

*Dream turned
into nightmare*

Greece and the
Debt Crisis



Structure

1 The Road to Ruin

2 In the Heart of the Crisis

3 The Long Road to
Recovery

It's not just about Greece!

„PIIGS“

General
government
gross debt

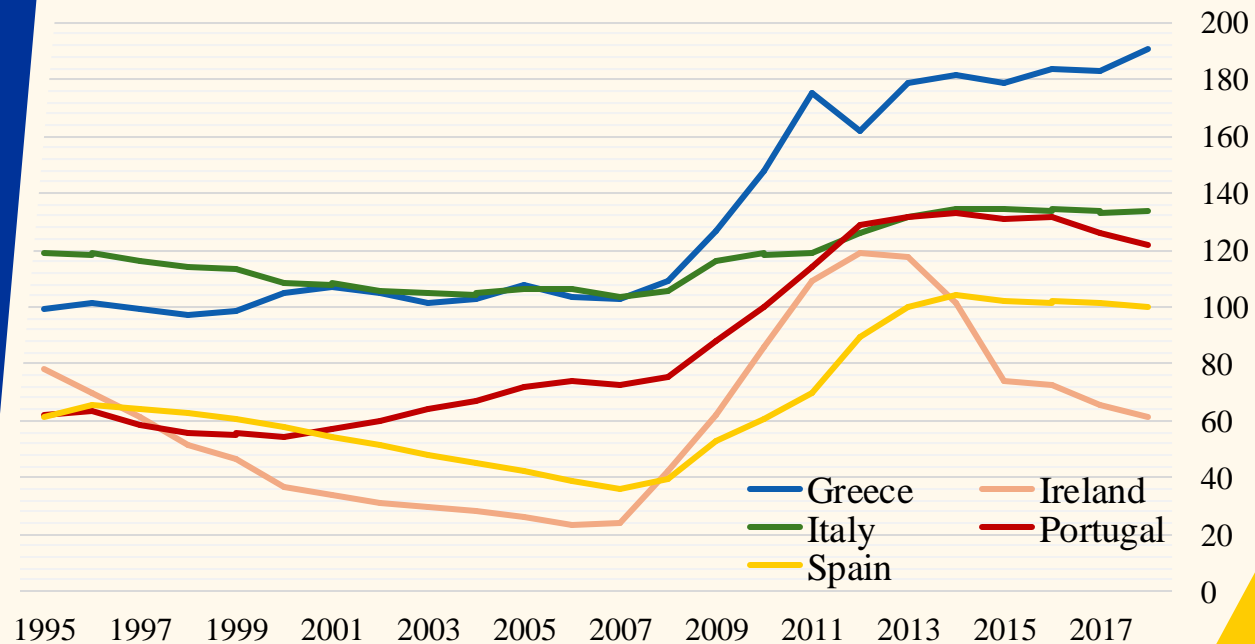
[% of GDP]

Excessive Borrowing: PIIGS countries took on too much debt due to cheap credit and low interest rates.

Fiscal Irresponsibility: Persistent budget deficits and lack of fiscal reforms weakened their economies.

Weak Structural Reforms: Unaddressed issues like rigid labor markets limited economic flexibility.

Real Estate Overexposure: Heavy reliance on real estate led to economic collapse after the 2008 crisis.



How did it begin?

1990–1993: New Democracy's Reforms – Mitsotakis pursued **privatization & market liberalization**, facing strong opposition.

Widespread Resistance – Trade unions, PASOK, and internal ND factions resisted reforms, leading to instability.

1993 Elections: PASOK Returns – Economic uncertainty and political backlash led to **New Democracy's defeat**.

Andreas Papandreou (1993–1996) – Expanded **welfare & public spending**, increasing fiscal strain.



Andreas
Papandreou
PASOK



Konstantinos
Mitsotakis
ND

How did it begin?



Kostas Simitis (1996–2004) – Focused on **Eurozone entry, fiscal discipline, and infrastructure projects.**

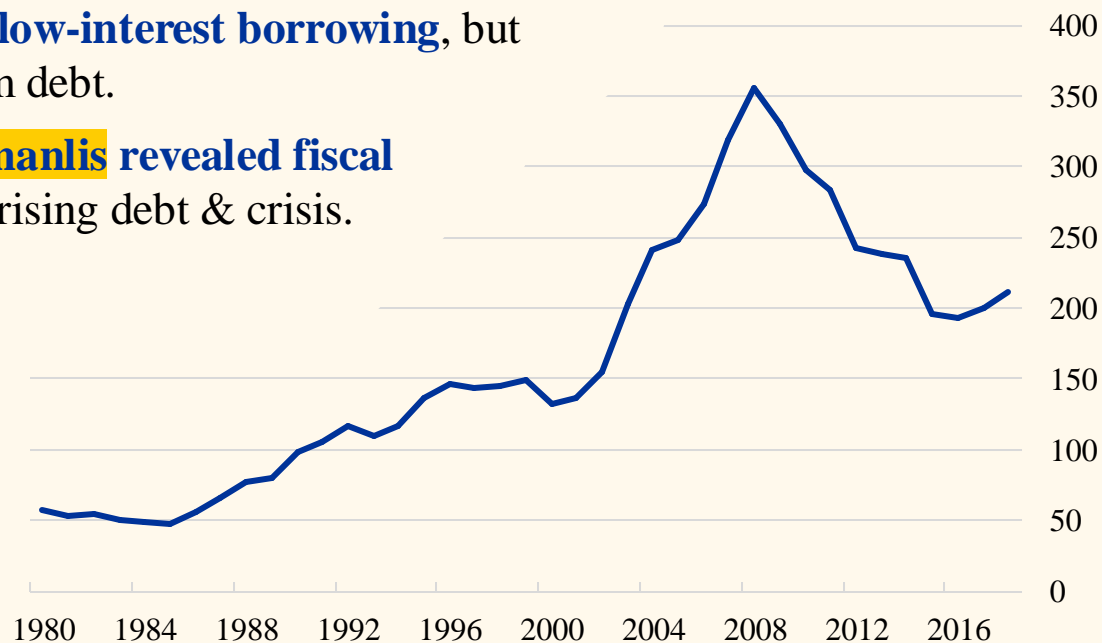
EU Funds (1994–2006) – Financed **Athens Metro, Rio-Antirrio Bridge, and Olympic preparations.**

Euro Adoption (2001) – Enabled **low-interest borrowing**, but hidden deficits worsened long-term debt.

2004–2009: ND's Return – **Karamanlis** revealed **fiscal misreporting** but failed to prevent rising debt & crisis.

Greece's GDP
in current prices
1980-2018

[billions of dollars]



In the Heart of the Crisis

Relevation of the crisis:

Socialist party came to power

Greece budget deficit doubled

The „Troika“ (European Commission; ECB; IMF)

MEFP and SEPC



In the Heart of the Crisis

Interest rates rising in 2001-2009 tranquil years

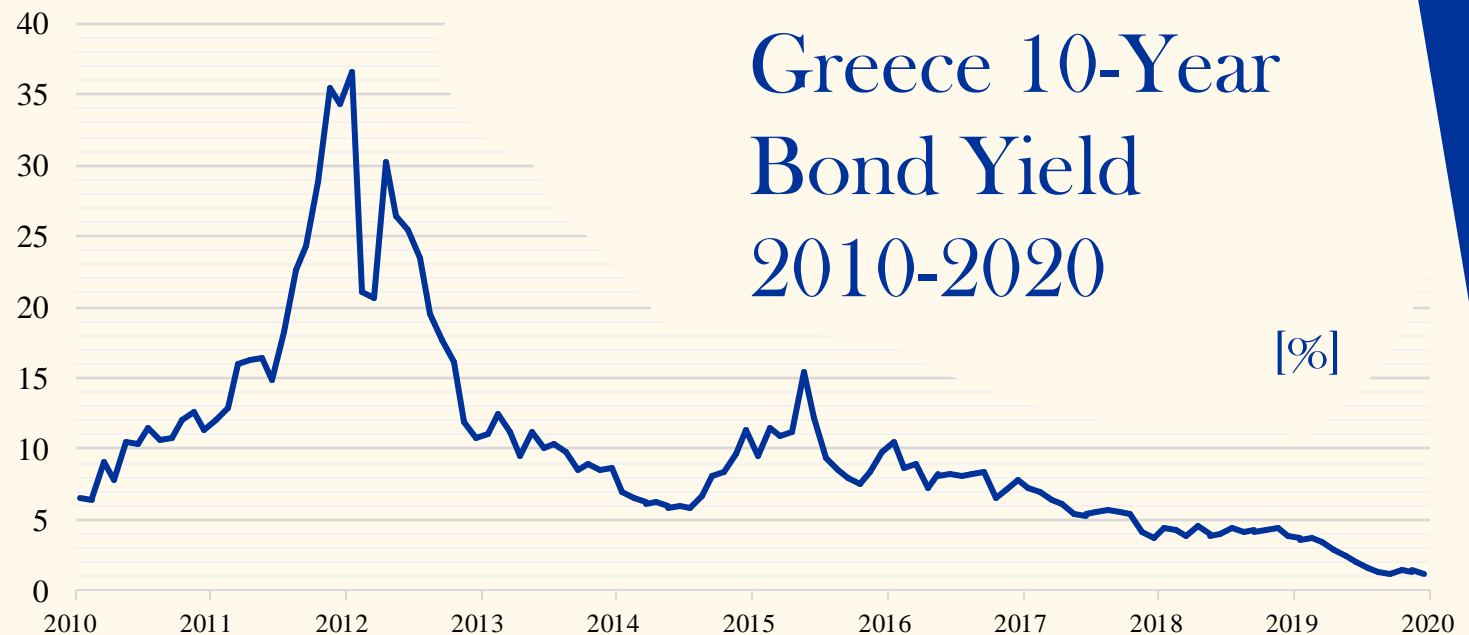
Increases in private debts replaced by increases in public debts

Fiscal deficits (increased government spending)

Lowering of interest rates

Lack of competitiveness

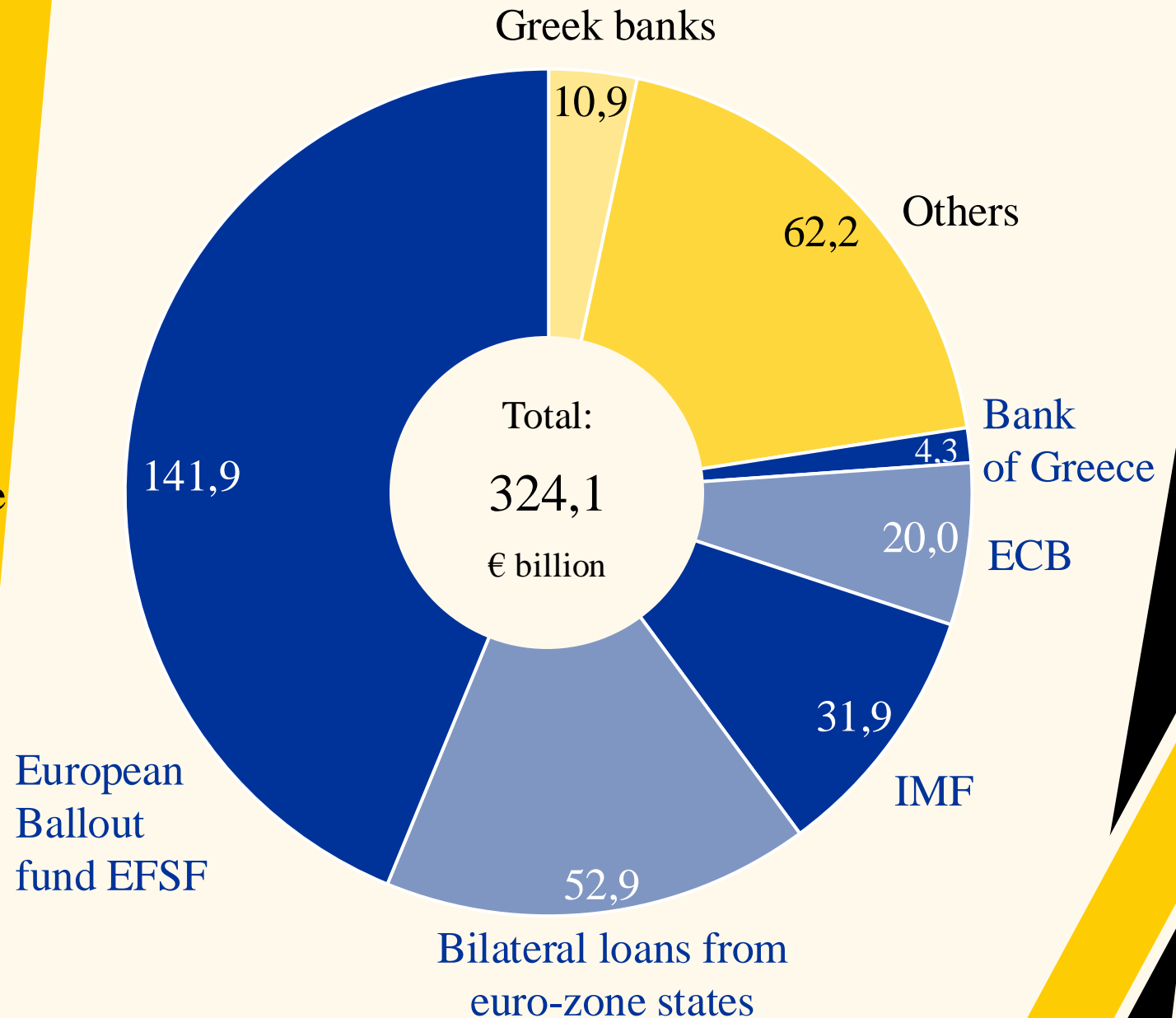
External debts rose from 94% to 200%



Taken measures were

Cutting spending and raising income
Tax increases
Privatization of state assets
Labor market reforms
Pension system reforms
Cuts in healthcare and education
Cheapening the currency to gain
international competitiveness.

WHY NOT?



First Bailout

First international bailout
for a country in the Eurozone

Receiving loans for
“debts over debts”

Criticism over the
inclusion of IMF

Second Bailout

Call for a referendum;
cancellation of it

Papandreou resigned
The Fiscal Compact Treaty

Third Bailout

Provided by ESM (European
Stability Mechanism)

Funds provided by Euro-area
countries only (not IMF)

Year	Bailout (€B)	Key Measures
2010	110	Austerity measures, tax hikes, pension cuts
2012	130	Debt restructuring, bank recapitalization
2015	86	Further austerity measures, structural reforms

Aftermath

&

Where Greece Stands Today

Gross Domestic Product (GDP) Growth

Greece, following a great recession that lasted between 2008 and 2016, increased its GDP.

2020: fall in GDP due to Covid

2021: 8.7% growth

2022: 5.7% growth

2023: 2.3% growth

Public Debt-to-GDP Ratio

Greece's public debt-to-GDP ratio has been gradually improving, decreasing from 161.9% in 2023 to an estimated 153.7% in 2024. According to the European Commission, further projections indicate a decline to 149.1% in 2025, reflecting successful debt reduction efforts.

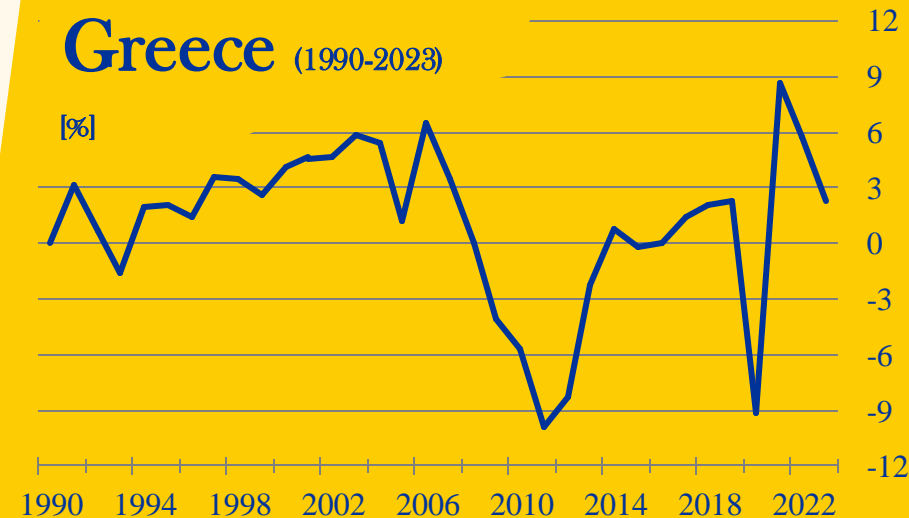
Unemployment:

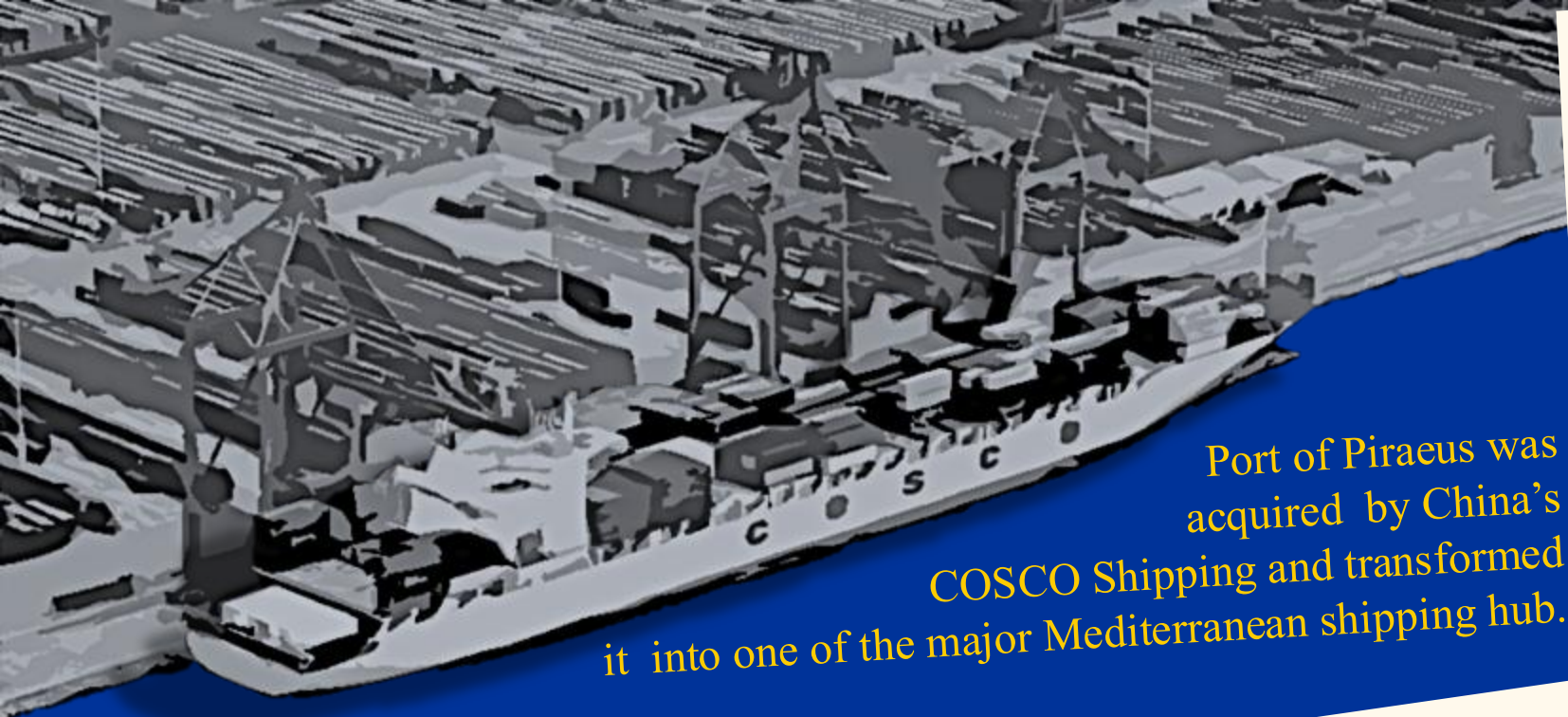
The unemployment rates are falling compared to 2013 (27.7%) to 11.1% in 2023. The seasonally adjusted unemployment rate in January 2025 amounted to 8.7% compared to the upwards-revised 11.7% in January 2024 and to the downwards-revised 9.3% in December 2024.

Unemployment Greece (1990-2023)



GDP Growth Greece (1990-2023)





Port of Piraeus was acquired by China's COSCO Shipping and transformed it into one of the major Mediterranean shipping hub.

“ It is also one of Europe's largest passenger ports, with about 20 million people disembarking annually ”

Privatization & Foreign Investment

Sectors Attracting Investment:

Logistics and Trade: Greece's strategic location at the **crossroads of Europe, Asia, and Africa** makes it a vital hub for international trade. The Port of Piraeus has become one of the **busiest ports in Europe**, facilitating the movement of goods between continents.

Tourism: Greece as one of the most popular destinations.

Political Shifts and Social Impact

Political Landscape

Left-wing Syriza vs. **Conservative New Democracy**

Corruption - Recent studies indicate that corruption, particularly during crises, undermines trust in national parliaments

Social Challenges

Declining Birth Rates: Economic uncertainty has contributed to a decrease in birth rates, exacerbating demographic challenges.

Youth Emigration: Economic hardships have led to a significant outflow of young professionals seeking opportunities abroad.

Annual population
growth in Greece
(1990-2023)
[%]



*How sustainable is
Greece's current
debt reduction
trajectory given
global economic
uncertainties?*

*How has the crisis
transformed Greek
political identity
and attitudes
toward European
integration?*

