

Opinion Article

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Stimulating the Economy: the Stake of Growth without Keynes

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After six years of recession in Greece and while its economy is in a downward spiral, accompanied with far reaching implications for both society and the political system, it is now obvious that the challenge of growth has become an existential issue for the country.

Given the central European choices, which are not expected to change significantly, at least in the short-run, it is clear that the economic tools proposed by Keynes are nowhere on the horizon of the European agenda.

Therefore, in order to stimulate the economy in such conditions of austerity, policies must be sought that will be adapted to the limited liquidity of the banking system and the central government. The considerations listed below are not necessarily novel or new. We simply attempt a more comprehensive and centralised approach.

First Steps

Smart investments in the primary sector are needed immediately. Firstly, in order to move and stimulate production in Greece, through investments in Greek rural uniqueness and innovation. Product uniqueness and innovation in the methods of production, from the early stages to the final product – i.e. as it will end up in stores' shelves. With proper and strategic planning, highly profitable investments can be made in characteristic, competitive and unique Greek agricultural products such as Saffron, Olive Oil and Mastic, Spirulina, aromatic herbs, etc.

Greece has a highly specialised work force in the field of new technologies. However, it is characterised by one of the lowest levels of entrepreneurial initiative and involvement in the field. That is, it is not making use of its comparative advantage in human capital and its expertise. Therefore, it is crucial that innovative start-ups in the

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internet, the social media and the field of mobile apps, are encouraged in every possible way.

On the basis of long-term planning, investments can and should be encouraged in the fields of alternative energy sources and hydrocarbons (at transit and production level). At the same time, a decisive shift towards providing high-quality services is imperative, such as quality and alternative tourism.

The common denominator of all these is the qualitative and competitive substitution of imports, with the concomitant stimulation of exports.

"*Thinking Inside the Box*" at an early stage:

1. Planning and implementation of international study programmes – i.e. exportable programmes. Greek universities and think-tanks have both the infrastructure and human resources to (co-)formulate competitive study programmes with international prestige. Programmes ranging from short training courses to specialised master (e.g. archaeology and theatre) and undergraduate studies (e.g. history and mathematics), will serve as leverage: withholding flows abroad and upgrading the quality of education for all students, making use of the interaction with other academic institutions. At the same time, new bridges of support to Greece will be founded – academic, social, political and economic (for instance, graduates will develop a stable relationship with Greece and many may visit with their families in the long run).
2. Training programmes for citizens, in order to utilise the internet as a means of promoting their work (whether agro-products or services). Experienced public servants may serve towards this direction as well. At the same time, a centralised and easy-to-use platform has to be created, where Greek farmers will be able to organise by region and co-exploit critical work tools (such as tractors, education or orders of raw material), as well as costs of maintenance. It should be self-evident, for example, that a tractor can be shared by more than one farmer. In fact, it could even be purposeful to establish rental companies of such equipment, with profit for their owner(s), but also with great savings for small and medium growers. Similarly, it is clear that a collective order of raw material will secure more competitive prices, through larger amounts, while reducing the risk and cost of storage for large quantities of stocks. The website will be used as a "*kick-starter*" – a starting point for these collaborations, on the basis of creating economies of scale and maximising profits. Furthermore, it can later form the basis for further promoting their products in Greece and abroad, with an effective and permanent bypass of intermediaries – thus lowering costs, improving quality, increasing the speed of the transaction and, consequently, of the overall competitiveness. As a result, we will simultaneously achieve higher profit for farmers as well as for the society itself, as it will enjoy better products at more affordable prices.
3. An auxiliary role in these efforts could be taken on by a government agency with clear and defined goals, namely the coordination and management of the brand, within the context of the broader overall strategy of agricultural exports. This would also help in alleviating the temporal problems of collective action. Moreover, it is of outmost importance to coordinate information and advisory support, in order for producers to focus on the "high-end market", with an emphasis on quality and competitiveness of the final product.
4. Similar platforms of cooperation may be applied to other sectors of the economy as well, such as rural tourism, catering or even processing – through the creation of business alliances.
5. In the sector of tourism, it is important for every Greek tourist area, and especially for our islands, to decide on what kind of tourism they wish to promote. The combination of high quality tourism product and

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competitive prices will motivate tourism of a higher level, resulting in significantly higher influx of economic capital in the local economy, unlike “all-inclusive” packages that necessarily reduce both the quality and benefits stemming from the tourist product. Additionally, apart from synergies, local communities could also experience the beneficial impact of differentiation of products provided, for instance the development of sectors such as rural tourism, ecotourism, hiking tourism, archaeological-heritage tourism, religious and medical tourism, scuba diving, etc.

6. Establishment of an Investment Forum, for the online guidance of prospective investors with regard to funding/ support opportunities either at the national and the European level, while promoting sound investment and synergies. By demonstrating openness, and if addressed to private initiative, the forum could open up a new investment field targeted to attracting (or/ and repatriating mainly Greek) funds from abroad – which could finance a range of investments, such as buying financial products, participation in privatisations and private innovative initiatives, such as those that occur through start-ups. With a little variation, we could also provide for the option of online capitalisation of each project, where the participation of investors will be automatically converted into a share of their capital.
7. Finally, an initiative of social character that will serve both the goal of supporting socially disadvantaged groups and reintegrating the unemployed, could utilise a large part of the society in a positive and productive manner, while at the same time enhancing solidarity and volunteering: a website where consultation and training services will be provided for free, could provide an alternative outlet for young jobseekers.

Plus a reminder of the fundamental responsibilities of the state:

- A. Drastic reduction of bureaucracy. The complex bureaucratic framework increases the margins and incentives for corrupt practices, while complicating the task of evaluation, of audit and, consequently, of liability in case of defects or errors, thus undermining improvements in the operation of public bodies.
- B. Immediate and ultimate realisation of the so-called “e-government” in the public sector: it is inconceivable that working hours have to be spent in front of the counters of various public services, on issuing various documents, paying taxes or establishing companies, all of which could be more readily and easily carried out by the citizens themselves, through a simple surf on the web.
- C. Simplification of procedures and legal frameworks, wherever possible.
- D. Complete and rapid implementation of laws. Delays in justice affect the image of the rule of law, whereas they delegitimize government agencies and foster anomie.
- E. Qualitative upgrading of the public sector. A functional and efficient government ought to conduct a full and substantive evaluation of all its officials. Each sector should primarily be evaluated independently and transparently on the basis of productivity.
- F. Creation of a computerised system for the whole spectrum of public services, in order to allow the state to act quickly, efficiently and transparently.

Hopefully, it is evident that the state ought to facilitate the economy, mainly by removing all impediments to entrepreneurship and to smooth social functioning in general. In this sense, we need much less, but much better

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state.

In summary, the state must complete its efforts to reform on the basis of three axes:

- I.** Removing bureaucratic obstacles to any entrepreneurial effort, which is the case today and, naturally, discourages investments.
- II.** Adopting and implementing a stable, plain and simple tax system.
- III.** Radically simplifying the legal framework and accelerating the process of administration of justice.

Conclusion

Under the current circumstances, and given the need for economic development so as to improve the quality of life in our country, a change in the way of doing business is imperative:

- A.** Synergies – local, regional, national and international, are all crucial.
- B.** Espousal of mentality of profit maximisation, both at the personal and common level, healthy individual initiatives, innovation and leadership. Namely, local communities will have to think strategically and rationally, by pursuing the diversification of services and products offered.
- C.** Bold, healthy initiatives in new and innovative sectors, sharing risk with the widest possible participation of individuals-investors.

Since our country is not in place to pursue an independent economic (especially monetary) policy, the only way to recovery is through innovation, sound production and competitiveness, facilitated by means of rapid and substantial institutional reforms. In numerous occasions, the Greeks have proven their ability to exceed limits. This time, we have to act collectively. We have to prove that Greeks can create a home country worthy of our potential.

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