On the Greek Economy

Choices, Capabilities and Solutions for the Greek Economy

Part A

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Most economically advanced countries disregard the Greek economy…

- **But they forget that Hellenes coined the word and meaning of "Economics"…**

- **Nevertheless, the neo-Hellenes, due to 400 years of neither education nor institutions, nor free economic activity and in slavery, are a bit lost, feel pity for themselves and their economy can not reach its potential …**

- **… in addition modern Greeks try … blindly, extensively & faithfully to copy other economic patterns and social models …**

Hellenes should mostly rely upon certain basic and workable systems ... timely tested and practiced by their classical and medieval ancestors … selectively use modern platform models … to synthesize their own path … applying their own mentality and perspective to permanently grow out of misery of the existing inferiority and mediocracy …

Indeed, modern Hellenes should study meticulously their own millennial texts, scriptures and commercial laws and practices …according to their values and traditions … to build characters, improve systems and efficiently produce ...

Indeed, by building profitable but ethical business platforms, actors and agents … the Hellenic macro & micro-economic paradigm will resemble the successful Greek shipping business model …in today's global market ...

Hellenes … have three major competitive advantages:

1) **HUMAN CAPITAL** - the most important factor of production
2) **EXCELLENT LOCATION** - strategic land and sea, among three continents
3) **CULTURAL MAGNETISM** - artistic, literary & architectural high culture

In terms of … HUMAN CAPITAL

… especially in a stable & credible environment… Greeks possess …

- Inherent predispositions & conditions that free the Greek mind
- Freedom feeds imagination & creativity
- Imagination brings conventional & unconventional production
- Production brings Economic Growth
- Economic Growth brings Prosperity
- Prosperity increases further education, culture & creativity
- Creativity brings more development… and civilization …

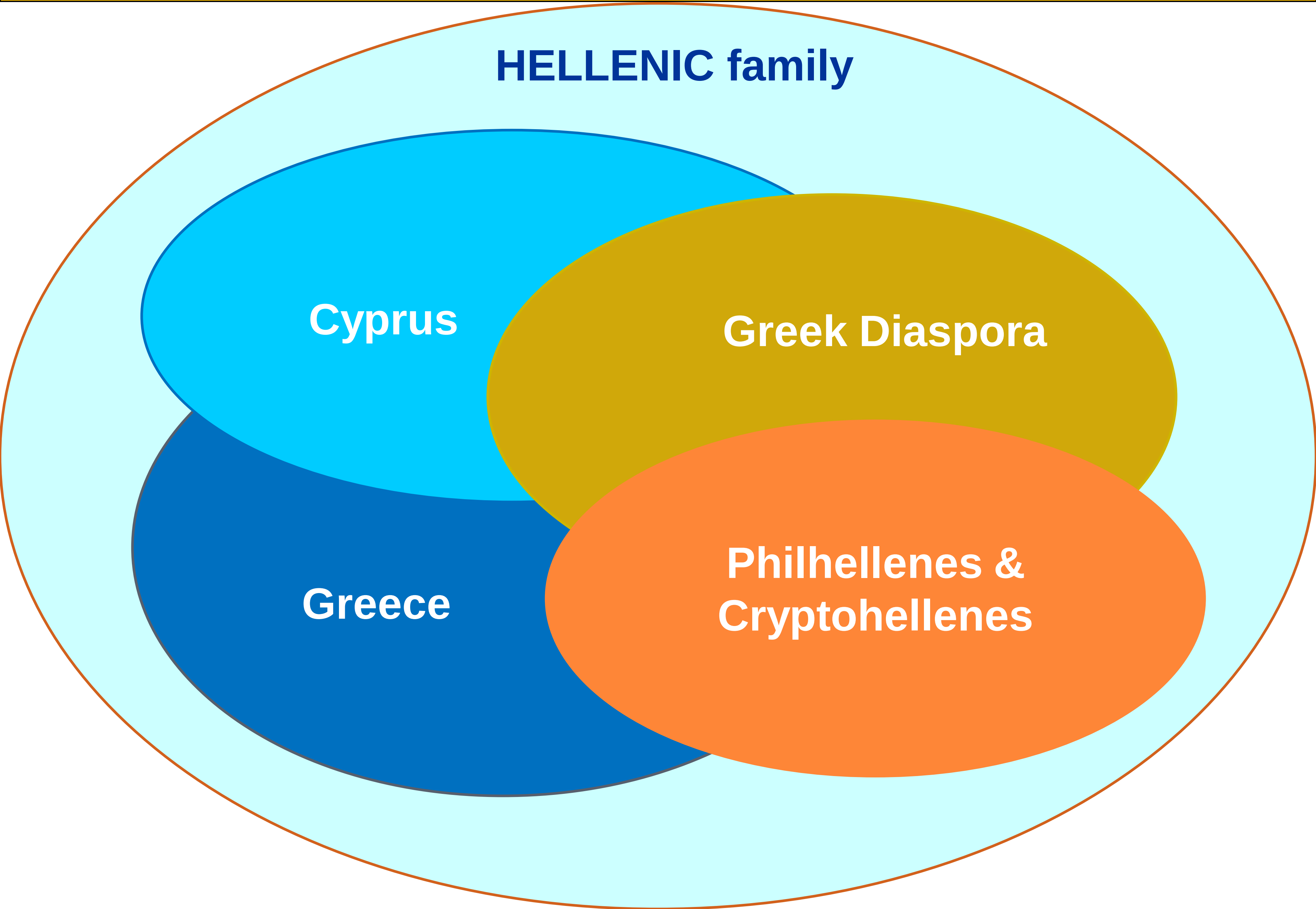
… indeed … are guided by Six Inherent Predispositions …

1. **Αριστεία** - Excellence
2. **Βέλτιστο** - Optimal (Best)
3. **Γαλήνη** - Placidity
4. **Δημιουργία** - Creativity
5. **Ελευθερία** - Freedom
6. **Σταθερότητα** - Stability

ΑΝΟΔΟΣ

(Ascent)

… based on four pillars of the …



… and by combining … **HUMAN CAPITAL, LOCATION and CULTURE** …

… an effective, efficient and ethical economic high level can be attained …

… the orchestration of all capabilities can reach full potential …

…and the Potentiality & Aim of the Greek Economy is /should be …

500 - 600 bn €uros GDP

To attain this …

Drastic Changes, Draconian self-discipline and …

… Enlightened reforms are required …

Let's describe …

… a strategic & tactical plan …

Priorities & Issues to tackle & deal with …

… realistic objectives & synchronized measures towards …

1. **Debt minimization**
2. **Productive Investments / Capital attraction**
3. **Institutional-Educational upgrade**
4. **Economic Growth manifestation**
5. **Income Equality stabilization**
6. **Global Trade orientation & boosting Exports**
7. **Cultural advancement**
8. **Diplomacy & Military solidification**

… by acquiring/applying the latest of…

- **Technology**
- **Innovation**
- **Productivity**
- **Efficiency**
- **Coordination**

… mastering the flow of …

- **Information**
- **People**
- **Money**

… turning into a …

- **Hub of:**
  - ***Research***
  - ***Technology***
  - ***Food & Travel***
  - ***Entertainment***
  - ***Culture***

The logic & calculus of acting & reforming …

- **Debt management is a misguided & false prime concern**
- **ECONOMI GROWTH should be the first and foremost priority**
  - *Create conditions to attract productive investment*
    - *imperative is to attract LR capital*
    - *drastic and massive changes are required at many levels*
    - *administration & bureaucracy should be high-tech and well-financed*
  - *Invest in productive activities (i.e. factories, roads, technologies, etc.) up to 30% of GDP*
  - *Protect & strengthen supply networks*
  - *Motivate population growth*
  - *Increase Research & Development (R&D) spending by 6% every year*
  - *R&D should be 3% of GDP*

- **Economic Growth brings PROSPERITY**
  - *The elites should understand and support the SR boost & LR level*
  - *Income distribution and equality is paramount*
  - *Province and city equality*

- **EDUCATIONAL level, freedom & balance is of strategic value**

… and implementing a feasible plan of action …

We propose some cardinal & "coded" steps and tools …

… that include overdue and much needed reforms …

… which will push the economy upwards…

The Epictetus strategy with its 8 pillars

1. **EPA**
2. **ECC**
3. **YG**
4. **KONOS**
5. **DH**
6. **EKA**
7. **OPP**
8. **PRADA**

Ἐπίκτητος

… based on a realistic evaluation of the Greek economy …

… based on … a SWOT analysis *(of the Greek economy)*

Strengths	Weaknesses
• Human Capital • Repatriating emigrants • Versatile Diaspora • Global Shipping	• No Political will • Inefficient Bureaucracy • Unfavourable Demographics • Abandoned Public Education
Opportunities	**Threats**
• Strategic location • Global exposure • Passive Tourism • Gas & Oil	• Extreme internal fighting • Immaturity & Myopia • Uncontrollable *Bureaucrats* • External pressures & demands

…along with Geography that dictates policies & solutions …

… internal capabilities & competitive advantage …

- **Educated & Talented work force**
  - Despite the long-term destruction of the education system, due mainly to:
    - Impractical ideologies
    - Political interference
  - Thousands of students limit and minimize their talents & potentiality
  - Thousands leave the country and the brain drain is detrimental
- **Extroverted Businesses**
  - Due to small internal demand and financial crisis
  - Most of the businessmen studied and work abroad
  - Elimination of government contracts due to bankruptcy finances
- **Audacious Entrepreneurs**
  - Due to minimal public administration support
- **Shipping Fleet**
  - Due to global commercial shipping experience
  - Internal competition and access to global capital (NYSE, etc.)
- **Strategic Location**
  - Greece effectively controls both Dardanelles straits & Suez canal
  - The Chinese managed to make the port of Piraeus a transportation hub
- **Untapped Greek diaspora**
  - The Greek diaspora is a hidden jewel but unexploited

The Good, the Bad & the Ugly - Exports, Investments & Debt

COUNTRY* (2017)	Exports (Billion)	Exports/GDP	Imports (Billion)	Imports/GDP	Reserves of foreign exchange & gold (Billion)	Savings/ GDP	Investements/ GDP	R&D/ GDP (Year 2017)	DEBT/ GDP	Debt External (Billion)
GREECE	32	15.9%	53	26.4%	8	11%	12%	1.1%	189%	506
CYPRUS	3	13.6%	8	36.4%	0.9	14%	21%	1.3%	98%	95
ISRAEL	59	16.8%	69	19.7%	113	24%	21%	4.6%	61%	89
TYRKEY	166	19.5%	225	26.4%	108	26%	31%	1.1%	28%	453
DENMARK	114	39.6%	95	33.0%	75	29%	20%	3.1%	35%	489
HOLLAND	556	66.8%	454	54.6%	38	32%	21%	2.1%	57%	4063
S. KOREA	577	37.5%	458	29.7%	389	37%	31%	4.6%	40%	385
TAIWAN	350	61.1%	259	45.2%	457	35%	21%	3.3%	36%	182

* Sources: https://www.cia.gov/library/publications/the-world-factbook/docs/profileguide.html & https://data.oecd.org/rd/gross-domestic-spending-on-r-d.htm

- **Greece's exports/GDP are very low compared to:**
  - *67% of Holland's*
  - *61% of Taiwan's*
  - *40% of Denmark's*
- **Investments are also the lowest (only 12% of the GDP)**
  - **A solid country should invest close to 30% of its GDP**
- **The Debt situation should have been solved drastically but…**

… based on a star country: Denmark's performance

COUNTRY* (2017)	Population (Million $US)	Labour Force (Million)	Unemployment Rate	GDP (exchange rate) (Billion)	Based on Denmark's GDP	GDP-PPP (Billion)	Based on Denmark's GDP-PPP	GDP-PPP/ Per Person	Government Revenues & Taxes /GDP	MKT Value of Publicly Traded Shares (Billion)
GREECE	11.1	4.8	21.5%	201	36.4%	294	47.1%	27,800	48.8%	42
CYPRUS	1.2	0.5	11.1%	22	37%	32	47.5%	37,200	40%	3
ISRAEL	8.8	4	4.2%	351	80.3%	317	64.0%	36,400	26.5%	244
TYRKEY	81.9	31.3	10.9%	852	21%	2200	47.9%	27,000	20.3%	189
DENMARK	5.8	3	5.7%	288	100%	326	100%	50,100	53%	362
HOLLAND	17.2	8	4.9%	832	98.2%	925	95.7%	53,900	43.4%	653
S. KOREA	51.2	27.7	4.7%	1540	76.5%	2035	70.8%	39,500	23.2%	1305
TAIWAN	23.5	11.8	3.80%	573	50.1%	1189	90%	50,500	16%	852

Conclusion:

Greece analogically should produce

Min: $552 bn

Max: $624 bn

* Sources: https://www.cia.gov/library/publications/the-world-factbook/docs/profileguide.html & https://data.oecd.org/rd/gross-domestic-spending-on-r-d.htm

…also based on "4 countries" average analogy *(Stats from the Economist* - 2019)*

<u>Based on Denmark's</u>: – GDP: 487bn – Population: 5.4 million	**Greece should produce** – GDP: 992 bn – Population: 11 million
<u>Based on Canada's</u>: – 2000 bn GDP – Population 37 million	**Greece should produce** – GDP: 611 bn – Population: 11 million
<u>Based on Holland's</u>: – 600 bn GDP – Population: 16 million	**Greece should produce** – GDP: 413 bn – Population: 11 million
<u>Based on Russia's</u>: – 2000 bn GDP – Population 157 million	**Greece should produce** – GDP: 140 bn – Population: 11 million

On Average Greece's GDP should be:

539 bn

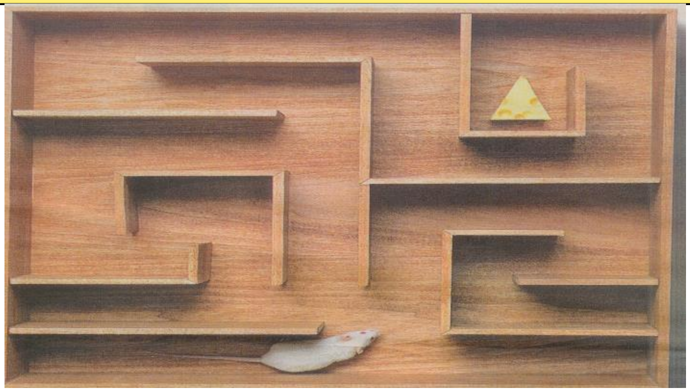
** Sources: The Economist, Print Edition, The World in 2019*

…and beware of … the Commodities trap…

Commodities … could be a potential but deceiving bonus …

- **Commodities (like gas, oil, etc.) is a blessing but ends up a trap**
- **Should be an extra bonus and push to the efforts…**
- **Many believe this is a solution but …**

- **Many believe that potential & exploitable resources like gas and oil reserves will automatically**
  - ***solve many problems***
  - ***pay the debt***
  - ***make them rich***
- **Historically many countries fell in the same trap**
- **Psychologically is a very false belief and expectation**



… of course …

Political Will & Competent Leadership …

is required…

… since … another Winter is coming…

- The global markets possibly will face
  - a global correction if not recession soon
- Most likely during early 2020s

Basic Tools for every government …to fight the next recession…

A. **Monetary policy:**
  - The CENTRAL BANKS have limited tools and weapons to battle the next recession
    - prime interest rates are already very low
  - Therefore, the impact of Monetary policies will be
    - inadequate, ineffective, and at best minimal

B. **Fiscal policy:**
  - The challenge is up to the GOVERNEMENTS to
    - fight unemployment and insecurity by spending more and more
  - Therefore, the Keynesian Fiscal Policies will be
    - the main tool to boost demand and the economy …

… but most … have limitations and face challenges …

- **Many countries are over burned with huge debts already**
- **The existing load of debt will limit their capability to plug money in their economies**
- **Special cases like the Greek economy will face dramatic choices:**
  - ***Sell out more valuable assets … to whoever lends money***
  - ***Pay excessive interest … to lenders & scalpers***
  - ***Beg EU partners to "support" … with a big price …***
  - ***Look for support beyond traditional economic partners …***
  - ***Offer geostrategic cover and/or geopolitical space to any new supporters …***
  - ***Left out to the financial & economic tsunami … and become the victim of …***
  - ***Proceed to a litany and pray and … God Bless…***
- **Social unrest will be imminent**
  - ***Most Greeks have showed a lot of constrained for more than a decade … for many reasons …***
  - ***But further enslavement will motivate them to react …***
  - ***Young people - the most burned – could respond drastically …***
- **Military intervention internal or external will be a possibility**
  - ***Historically & geopolitically predatory neighbours try to take advantage of…***

For Greece … one way out is … therefore …

… immediately … to focus on productive industries … such as …

- **Education & Research**
- **Shipping & Transportation**
- **Wellness & Tourism (Medical, Educational, …)**
- **Synthetic Biology & Neurosciences**
- **Information Technology & Cybersecurity**
- **Autonomous & Hypersonic modeling**
- **Special & Natural Super Food**
- **Start ups & Specialized Stock Exchange**