

A conference in Athens on the fiscal catastrophe in Greece

Emergency Economic Summit for Greece

Greece has been in the spotlight for more than five years since the country's debt crisis erupted. Throughout that time, both the country's political class and the broader international community have focused largely on the bailout negotiations, Greece's place in the Eurozone, and the "austerity" policies implemented by successive governments. What has become overwhelmingly clear throughout this process is that the Greek economy cannot continue on its present path, going from one crisis to the next.

At a conference held this May in Athens, successful economic reformers and leading academics presented a realistic diagnosis of the Greek government's problems, as well as the policy changes that would return the country to growth and prosperity. Cohosted by the Cato Institute, the Friedrich Naumann Foundation for Freedom, and the Atlas Network and its local partners, the forum provided an opportunity for a frank discussion with the Greek public and Greek policy makers about what has to happen to set the country on the path toward fiscal responsibility.

Various experts at the event each offered their judgement on how to best avoid this cycle of crises in the future. As Omaira Gill of *Vice* magazine wrote, "Greek Finance Minister Yanis Varoufakis made a brief appearance at the Emergency Economic Summit for Greece, organized by the Atlas Network and the Cato Institute, to say the country could not keep lurching from bailout to bailout but must insist on radical change." Varoufakis added, however, that the government cannot be expected to reform itself. He declared that all parties should acknowledge that Greece's debt is unpayable and that postponing a debt restructuring—which is ultimately unavoidable—would



ABOVE: More than 500 guests attended the Emergency Economic Summit for Greece held in Athens in May, a conference cohosted by the Cato Institute and the Atlas Network, among others. BELOW: Keynote speakers included Nobel laureate THOMAS SARGENT (left)—who stressed the necessity of setting the country on a path toward fiscal responsibility—as well as economist NICHOLAS ECONOMIDES (right), Greek finance minister Yanis Varoufakis, and former Bulgarian deputy prime minister Simeon Djankov.

only be counterproductive. "For the last five years we've been going from bailout to bailout, loan to loan, crisis to crisis," he said. "We need to see how we can use public assets through privatization . . . [to] create the investment flows and bring investment in from the private sector."

Thomas Sargent, a Nobel laureate in economics, said that tough choices will need to be made in spite of the immediate pain they inflict. The goal should be to revive international confidence in Greece over the long-term. Sargent compared the problems in Greece to those difficulties within the European Union at large, drawing parallels to the continent's bailouts and debt restructuring measures. In both cases, he said, the countries in question are facing punishing taxes, prolonged joblessness, and stagnant economic growth as a result of the unsustainable commitments of their governments. As Greek newspapers noted, Sar-

gent also responded to Varoufakis's remarks directly. "This is a crisis of insolvency, and the position of his government is that the people on the other side should just understand that they are not going to pay that whole amount," he said. This is unrealistic, Sargent said. Fiscal crises like this, he added, are due to "the macroeconomics of broken promises"—and any solution needs to address that underlying cause.

Other speakers at the conference included Nicholas Economides, professor of economics at the Stern School of Business at New York University, on the structural reforms needed in Greece; Juan José Daboub, former managing director of the World Bank, comparing the Greek situation to the economic crises in Latin America over the years; and Simeon Djankov, former deputy prime minister and finance minister of Bulgaria, discussing the role of municipal corruption and cronyism. ■