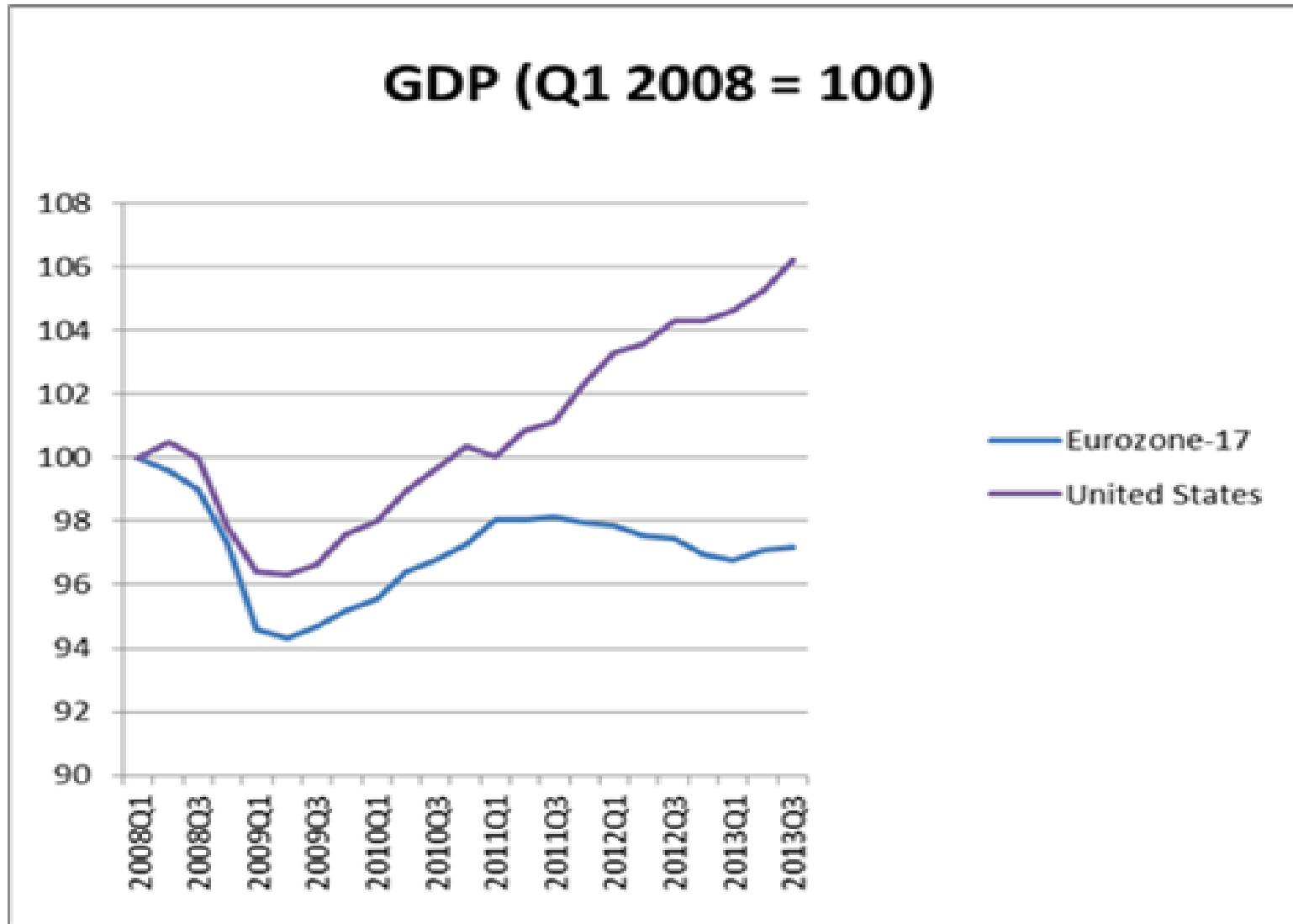


# Assessing the Eurozone's response to the crisis

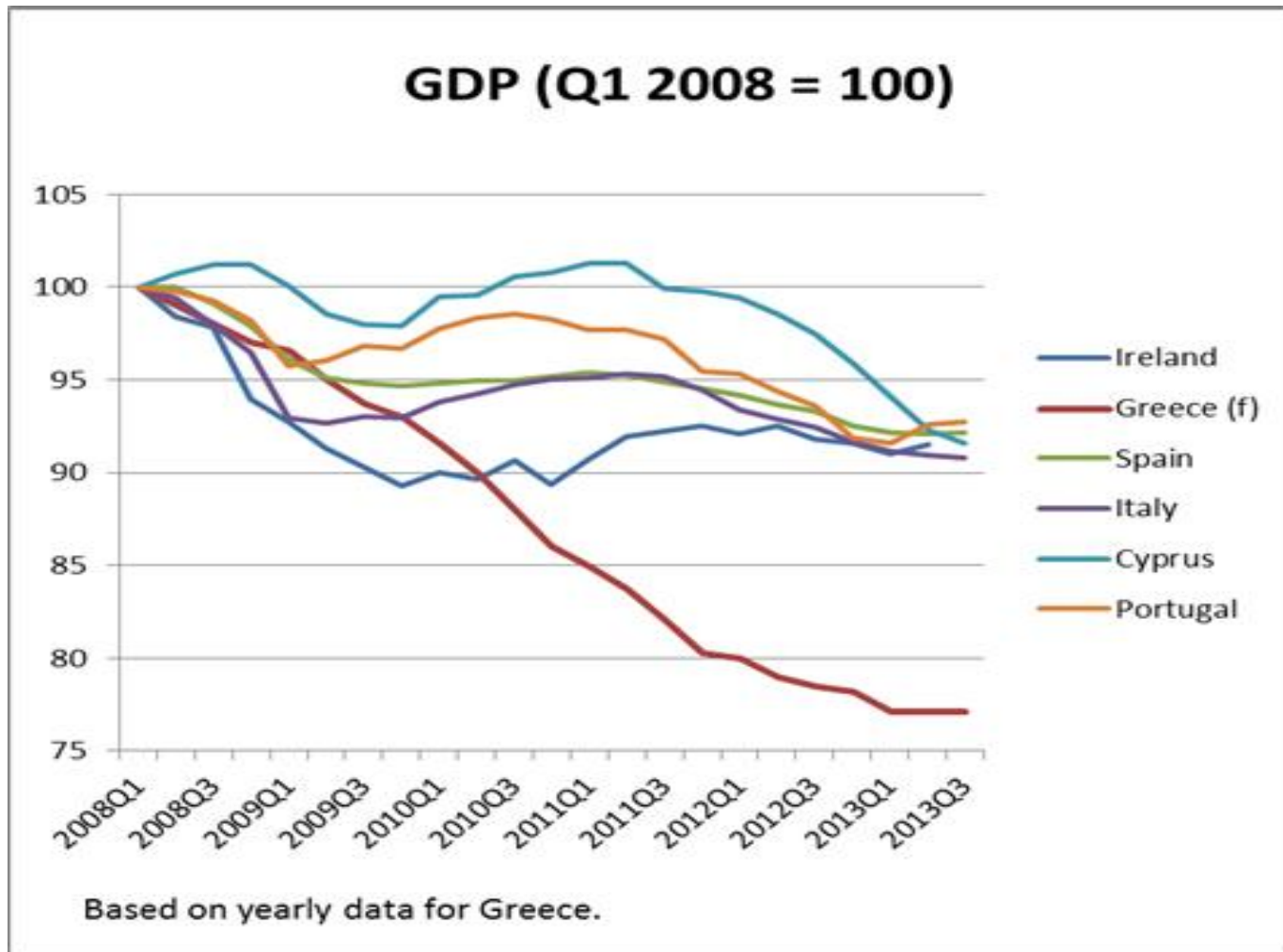
**Philippe Legrain**

Athens, 13 December 2013

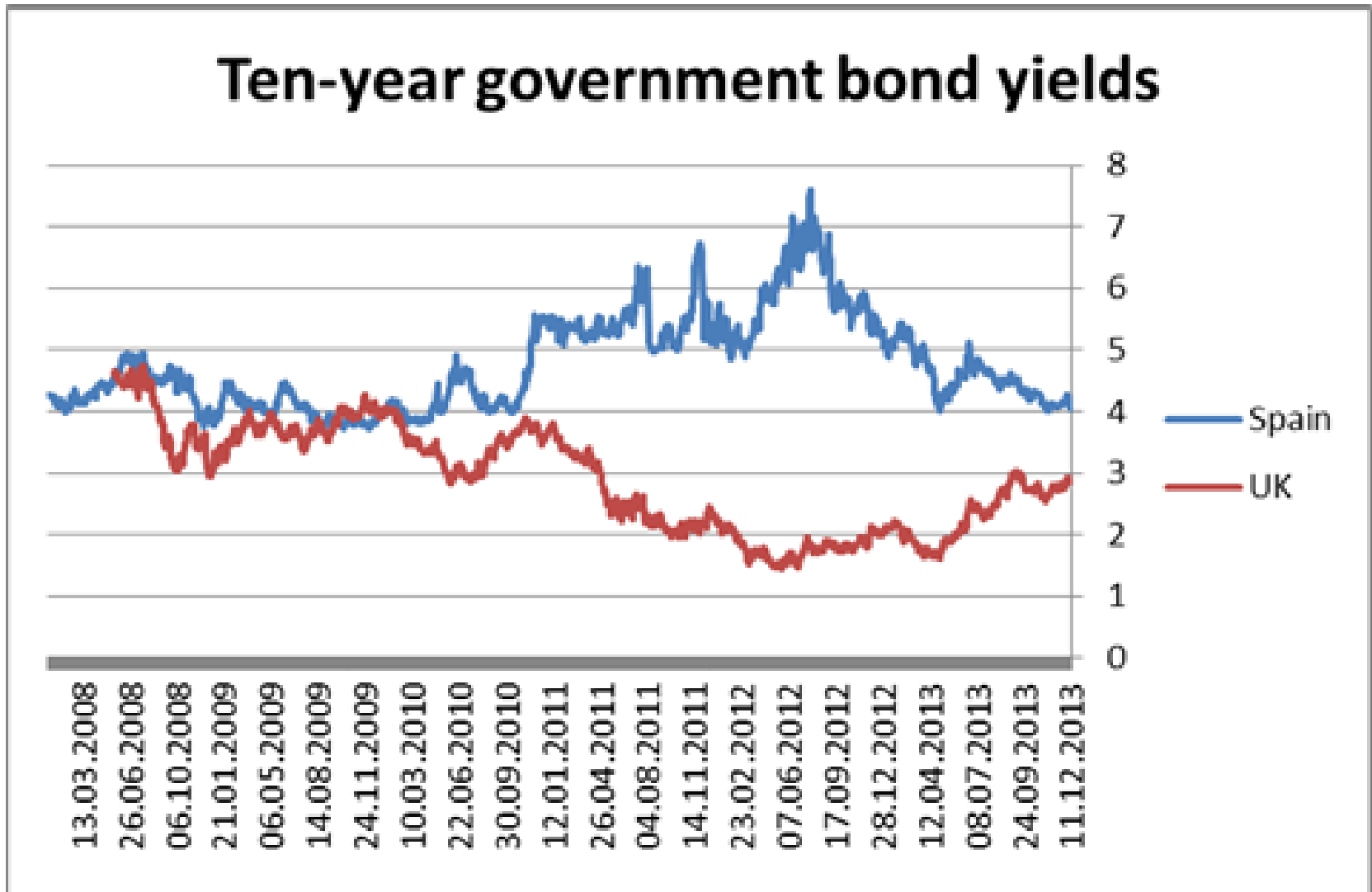
# The great divergence



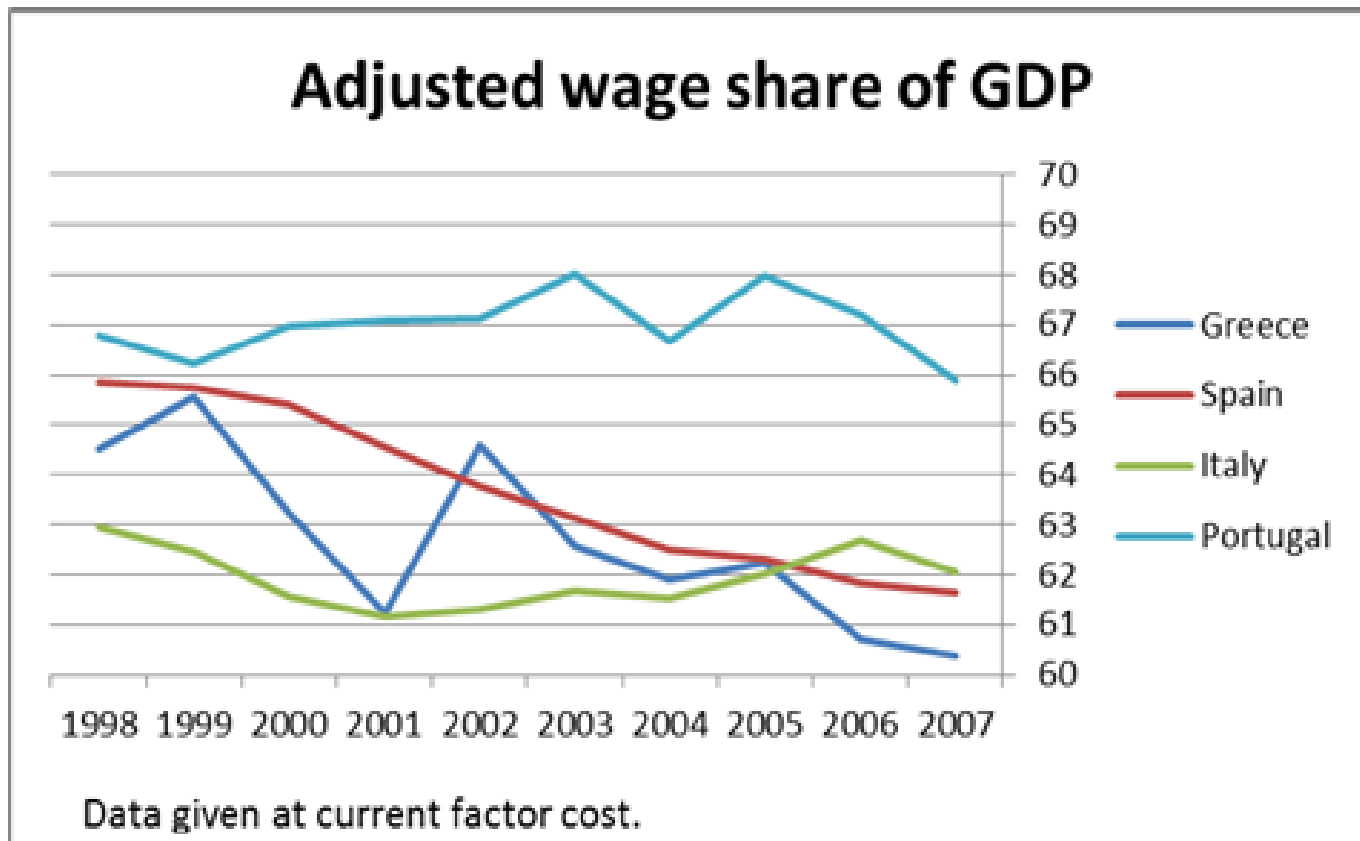
# The great slump



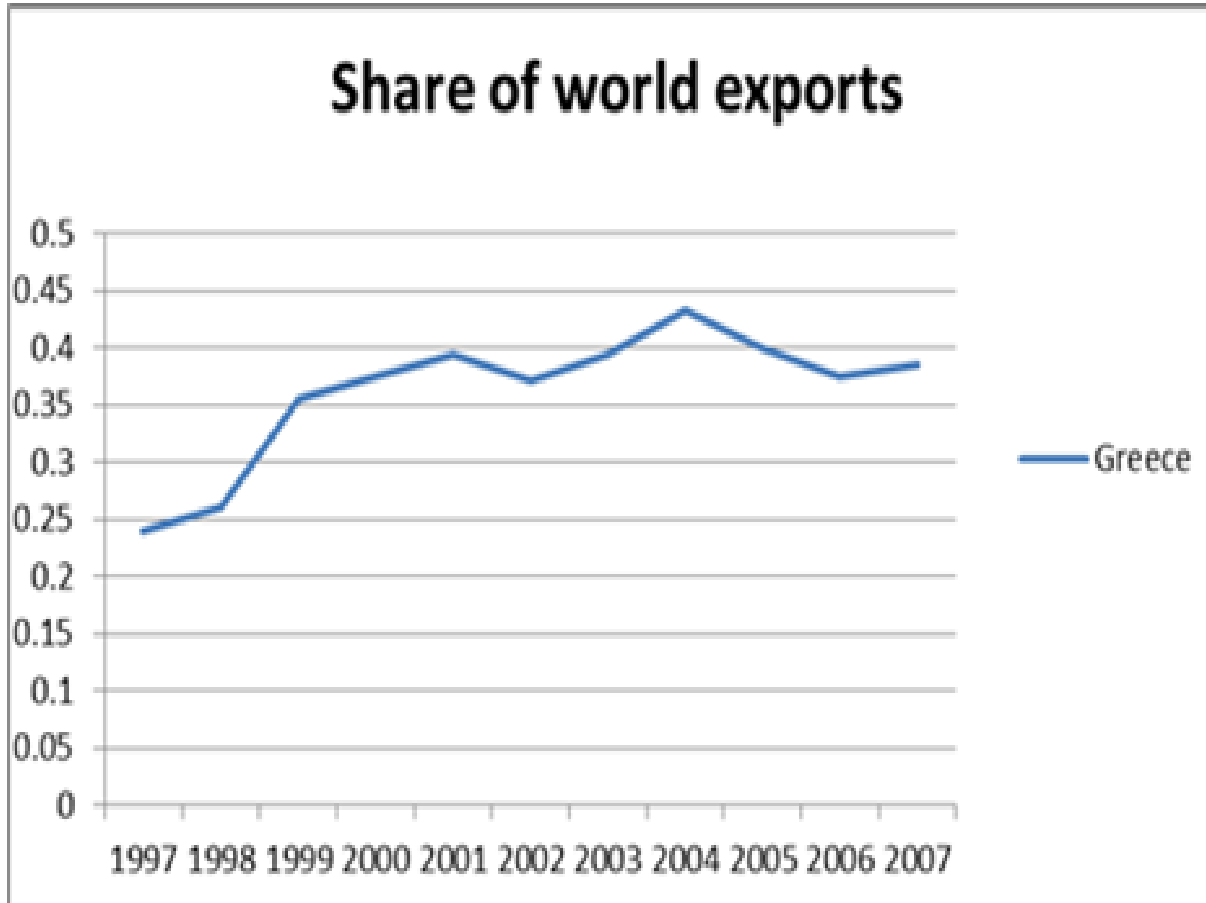
# The great divergence part 2



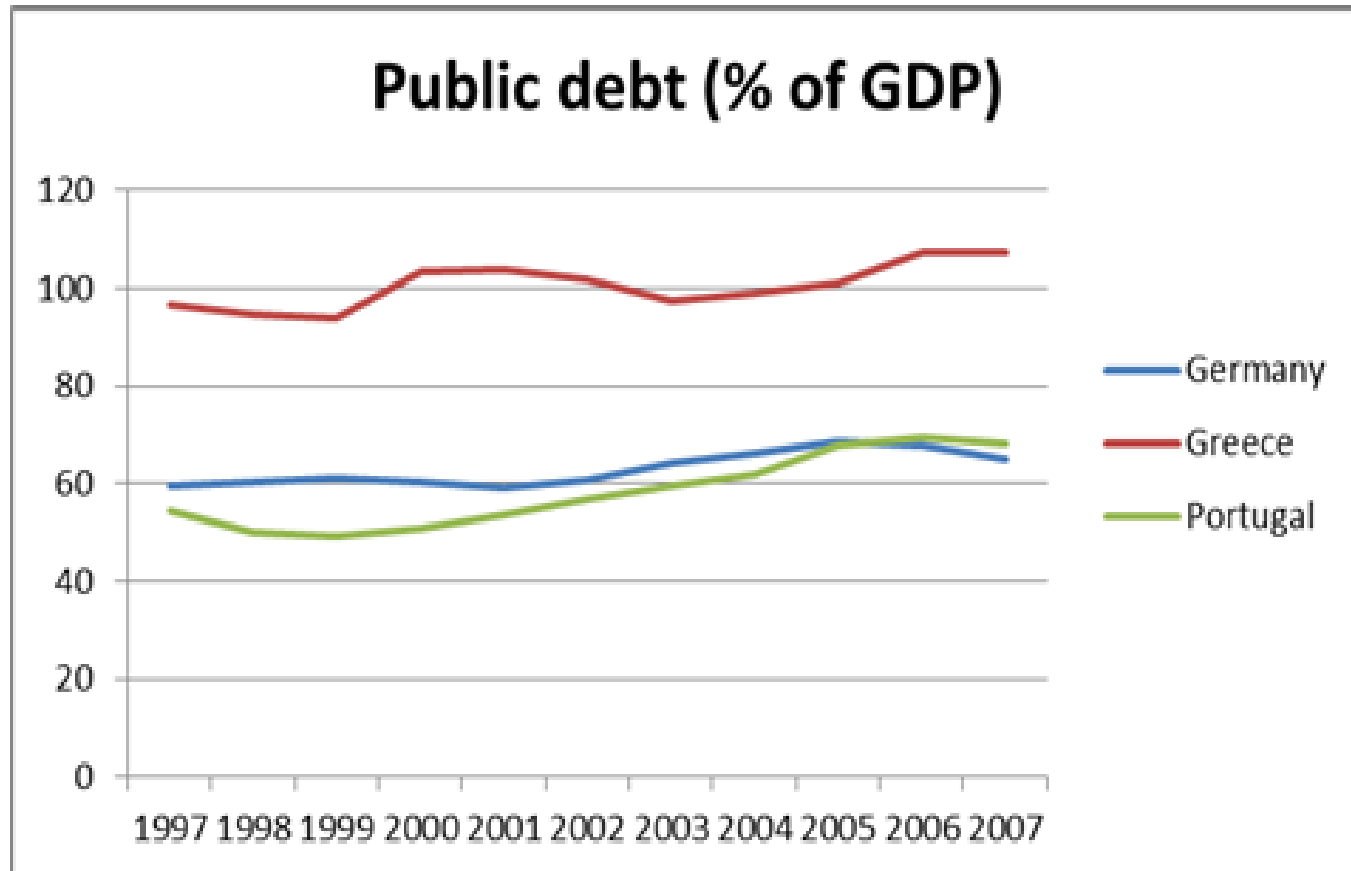
# Wage rises were not excessive



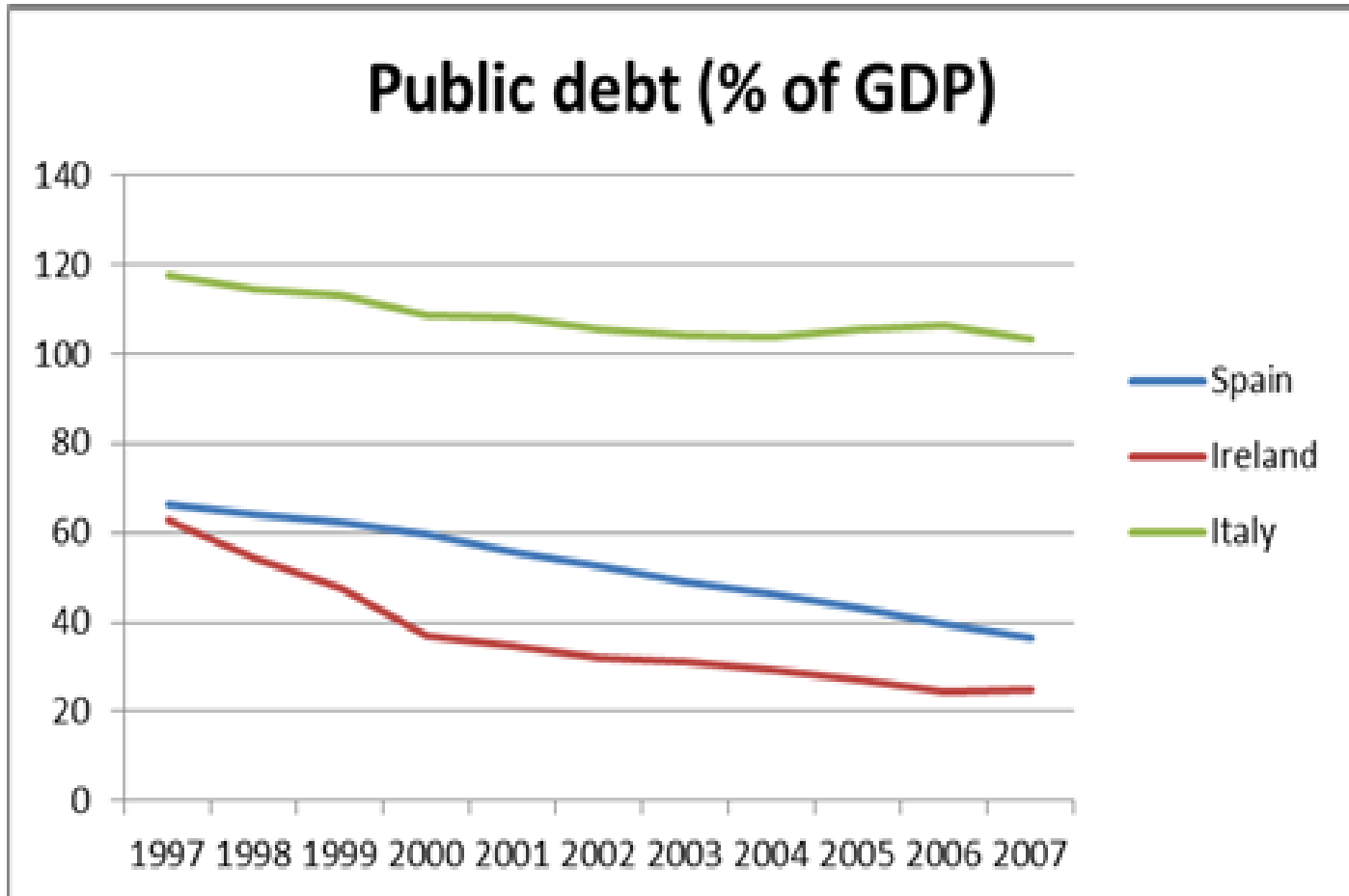
# Greek exports rose



# Rising public debt in Greece, Portugal and Germany



# Falling public debt in Spain, Ireland and Italy





# Five policy mistakes

1. Backstopping banks without restructuring them
2. Pretending Greece was solvent
3. Deauville
4. Threatening to force Greece out of the euro
5. Collective, premature, front-loaded, slash-and-burn austerity

# Solving the crisis

My three-point plan in 2010 (and 2013):

1. Bank restructuring
2. Debt restructuring
3. Investment to support demand & boost future growth + reform to promote adjustment