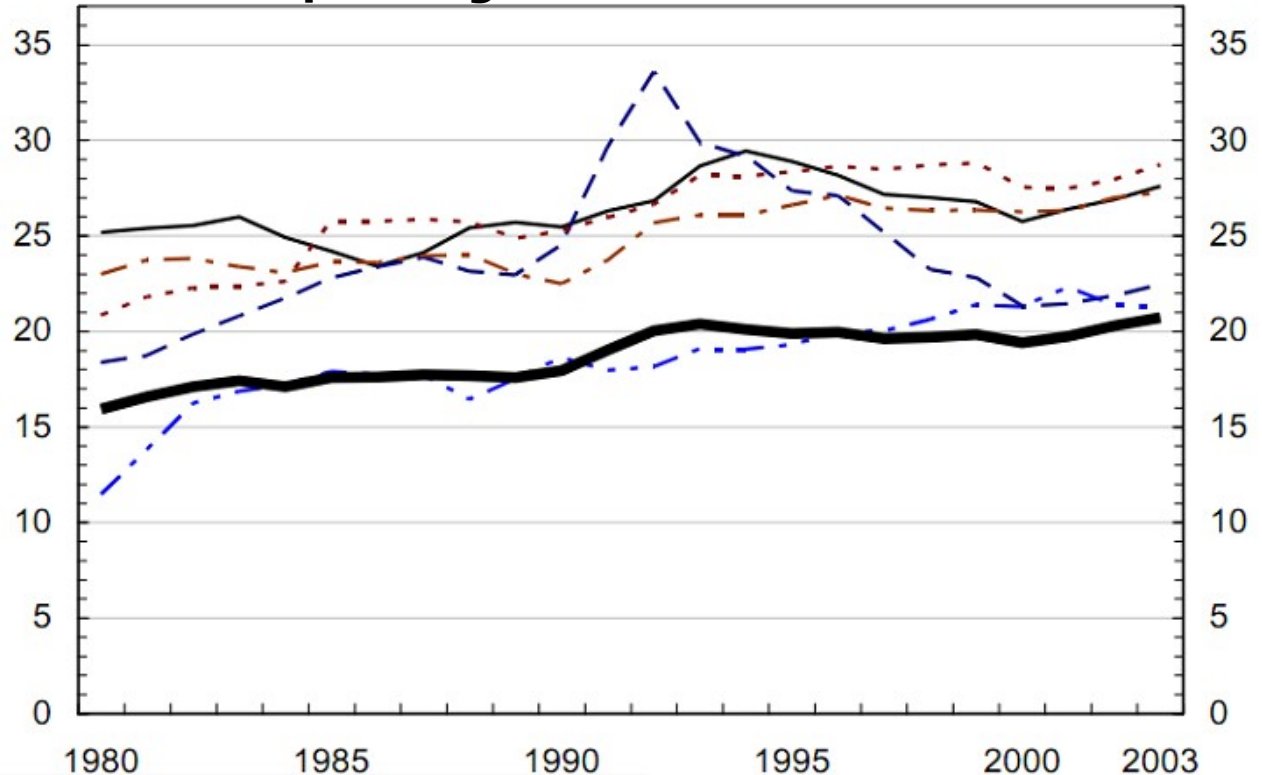
Greece has borrowed €477 billion (2000-2008) to finance a primary deficit of €16.7 billion.

What did the people get?

3. 'Welfare upgrade'

— Denmark - - - Finland ···· France
- · - Germany - · - Greece — OECD-28

Welfare spending as % of GDP

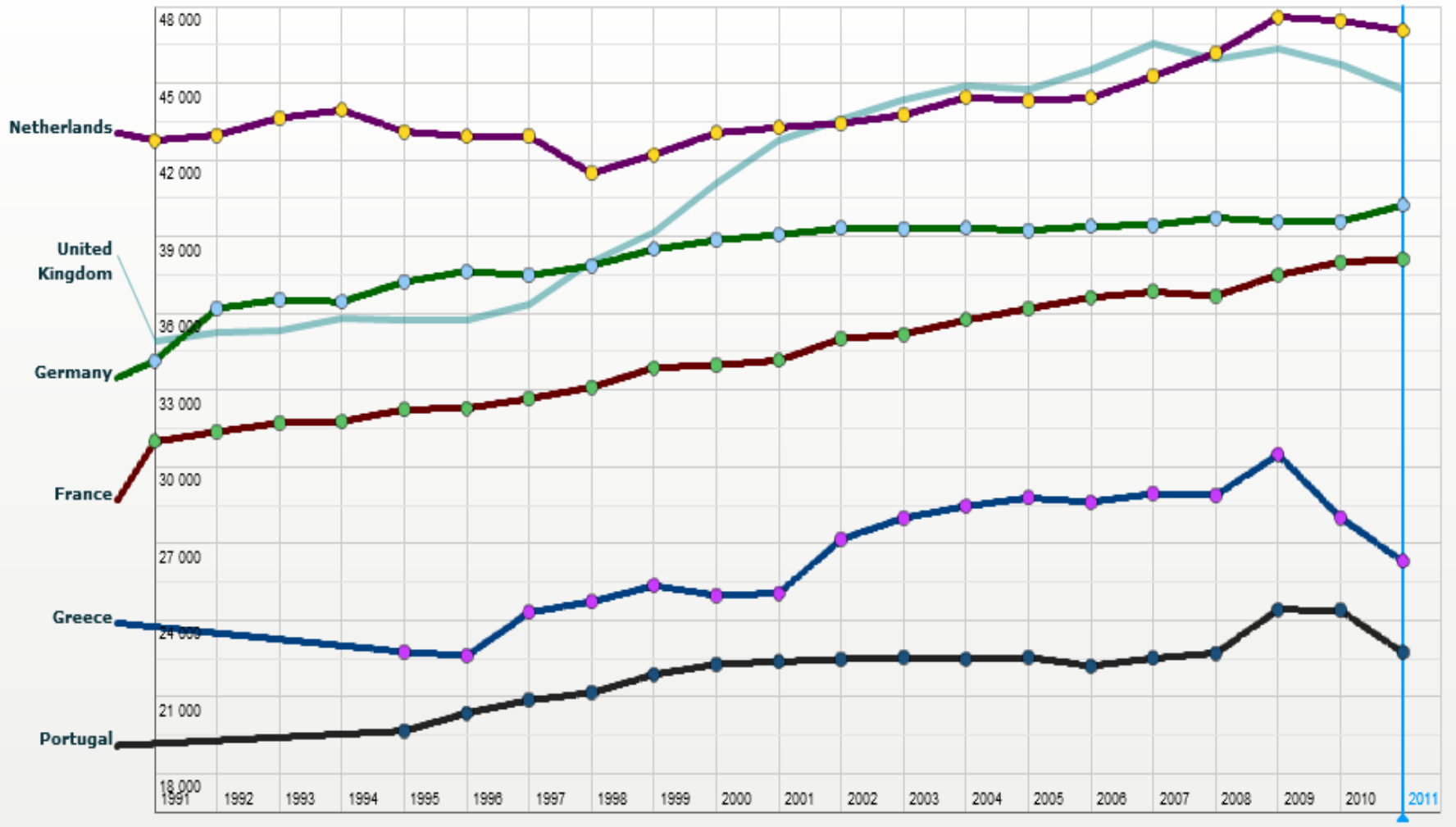


- Welfare spending roughly average

What did the people get?

3. 'Welfare upgrade' - average yearly earnings

2011 USD PPPs and 2011 constant prices

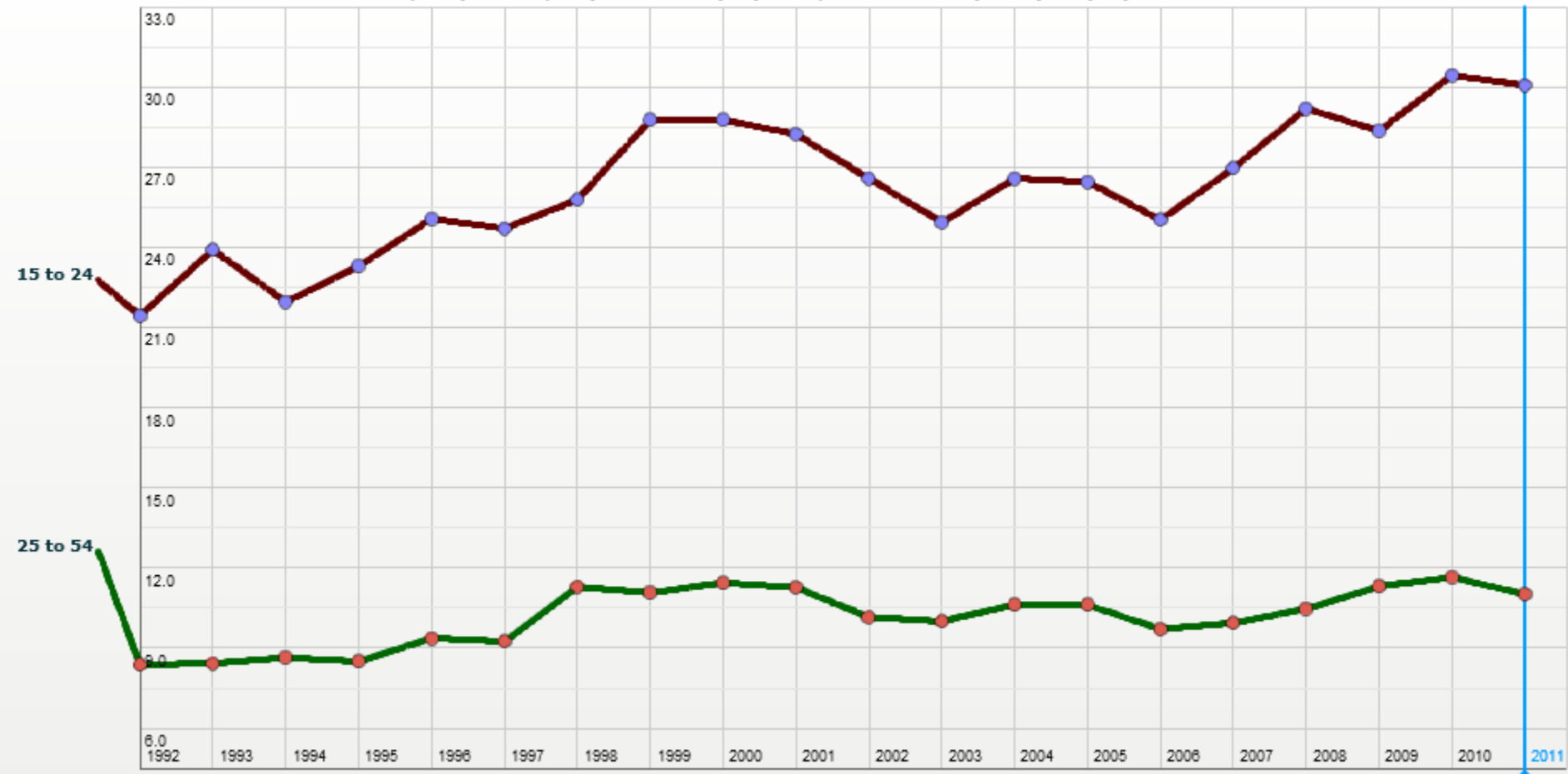


- Wages increase in Southern Europe
- However, they remain low!

What did the people get?

3. 'Welfare upgrade'

Greece, All persons, Dependent employment, Share of temporary employment

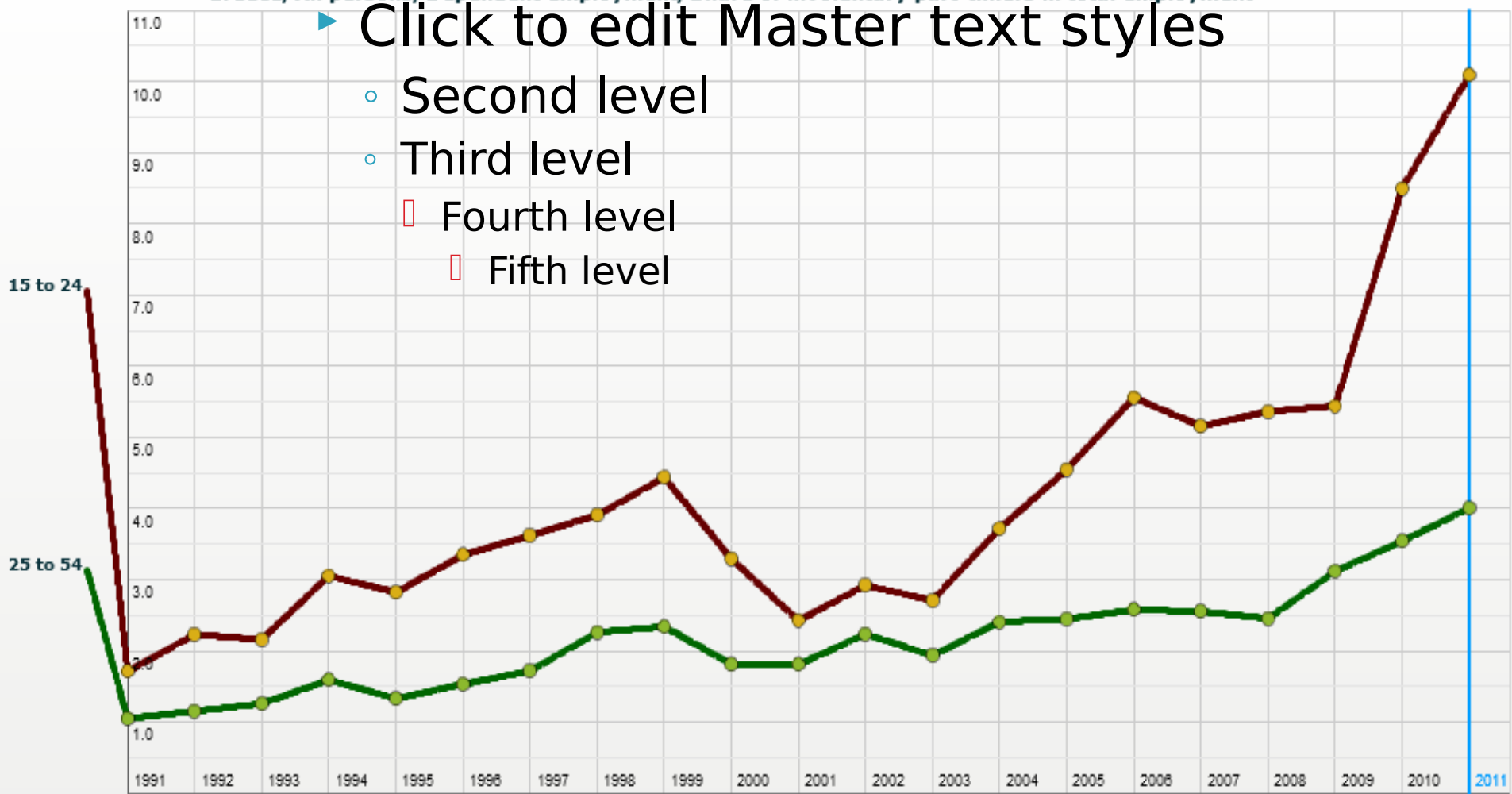


➤ Sharp rise of flexible employment among the youth

What did the people get?

3. 'Welfare upgrade'

Greece, All persons, Dependent employment, Share of involuntary part-timers in total employment

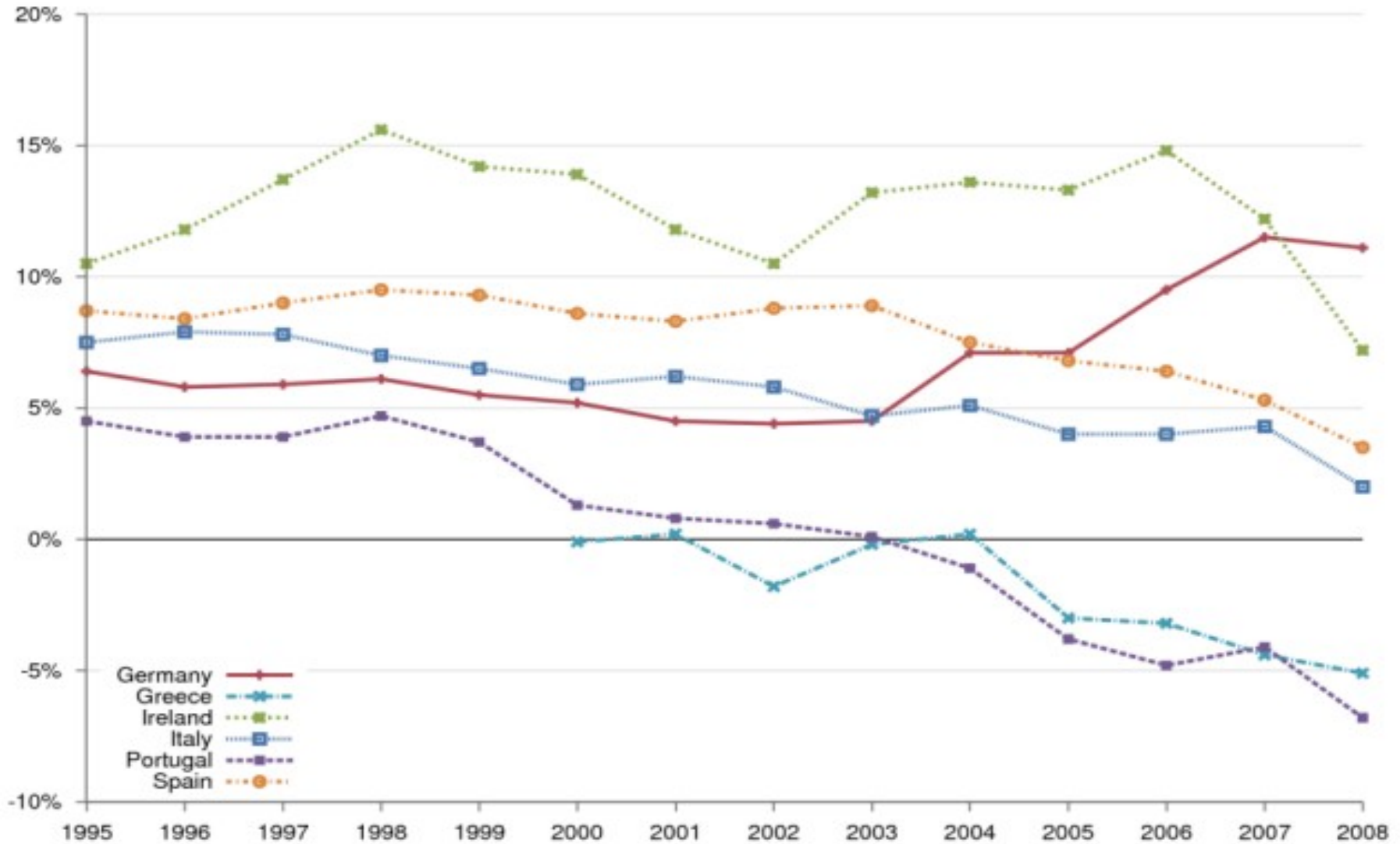


➤ ...and involuntary part-time employment

➤ Lost generation even before the crisis!

What did the people get?

3. 'Welfare upgrade' - Savings as % of GDP



Source: Eurostat

Who gained? State revenues: taxes

Year	Income tax of physical persons	Contribution to tax revenues	Income tax of legal persons	Contribution to tax revenues	Total taxes
2001	6.156	56,64	4.712	43,36	10.868
2002	6.645	60,82	4.191	38,68	10.836
2003	6.769	60,93	4.341	39,07	11.110
2004	7.785	62,24	4.724	37,76	12.509
2005	8.292	63,68	4.730	36,32	13.022
2006	9.275	67,64	4.438	32,36	13.713
2007	10.161	68,56	4.659	31,44	14.820
2008	10.816	71,98	4.211	28,20	15.027
2009	10.841	73,98	3.813	26,02	14.654
2010	9.950	74,90	3.335	25,10	13.285
2011**	10.600	79,10	2.800	20,90	13.400

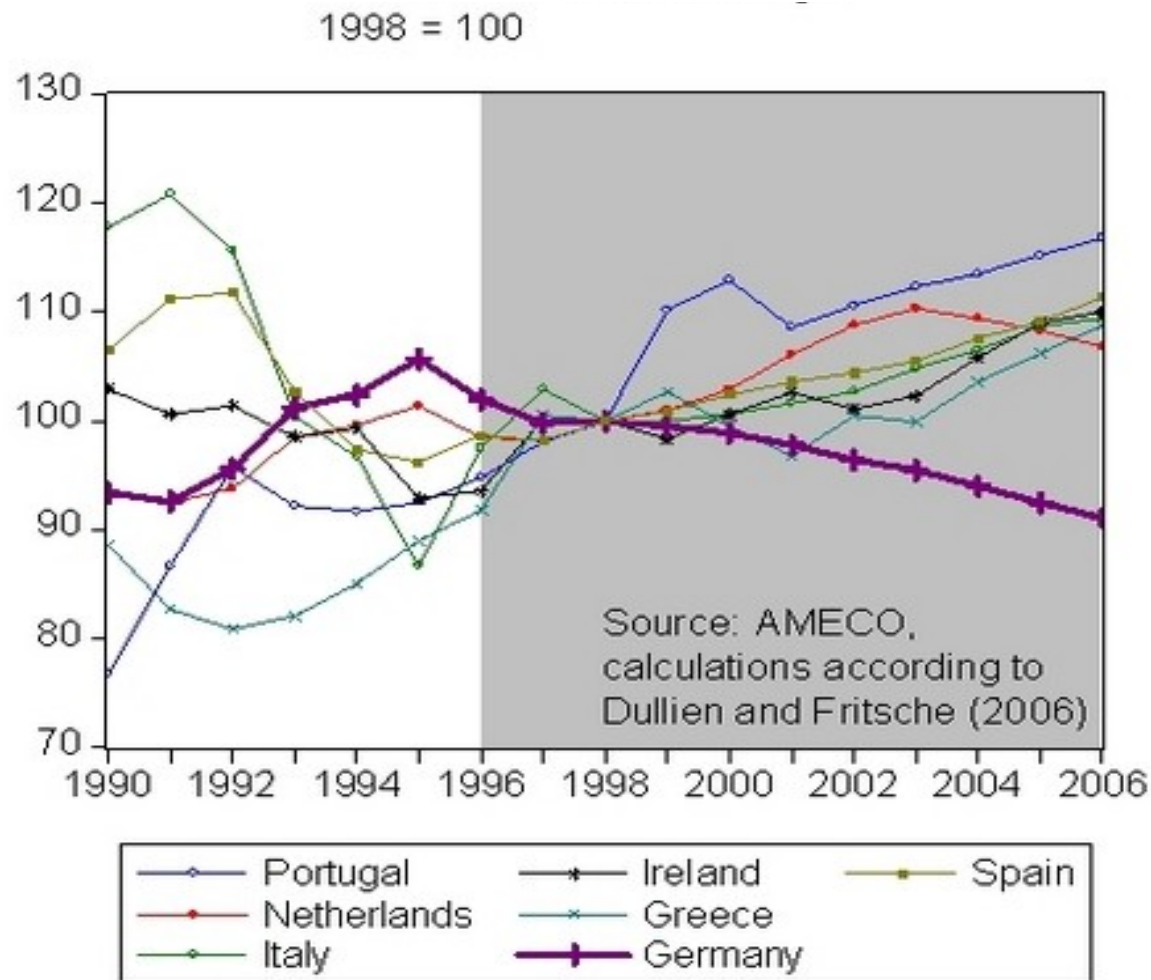
Source: Government Budget for 2012

- To make things clear: in 2010, the 174 more profitable companies declared €7.1 billion profits.
- But... they transferred €11.3 billion abroad...

Consequences of the euro

- ▶ (Unprepared) Exposure to a common currency area...
 - ...that is dominated by neoliberal policies
- ▶ Real economy was destroyed
 - ...and whatever is left will be destroyed now!
- ▶ Excessive subsidies to the rich...
 - ...that did not pay off!
- ▶ The 99% suffered a large deterioration of their income, labour standards etc...
 - ...and is drive to extreme poverty by the EU and the IMF!

Is this a 'country' story? Labour costs in Germany



▶ No! The 99% paid the price all over the EU

There is hope...



Economists Statement in Support of Occupy Wall Street

We extend our support to the vision of building an economy that works for the people, for the planet, and for the future, and we declare our solidarity with the Occupiers who are exercising our democratic right to demand economic and social justice.

To euro or not to euro? **NOT to**

- **euro!** Write off debts!
- Take control of the banks and financial sector
- Stop austerity!
- Rethink economy – rethink growth
- Leave the euro! Make this a beginning for another European integration

