

A very sombre proposition: finding the strength to kill ones' self

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*"If you hold your breath for too long, your eyes will pop out."
(Anonymous)*

*"You tried your best and failed miserably. The lesson is: stop trying."
(paraphrasing Homer Simpson)*

So let's close our eyes and ears to the recent "rumours" about a Greek (default and) exit from the euro. Let's assume that July's plan for the restructuring of the Greek debt, with "voluntary" private sector participation, is successful and the roll-over of €135bn-worth debt goes through. Will it be enough? I am afraid I cannot answer this in the affirmative.

So let's close our eyes and ears to the recent "rumours" about a Greek (default and) exit from the euro. Let's assume that July's plan for the restructuring of the Greek debt, with "voluntary" private sector participation, is successful and the roll-over of €135bn-worth debt goes through. Let us further assume that the German "investment interest" is indeed translated into actual investments in the troubled country at a scale comparable to the American Marshall Plan. And let us assume that the fast-track public-private investment programme is successfully implemented and that the negative growth of 2011 – which is now projected to be at a rate twice as high as originally predicted a year ago – will indeed be reversed in 2012. Let's.

And, since we are at it, let's also assume that the university reforms will be fully implemented, that the market for taxis will be allowed to find its neoclassical equilibrium, that the public sector will be downsized, that public organisations will be consolidated, that tax compliance will increase, that medical prescriptions will be rationalised, that hairdressing will become a non-'unhealthy' profession, that the sale of chewing-gums will be freed from its regulatory restrictions, and – why not – that the sun will shine in the Aegean sky 365 days a year (thus boosting further revenues from tourism) and the international economy will start growing at pre-crisis rates (thus boosting Greek exports further). What else – let's assume it all, anything goes. Will it be enough? Will the Greek debt, now expected to rise to 172% of GDP next year, become manageable? Will the country manage to run at last a primary surplus? Will it find the ways to enter a high-productivity path and get in a position to handle permanently the 'asymmetries of EMU'??

I am afraid I cannot answer this in the affirmative. What we have seen so far is only evidence to the contrary. The double-talk and uncertainty at the European level continues apace. The Greek government is still singularly committed to short-termist revenue-generating / budget-cutting measures and the main potential growth driver – public investment – is continuously being compromised. Structural reforms are still progressing at a dismal pace and remain ill-thought, hastily-designed and poorly-communicated (on this, see [my work with Andreas Antoniadis](#)). Despite the flexing of EMU regulations and the unprecedented austerity measures and external bail-outs, government bonds remain untradeable and the safest bet remains the "Greek default". Household incomes have been squeezed to levels never previously thought of and in society the atmosphere is electrifying.

But these are not the only worrying signs. More worryingly, the situation has created a dangerous polarisation between 'new-wave modernisers' (who close their eyes to *social costs* and call for liberalisation measures – almost irrespective of whether these are fair, optimal or necessary – that make the USA seem like a Keynesian paradise) and 'catholic objectors' (who close their eyes to *economic costs* and, believing that "dictatorship was not abolished

in 1974”, simply “refuse to pay” – almost irrespective of whether they can or should). To me, this is becoming an issue well beyond the question of whether Greece will default or not, whether the restructuring will be ‘orderly’ and whether it will occur ‘inside the euro’ or with a ‘return to the drachma’. Sitting in my comfortably distanced office in London, I can see a society divided, with one half accusing the other, but with little sense of measure (‘παν μέτρον ἄριστον’ as it once used to be) in either half, very little introspection and very little substantive change. Casualising the profession of taxi-drivers (in a market of over-supply and low prices) becomes an emblem of modernisation; and resisting the (to me, unworkable) marketisation of a ridiculously expensive and in so many respects irrational university system becomes some sort of patriotic duty to preserve historic ‘values’. In the event, other, more important issues, concerning the structure of the economy, the national growth model, the mode and institutions of economic governance – in one term: the Greek variety of capitalism – fall to the shadows.

In many respects, this is the old same story all over again. Some ‘interests’ push for reform and some ‘other interests’ try to block it. Some are right to shout, because they are becoming truly [immiserised](#) (while I am at it, see [this](#), [this](#) and [that](#) – but also [this](#)), being financially squashed and [socially degraded](#) (see also [this](#) and [that](#)); while others shout simply to advocate their position – whether this is pro- or anti-reform. And in-between, the government is introducing hastily whatever it can introduce, without an analysis of the causes of the problems it tries to correct and without any ex ante evaluation of the consequences (let alone the value-for-money) of the solutions it advances. It taxes on the basis of ‘ability to collect’ rather than ‘ability to pay’ (this month’s levy on property, which is being collected through utility bills, shows exactly this), it tries to enhance the quality of its universities by [cutting its funding to tertiary education](#), and it fails to deliver even on the most basic of the things it promises (e.g., an independent statistical authority that will produce credible statistics – see [this](#) and contrast it to [that](#), and then [this](#) and [that](#)). Despite the deep crisis, despite the threat of a euro-exit, despite the efforts and the sacrifices, nothing seems to have changed. **Greece, it seems, is unable to help itself.**

I have explained [elsewhere](#) how disastrous I consider for Greece a potential exit from the eurozone. But I am becoming less and less optimistic (and more and more disillusioned) about Greece’s ability to put a positive end to its misery, by [taking measures to boost its economy](#) while at the same time pursuing a sensible set of fiscal consolidation goals (including implementing an ‘orderly’ restructuring inside the Eurozone). About its capacity to take actions that convince (the markets, the Eurozone leaders, the suffering public in Greece), that build alliances and produce results.

So, in the interest of stimulating self-reflection and a non-partisan / non-polarised re-evaluation of the country’s targets and strategies, let me make a proposition. Perhaps the position where Greece has brought itself to is not too bad. Perhaps stepping out of the euro is **not only inevitable but also appropriate**: a tragic, but dignified thing to do. There may be an element of destiny, a sense of vindication, in all this, with a grand finale most appropriate for a Greek tragedy: the death of the heroine. And maybe, just maybe, the story would make more sense if the heroine was to find the strength to kill herself – rather than wait until she loses her last gasp of breath, miserably defeated by her self-inflicted wounds. Sometimes simply letting go is the healthiest option.