

# Making a Difference in Greece

#LSEGreece

## **Kostis Hatzidakis**

Member of the Greek Parliament and Vice President of the New Democracy Party

## **Chair: Spyros Economides**

Associate Professor in International Relations and European Politics, European Institute, LSE; and Deputy Director of the Hellenic Observatory

*Hosted by the Hellenic Observatory*

# What are the key policies that will make a difference in Greece?

**Kostis Hatzidakis**

Member of the Greek Parliament  
Vice President of the New Democracy Party

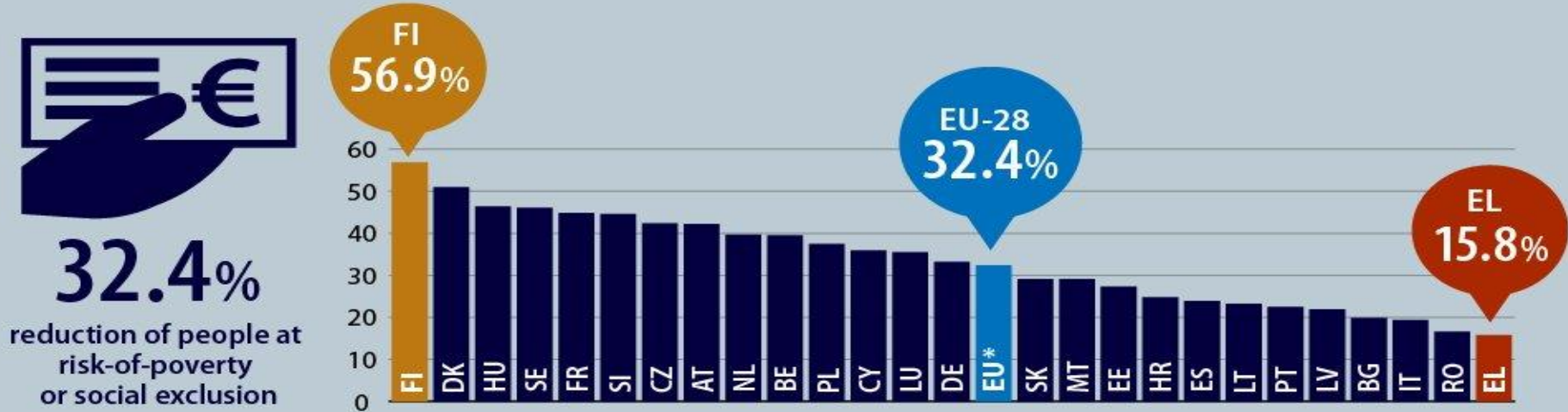
- ▶ With events like Brexit monopolizing headlines, Greece not in the news
- ▶ However, current situation **far from optimistic**

# Greece today

- ▶ 18.6% unemployment
- ▶ Investment levels at almost 1/3 of 2007
- ▶ 12 places lost in World Bank's competitive rankings since 2015
- ▶ Banks have lost 90% of market capitalization since 2015

# Impact of social transfers (other than pension) on poverty by country

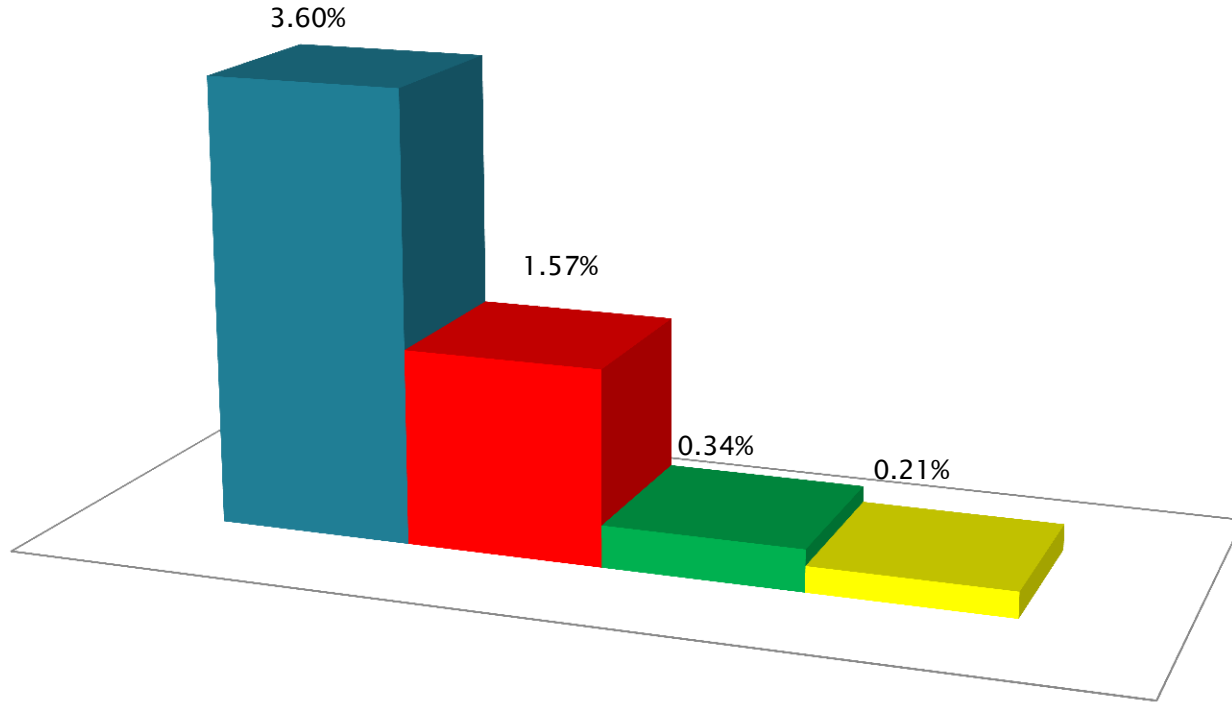
Percentage reduction in the share of people at risk of poverty as a result of social transfers, 2017



\* 2017 data not yet available for Ireland and the United Kingdom

# 5-year Bond Yield (30.1.19)

■ Greece ■ Italy ■ Portugal ■ Spain



- ▶ 2014: Return to growth, EU projection for strong recovery, bond yields much closer to rest of periphery compared to today
- ▶ And then what happened?
- ▶ **Syriza government**, Varoufakis–Tsipras negotiations, capital controls, third memorandum, return to recession

BUSINESS 19.08.2018

# Regling in Kathimerini: First half of 2015 cost Greece 86-200 bln euros

KLAUS REGLING

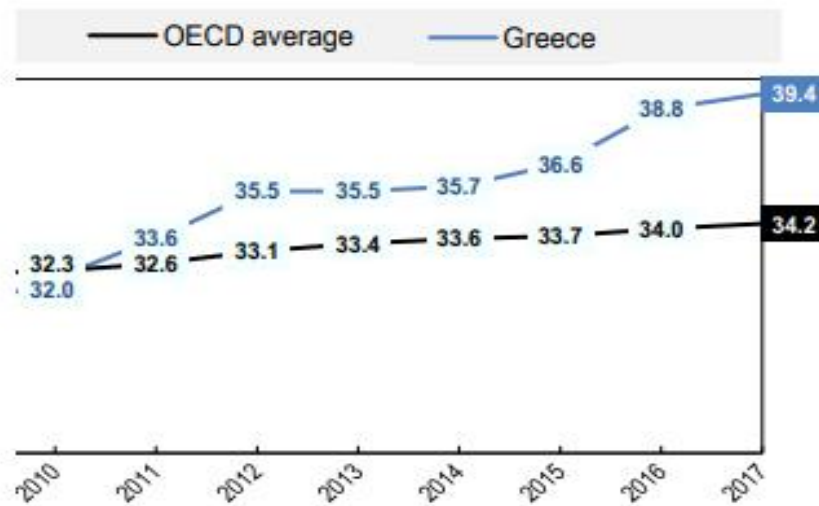


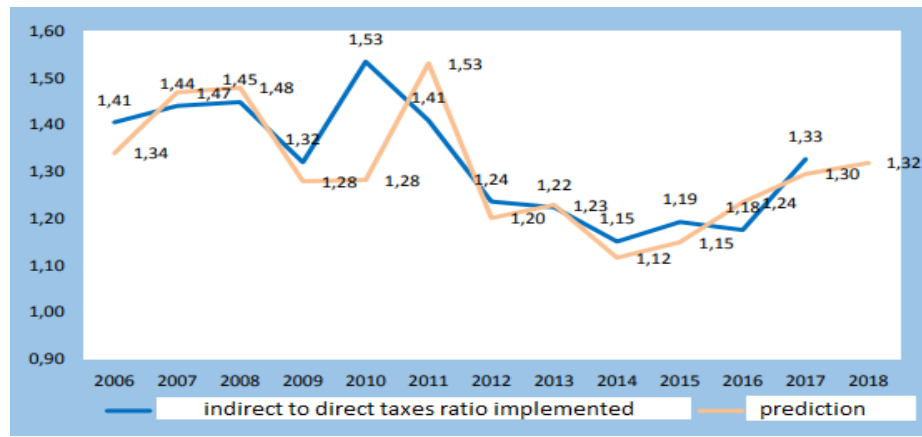


## Revenue Statistics 2018 - Greece

### Tax-to-GDP ratio

#### Tax-to-GDP ratio over time





BUSINESS 21.10.2018

## Greece is the eurozone's leader in indirect taxation

THANOS TSIROS



Taxation Finance

Greece has the highest indirect taxes in the eurozone and is showing no signs of reducing them in 2019. This ominous conclusion for taxpayers stems from a comparison of the 2019 draft budgets submitted to the European Commission by the 19 members of the eurozone.

# Government against private and public investment

## FINANCIAL TIMES

Greece racks up surplus by keeping foot on investment brake

Syriza outperforms fiscal target but critics warn of longer-term risks to economy



Kerin Hope in Athens JANUARY 8, 2019

## Bloomberg

Business

### Greece Puts \$12.8 Billion Investments at Risk as Projects Stall

By Sotiris Nikas

10 Νοεμβρίου 2017, 2:31 μ.μ. EET

- ▶ Clouds gather over Hellinikon as Lamda alleges contract breach
- ▶ Eldorado Gold moves Skouries project into care and maintenance



# Need for a paradigm shift

- ▶ From poverty redistribution to **wealth creation**
- ▶ Lower taxes – lower government spending – support from entrepreneurship
- ▶ For **new jobs** and **new opportunities** for everyone

# How do we restore trust in our economy?

Necessary steps

# Government dedicated to reforms

- ▶ Reforms according to European **best practices**
- ▶ **Political ownership** of reforms
- ▶ Explain **economic and social benefits** to citizens

# Competitive, stable tax rates and investment incentives

- ▶ 30% reduction of single property tax
- ▶ Corporate tax rate from 29% to 20% and dividend tax from 15% to 5%
- ▶ 2% tax reduction for companies with >50 employees that increase workforce by 10%
- ▶ Incentives for Greek start-up angel investors
- ▶ Stable tax regime

# Restore liquidity

- ▶ **Decisive steps** needed for reduction of record number of **Non Performing Loans**
- ▶ EU Commission and SSM must evaluate the two technical solutions proposed by Bank of Greece and Hellenic Financial Stability Fund and proceed without further delays
- ▶ Impossible to have healthy economy without **healthy banking system**



# Far –reaching reforms

- ▶ **Less bureaucratic obstacles for entrepreneurs**
- ▶ More **effective judicial system**
- ▶ **Public administration** that makes citizens' lives **easier** and helps economy **grow**
- ▶ Greece an **international centre for education**

# Political Change

- ▶ Aforementioned proposals part of **New Democracy** party program
- ▶ Political change needed to move away from populism and statism, towards **European best practices**
- ▶ New Democracy learning from past mistakes
- ▶ No big promises. Only **realistic proposals** after consultation with society
- ▶ To help Greece turn page and enter path of **strong growth**

# Political Change

to turn this crisis into an opportunity for  
positive transformation