



Inside the Euro Crisis

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Institutional Money Kongress, Frankfurt
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FINANCIAL NEWS

Pimco willing to bet Greece takes euro 'sabbatical'

Shanny Basar in New York

08 Oct 2010

Mohamed El-Erian, chief executive and co-chief investment officer of fixed income fund manager Pimco, has said he is willing to bet that Greece would take a sabbatical from the Euro within three years.



Speaking in an interview with Matthew Bishop, American editor and New York bureau chief of The Economist, the head of one of the world's largest bond funds, said: "I am willing to bet that Greece will take a sabbatical from the Euro...the rest of Europe does not look that bad."



Fact vs. Fiction

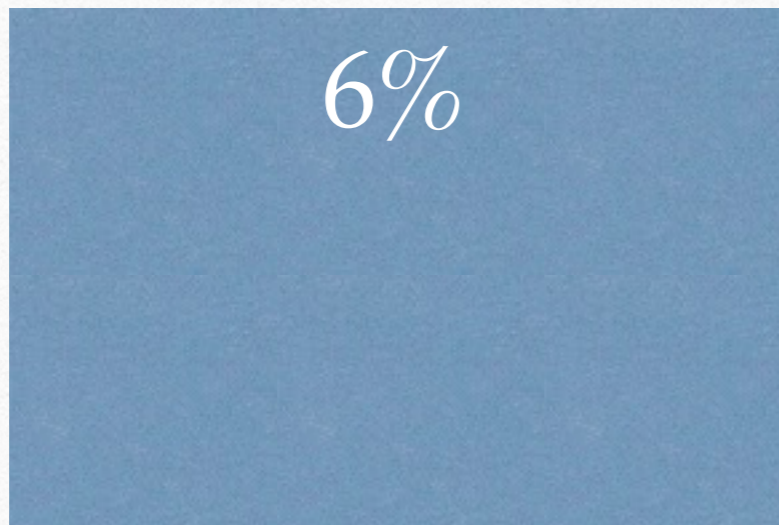
2009 Greek Budget Deficit
(Percentage of GDP)

6%

Fiction

15.6%

Fact



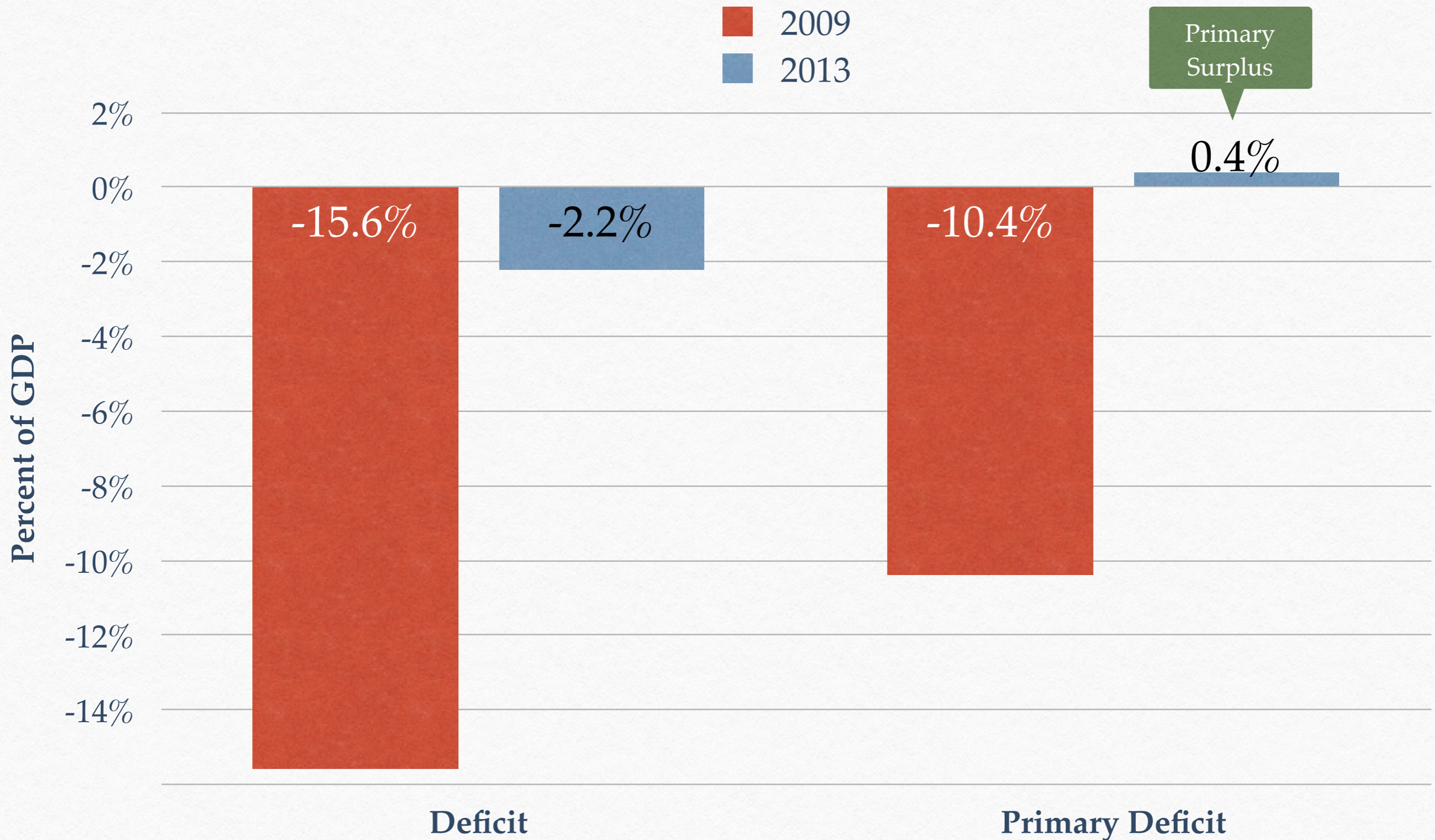
Parrhesia · Παρρησία
*“the obligation to speak the
truth for the common good,
even at personal risk”*



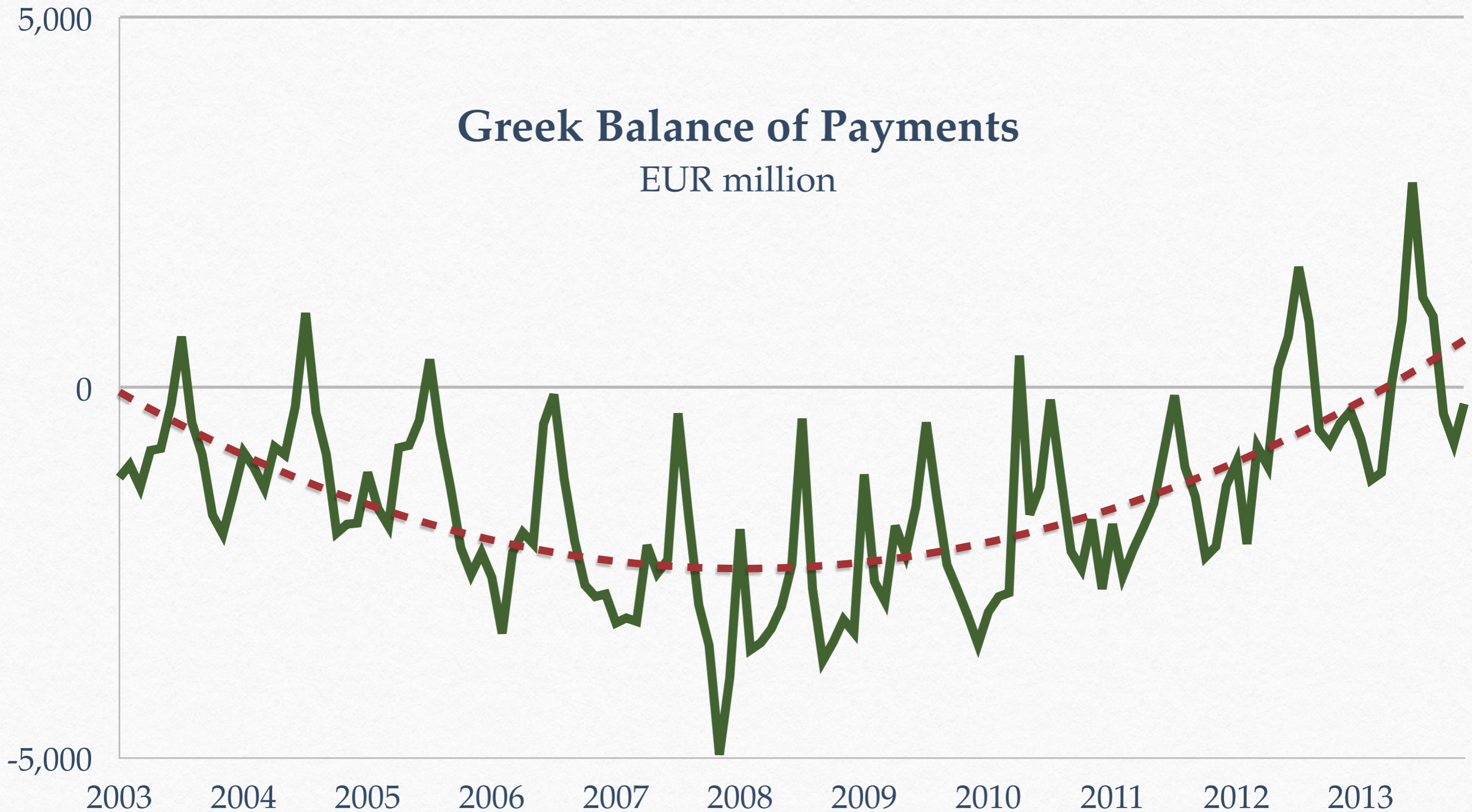




Record Fiscal Consolidation



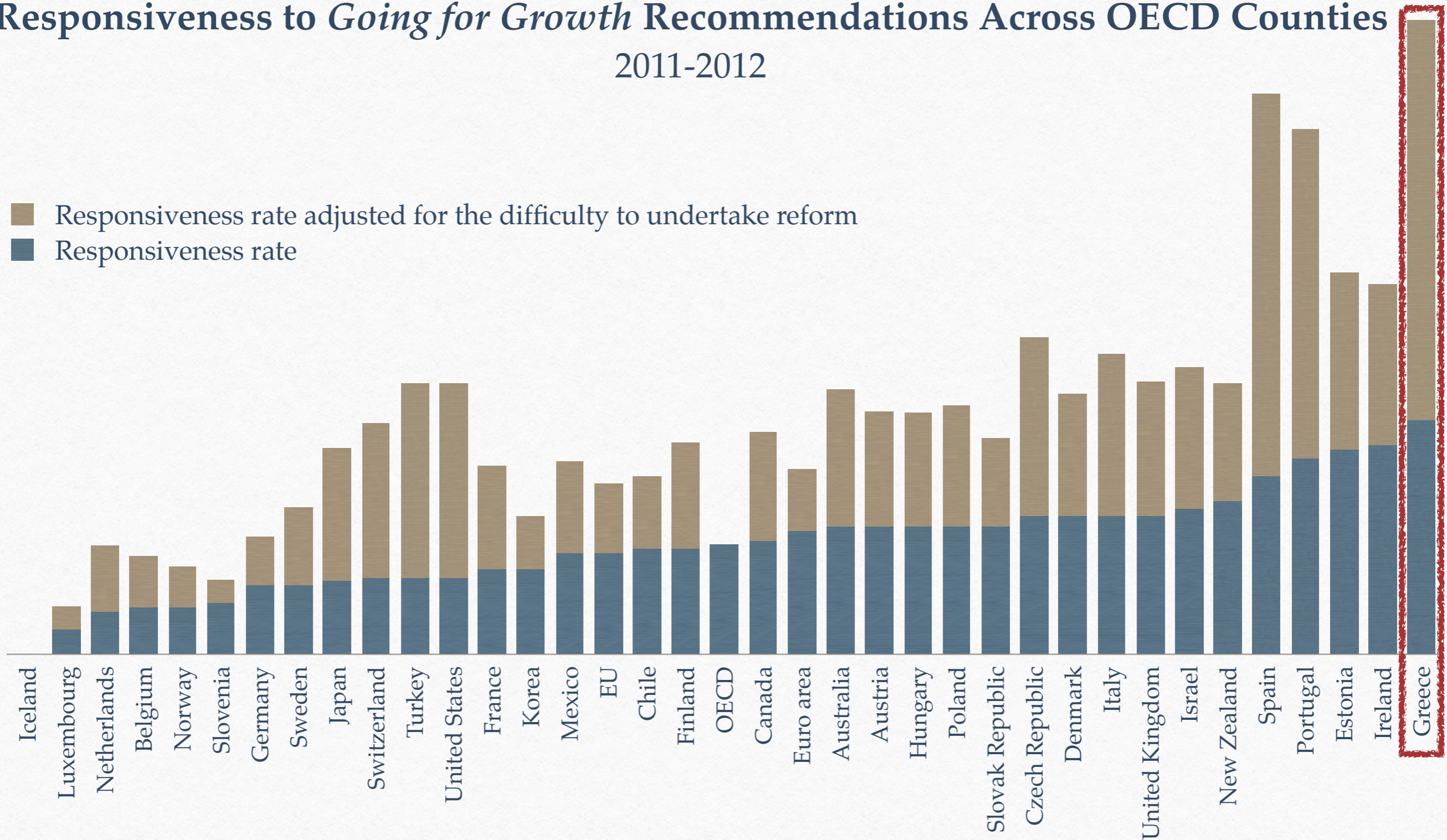
Rebalancing the Economy: First Current Account Surplus in Decades



Crisis as an Opportunity

Responsiveness to *Going for Growth* Recommendations Across OECD Counties 2011-2012

- Responsiveness rate adjusted for the difficulty to undertake reform
- Responsiveness rate



Sharp Rise in Business Friendliness

2009-2014

Category	Improvement
Ease of Doing Business	 24 spots
Starting a Business	 97 spots
Protecting Investors	 70 spots

“Through [the Port of Piraeus], HP will be able to access European, African, Middle Eastern and Central Asian markets faster, more efficiently and with lower impact on the environment.”

–Tony Prophet, SVP, Operations, PPS, Hewlett Packard





Nr. 08/10 22. Februar 2010 € 3,20

DAS MODERNE NACHRICHTENMAGAZIN www.focus.de
FOCUS

Vorsicht, Fisch!

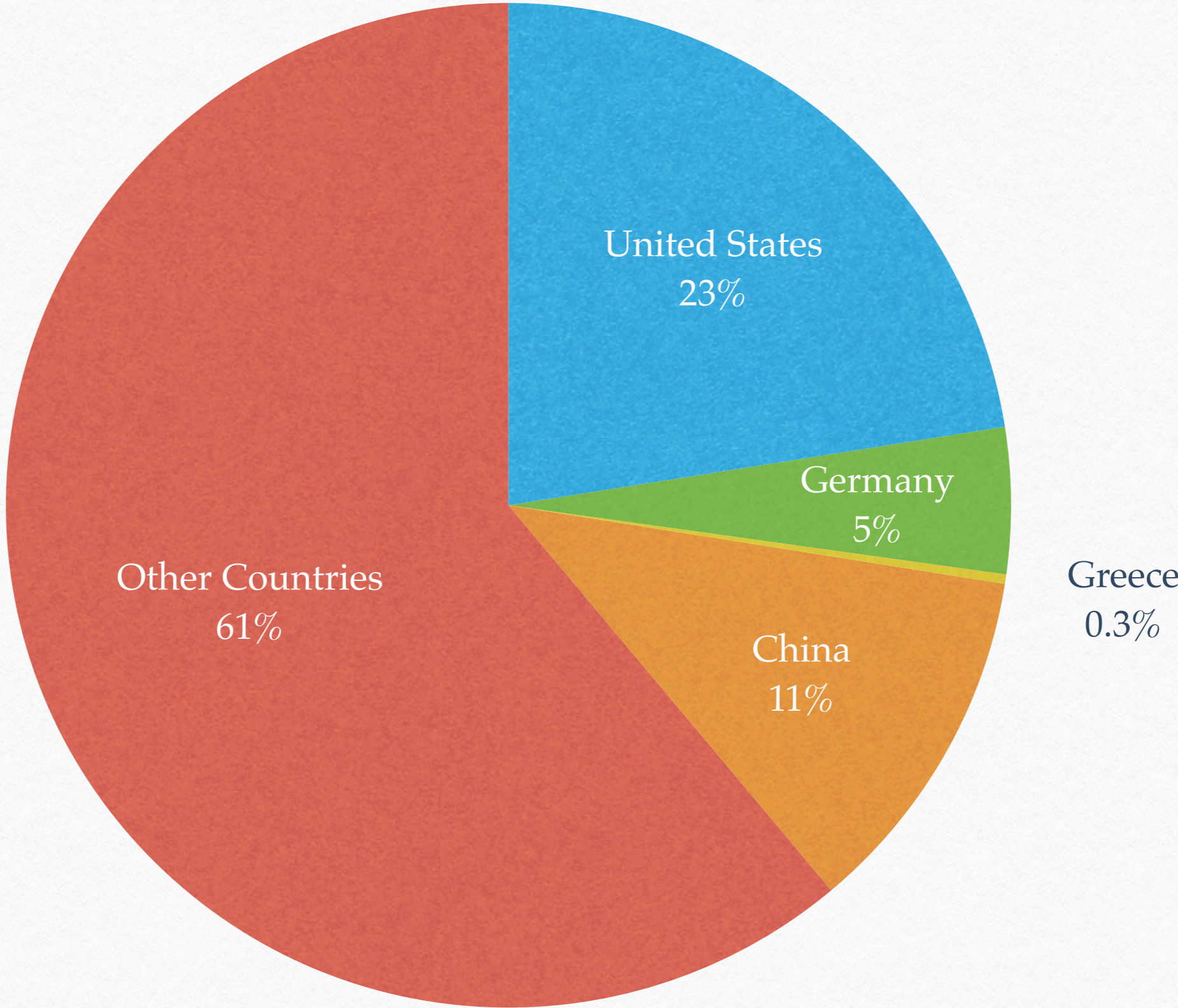
Er soll doch so gesund sein.
Stimmt aber leider nicht immer

Betrüger in der Euro- Familie

Bringt uns
GRIECHENLAND
um unser Geld –
und was ist mit
Spanien, Portugal,
Italien?



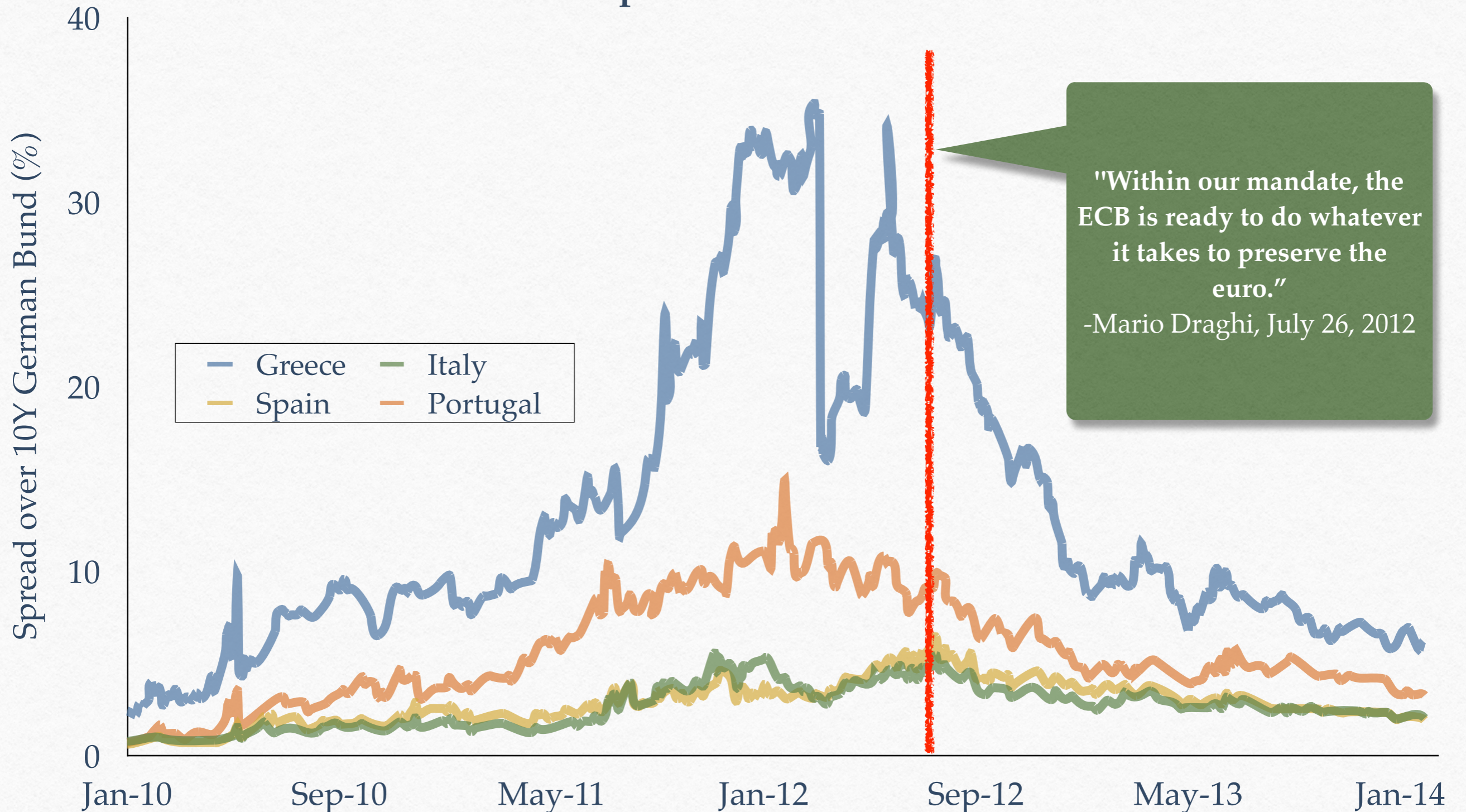
GDP as Percentage of Global Economy 2012



Source: International Monetary Fund

The Effect of 'Whatever it Takes'

Yields of Selected European Countries over 10Y German Bund



Comment & Analysis

“Why Greece will have to leave the
Eurozone”

Desmond Lachman, Financial Times,
January 11, 2010

“Will Greece turn from Euros to gyros?”
CNN, March 23, 2010

“Greece only has one answer: leave the
Euro, and then default”
Business Insider, April 29, 2010

“Greece should default and abandon the
euro”
Nouriel Roubini, Financial Times,
September 19, 2011

“Akropolis adieu”
Der Spiegel, May 14, 2012

“Top economist says Greece should leave
eurozone”
ABC News, June 13, 2012

“Greece to exit euro zone next month?”
CNBC, August 15, 2012

“Euro zone talks revive specter of Greek exit”
New York Times, August 22, 2012

“Greece needs to leave Euro: prominent
German economist”
CNBC, September 5, 2012

“Greece should leave the euro, says
independent report”
Dutch News, November 29, 2012

“Greece may still have to quit euro - Merkel
ally”
Reuters, March 9, 2013

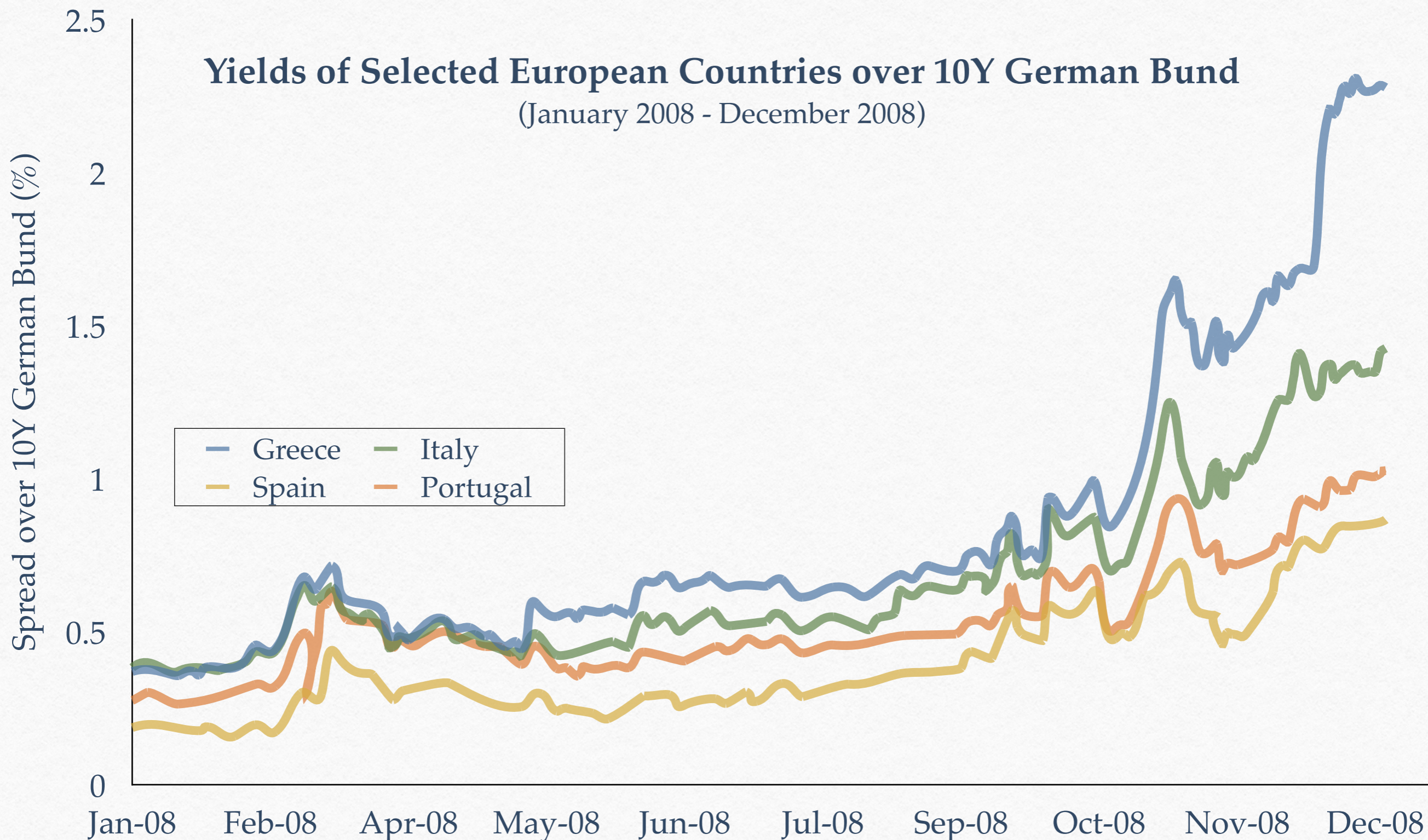
“Greece should still leave the euro”
Telegraph, March 9, 2013

“German IFO: Greece Should Leave the
Eurozone!”
Bild, November 11, 2013



The Run-Up to the Crisis

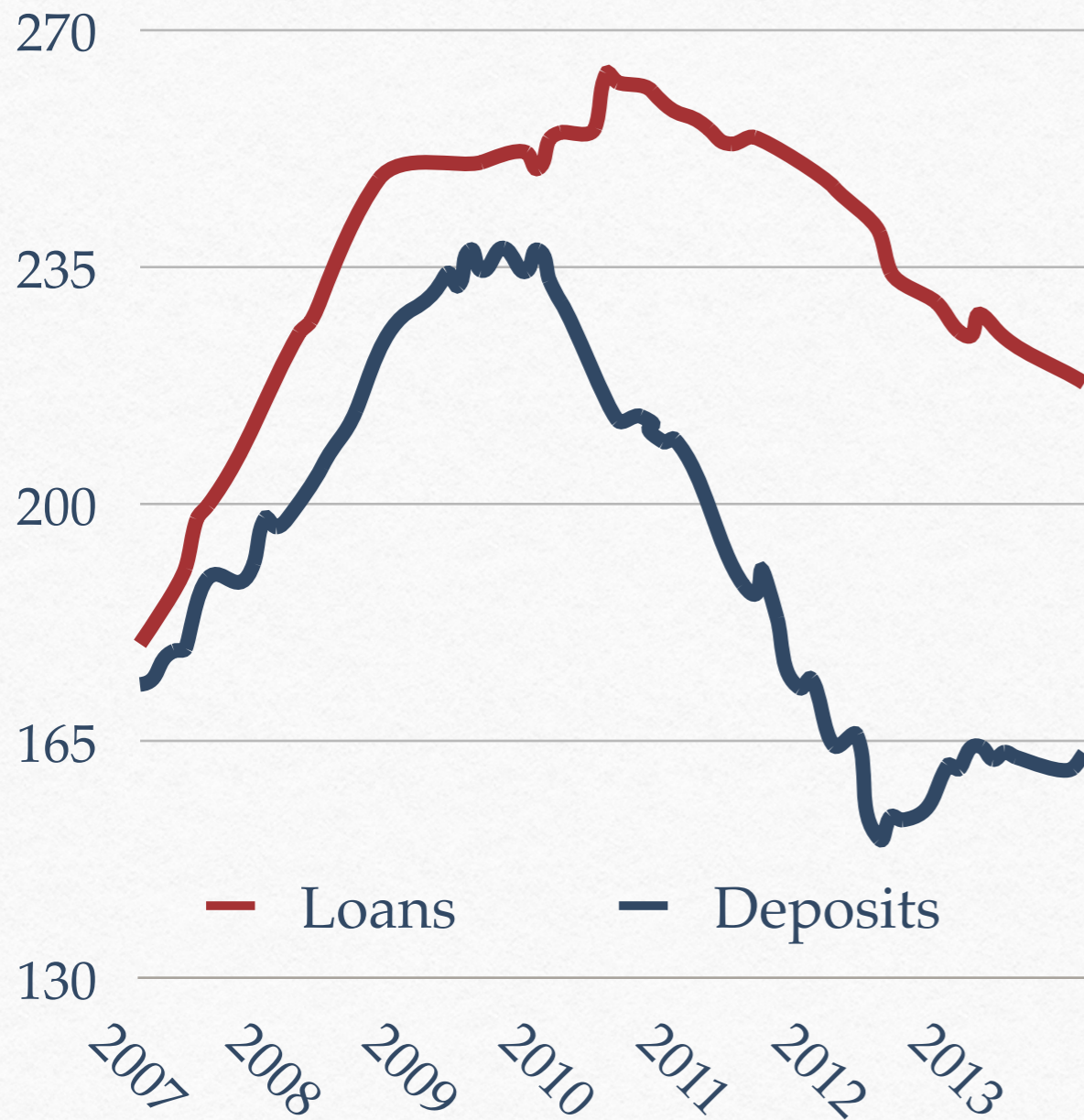
Diverging interest rates in a volatile market



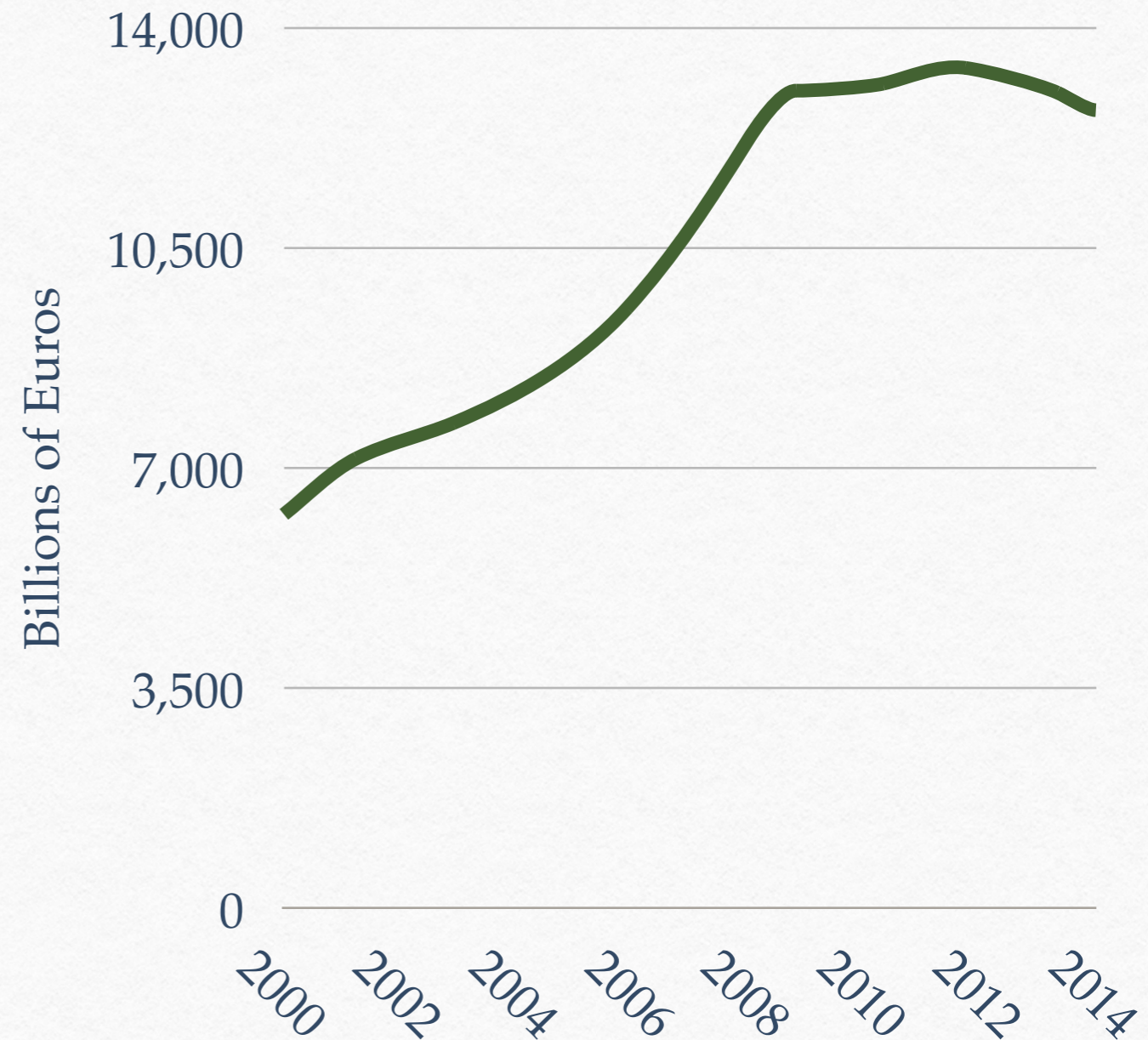
Under Pressure

Banks struggle to support the real economy

Domestic Private Sector Deposit and Loans
Greek Banks



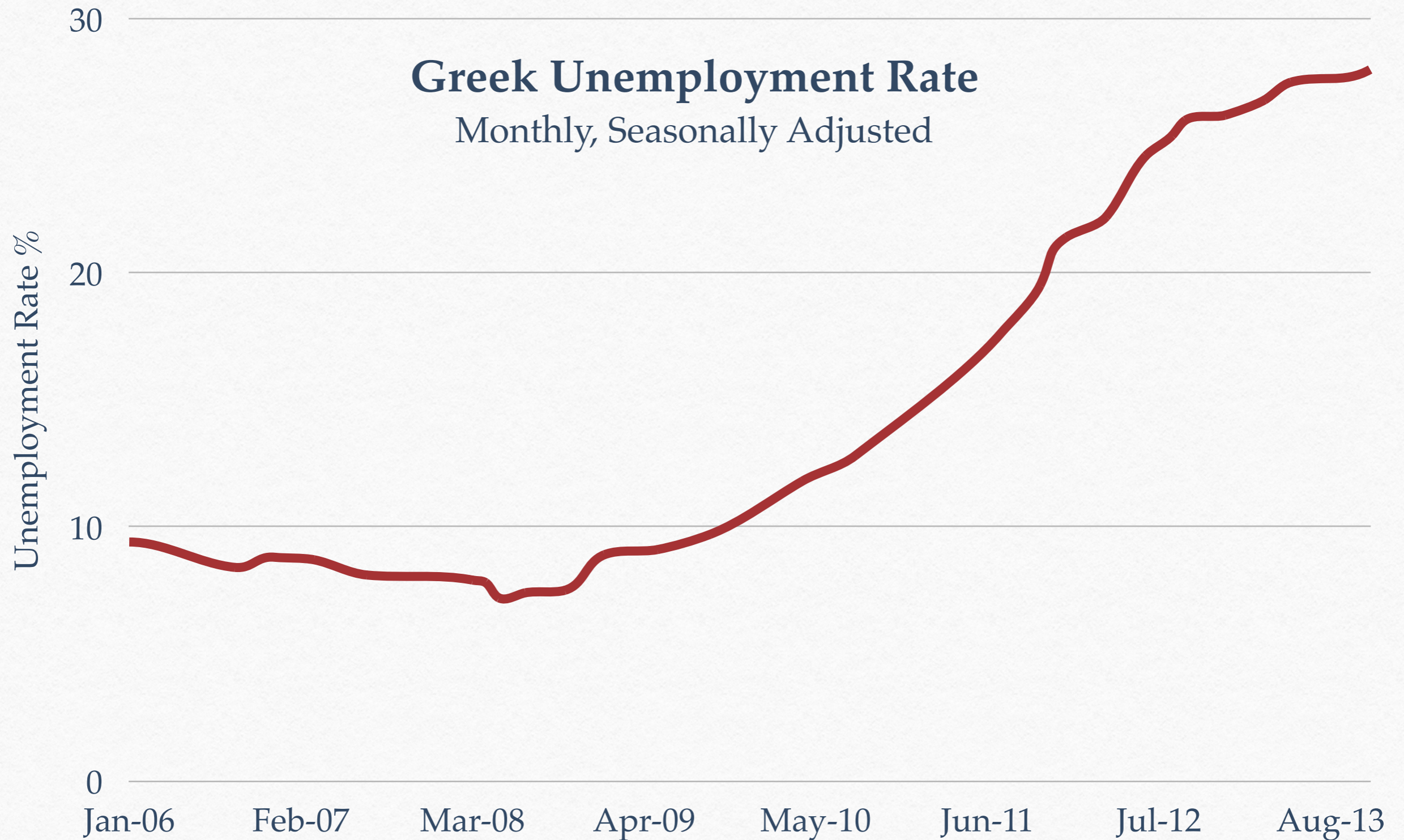
Credit Output to Non-Governmental Sector
EU Banks



“Southern Europe continues to be the more worrisome part of the world economy... The lower the inflation rate, and ... the larger the deflation rate, the more dangerous it is for the euro recovery.”

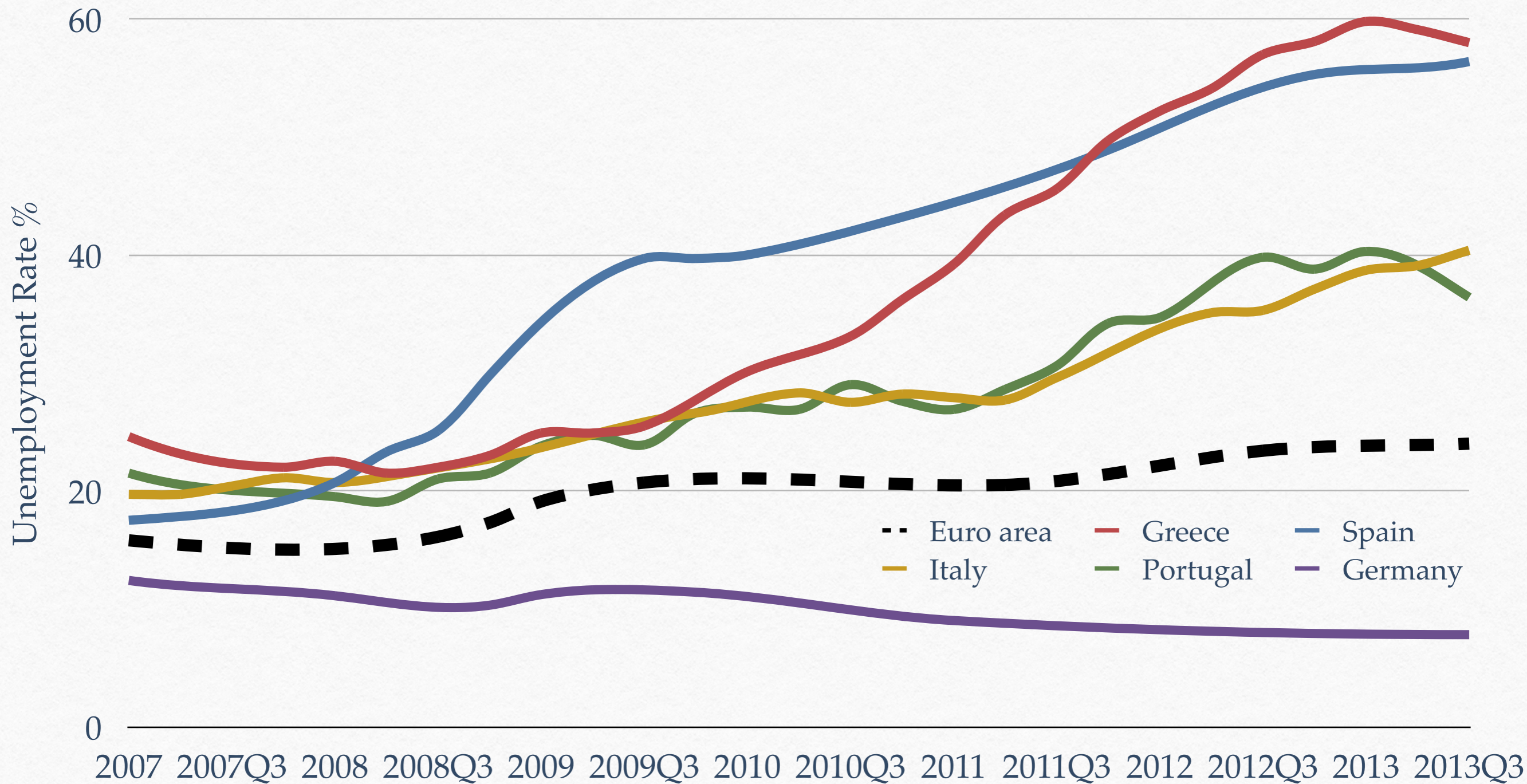
–Olivier Blanchard, Chief Economist of the IMF, January 21, 2014

Unsustainable Unemployment Rates



The Threat of Youth Unemployment

Youth Unemployment in the Euro Area
(Quarterly, Under-25, Seasonally Adjusted)





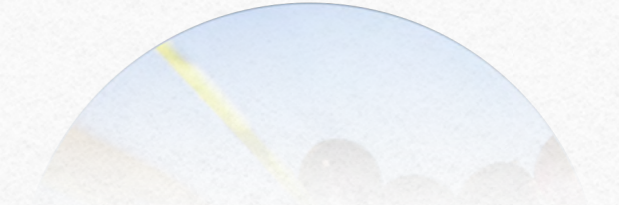
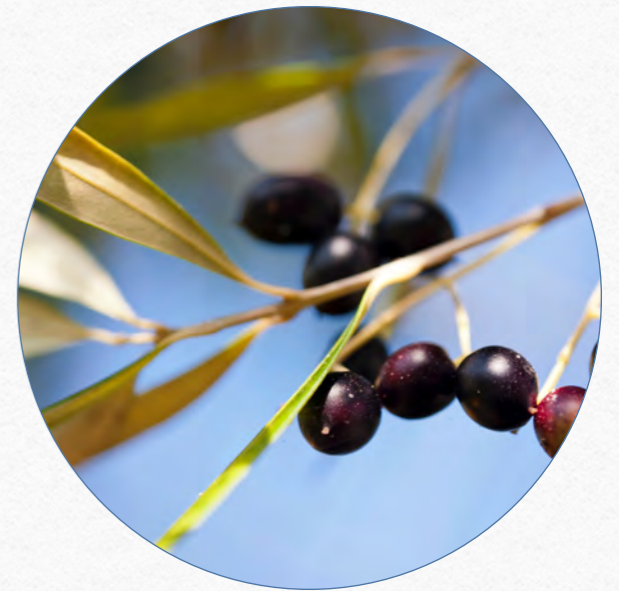




EUROPE

ASIA

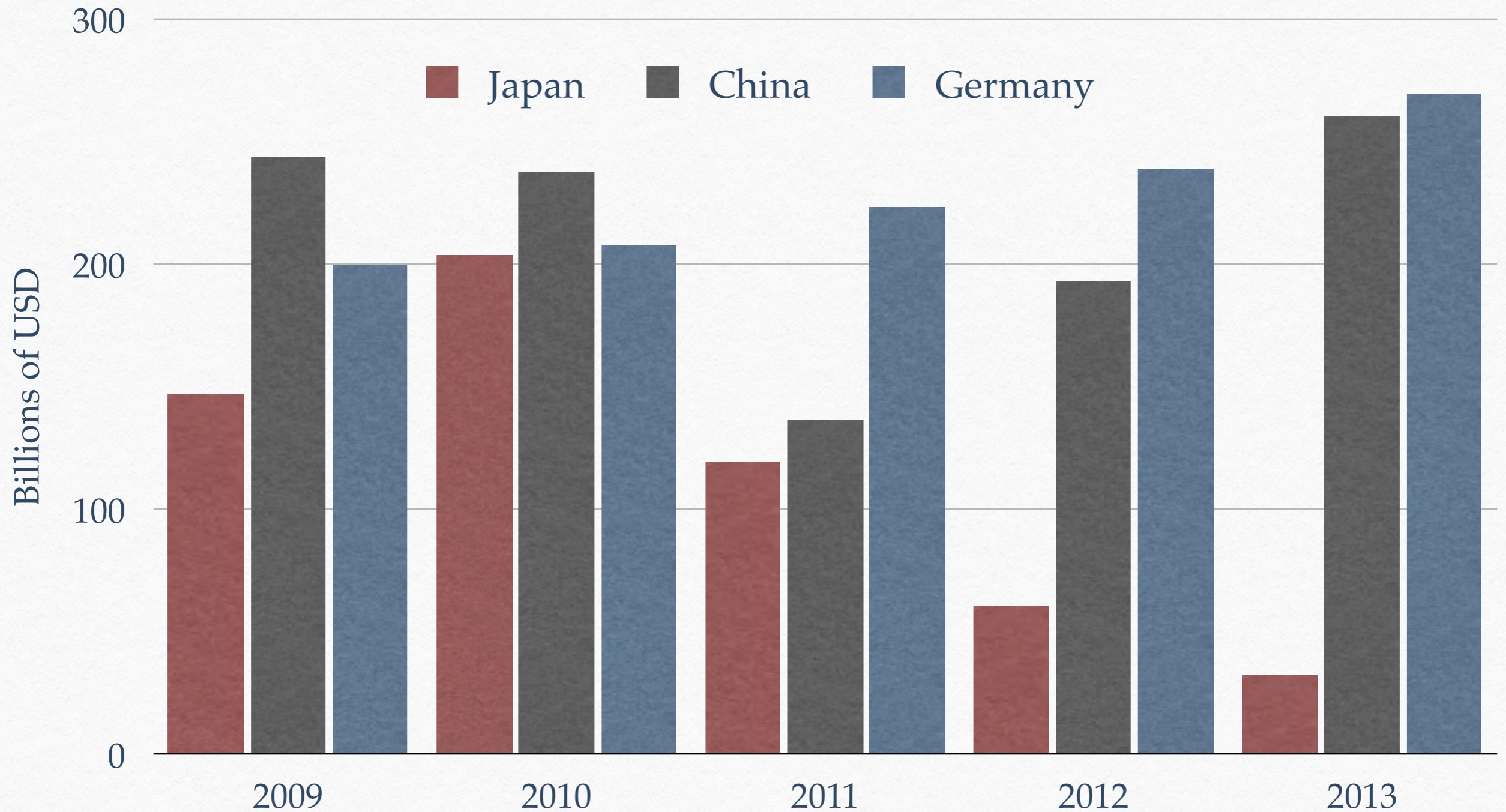
AMERICA



Germany's Growing Surplus

The largest in the world

Current Account Balance



Sources: World Bank, Associated Press, Reuters









Berlin, Germany

1204 km

Kiev, Ukraine

Odesa, Ukraine

1107 km

Athens, Greece

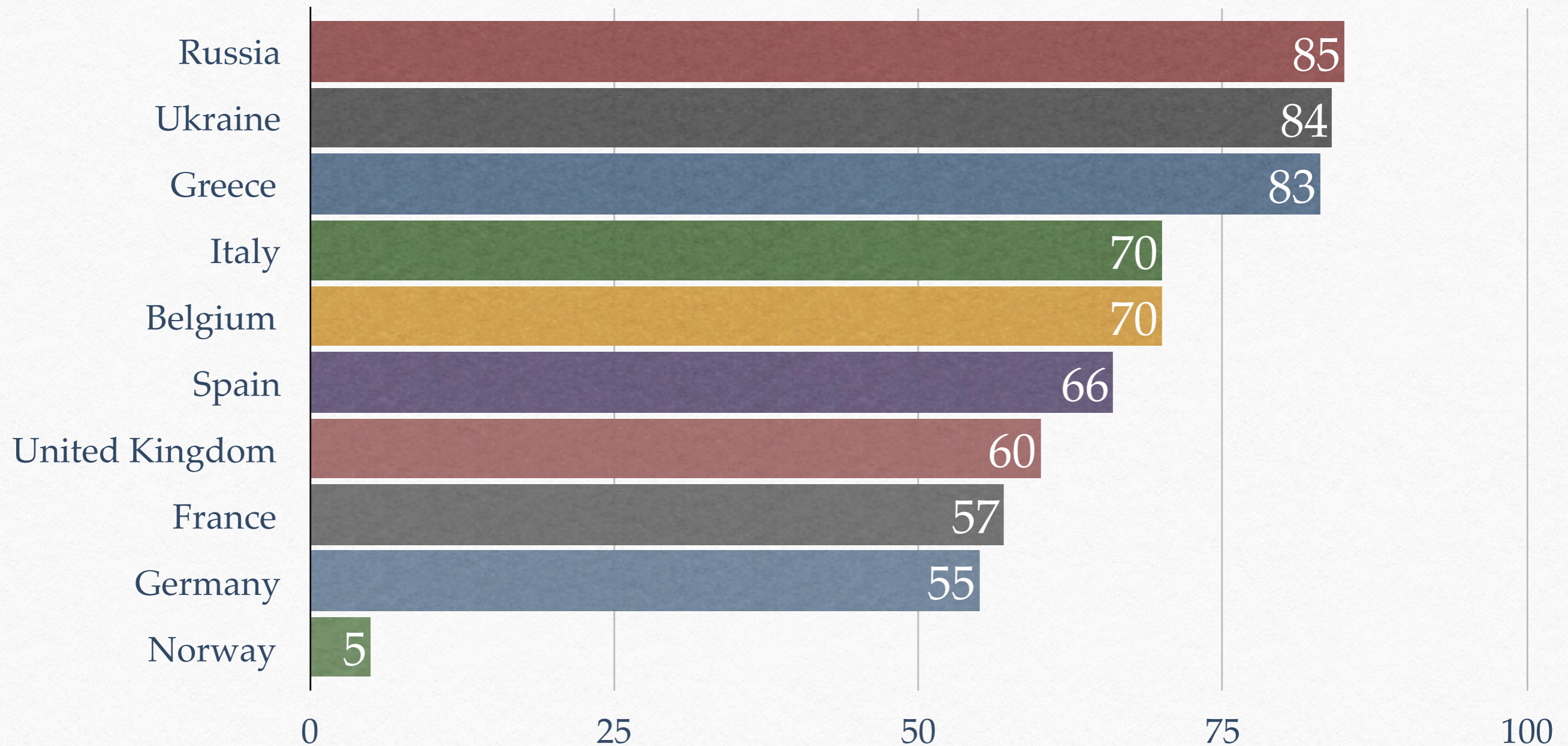
723 km

Benghazi, Libya

The European Family of Values

Strengthening democracy

To what extent is this country's government run by a few big entities acting in their own best interests?
(Percent of respondents answering 'large extent or entirely')

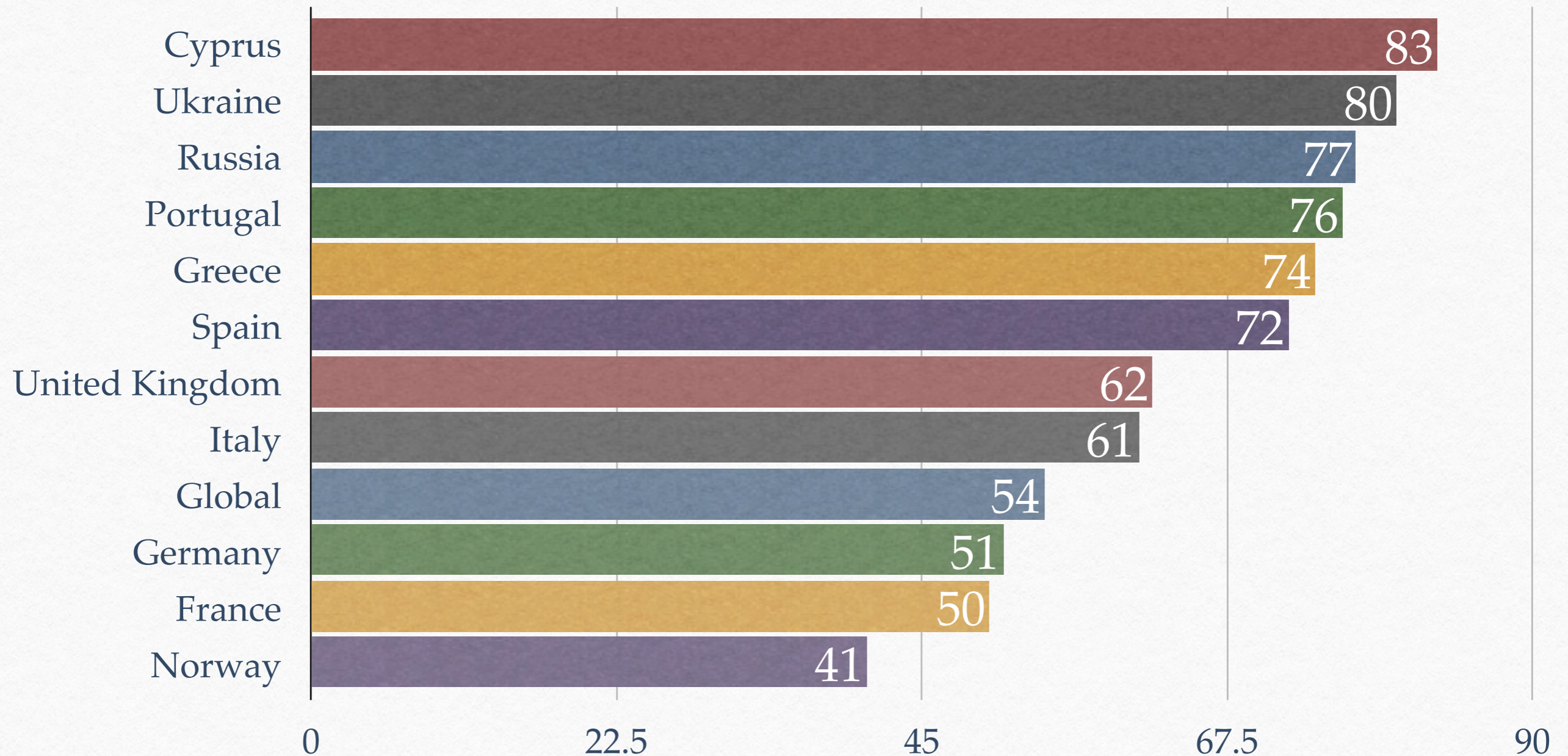


The European Family of Values

Promoting good governance

How effective do you think your government's actions are in the fight against corruption?

(Percent of respondents answering 'ineffective')

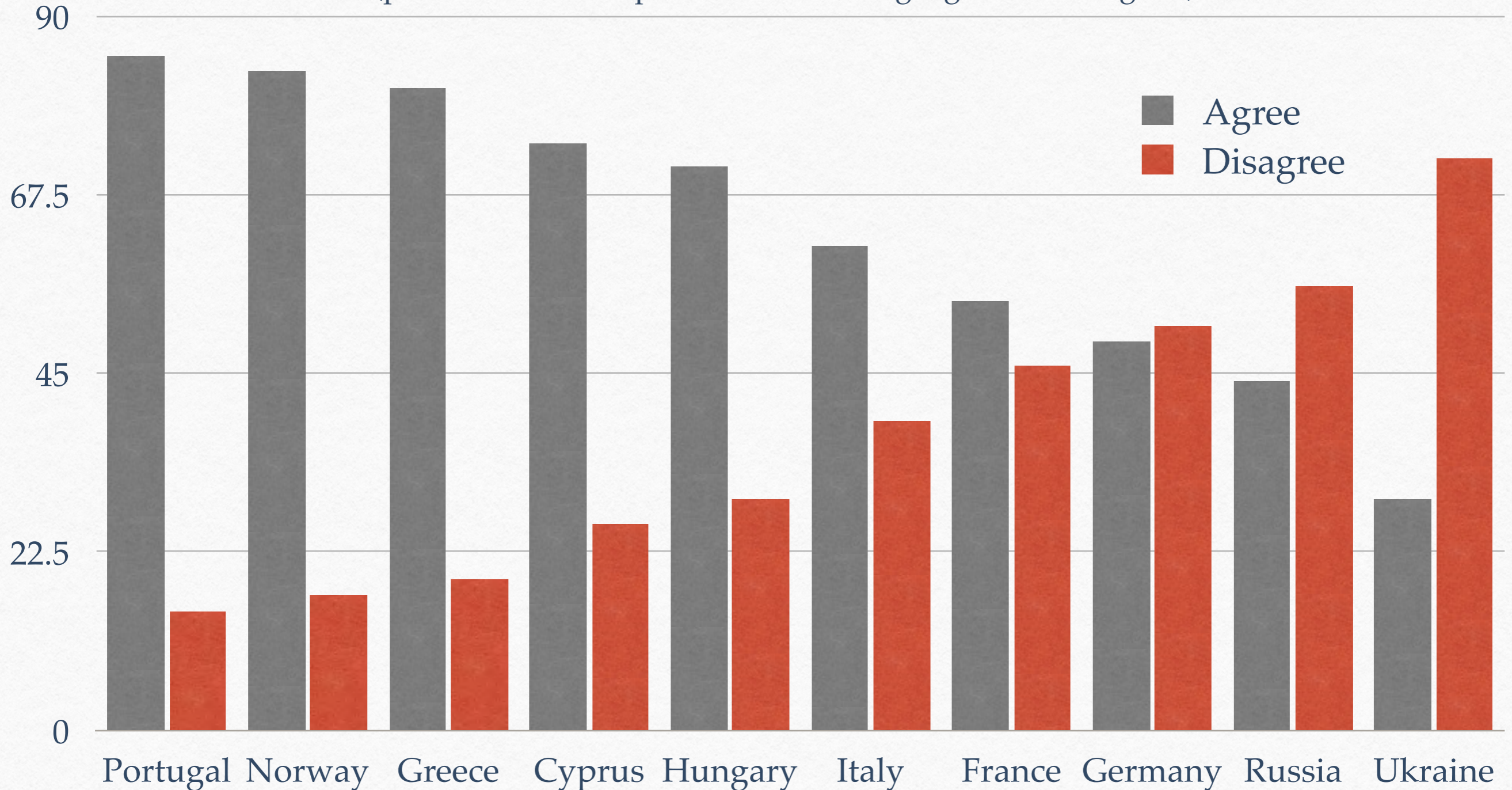


The European Family of Values

Empowering citizens

Can ordinary people make a difference in the fight against corruption?

(percent of total respondents answering 'agree' or 'disagree')



The Global Economy in 2050

2011			2050		
Rank	Country	GDP at PPP	Rank	Country	GDP at PPP
1	US	15,094	1	China	53,856
2	China	11,347	2	US	37,998
3	India	4,531	3	India	34,704
4	Japan	4,381	4	Brazil	8,825
5	Germany	3,221	5	Japan	8,065
6	Russia	3,031	6	Russia	8,013
7	Brazil	2,305	7	Mexico	7,409
8	France	2,303	8	Indonesia	6,346
9	UK	2,287	9	Germany	5,822
10	Italy	1,979	10	France	5,714

“We speak as German but also as EU citizens who are connected with other EU citizens in a community.”

–Glienicker Gruppe

