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Progress of previous years reversed in just a few months

DIMITRA MANIFAVA
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Holger Schmieding, chief economist at Berenberg Bank, levels criticism at the previous government, a coalition comprising New Democracy and PASOK, noting the reform slowdown, or 'fatigue,' recorded from mid-2014.

Political developments between the end of 2014 and July 2015 brought reforms in Greece to a violent halt while the benefits to the economy after several years of fiscal adjustment all but vanished, according to "The 2015 Euro Plus Monitor," a report drafted by the Berenberg investment bank, based in Hamburg, and Brussels-based think tank The Lisbon Council.

From the full marks Greece secured in the previous report for 2014, it has now slumped to 6.9 points out of 10, while the health of the economy is once again below par as it scored just 3.9 points out of 10 compared to 4.1 points last year.

The reverse course that started in late 2014 and culminated in 2015 had such an impact that despite the signing and the application of the new bailout program, the road remains rocky and the prospect of a new crisis cannot be ruled out, the bank and the think tank argued.

The newly issued report, which examined the economies of 21 European Union member-states, has a special chapter on Greece, titled “The Greek tragedy.” It criticizes the first SYRIZA-Independent Greeks coalition government, from January to July, and particularly former Finance Minister Yanis Varoufakis. It writes that no country can stand the blow inflicted by the airiness of the Greek government in the first seven months of 2015, and that “rarely has political chaos, created in Greece within just a few months from January to July 2015, been so costly for the public purse and generated such great misery.”

Holger Schmieding, chief economist at Berenberg Bank, also levels criticism at the previous government, a coalition comprising New Democracy and PASOK, noting the reform slowdown, or “fatigue,” recorded from early in the summer of 2014.

The so-called “Greek tragedy” is used to illustrate a dangerous model for other countries whose reforms may be in danger of succumbing to fatigue, such as Portugal or Spain.

Greece’s reversal is recorded in the sectors monitored by the report: The biggest decline is in the reform promotion rate, with Greece dropping from 10 out of 10 last year to 6.9 this year. In terms of fiscal adjustment, the mark dropped from 9.7 points in 2014 to 8.5 points in 2015, and in the adjustment of labor cost per unit Greece fell from 7.9 points last year to 7.7 this year.

The country’s outward-looking character may have worsened marginally, from 7.5 to 7.4, but the report highlights that while exports amounted to 30.9 percent of gross domestic product in the third quarter of 2014, a year later they declined to 27.7 percent of GDP, unlike other countries in a reform course after the application of austerity programs.