

Euro Area & Greece: Can we escape the crisis?



American College of Thessaloniki, 28/9/2011

Ομιλία στην παρουσίαση του συλλογικού τόμου

*«Η διεθνής κρίση, η κρίση στην ευρωζώνη
και το ελληνικό χρηματοπιστωτικό σύστημα»*

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Euro Area & Greece: Can we escape the crisis?

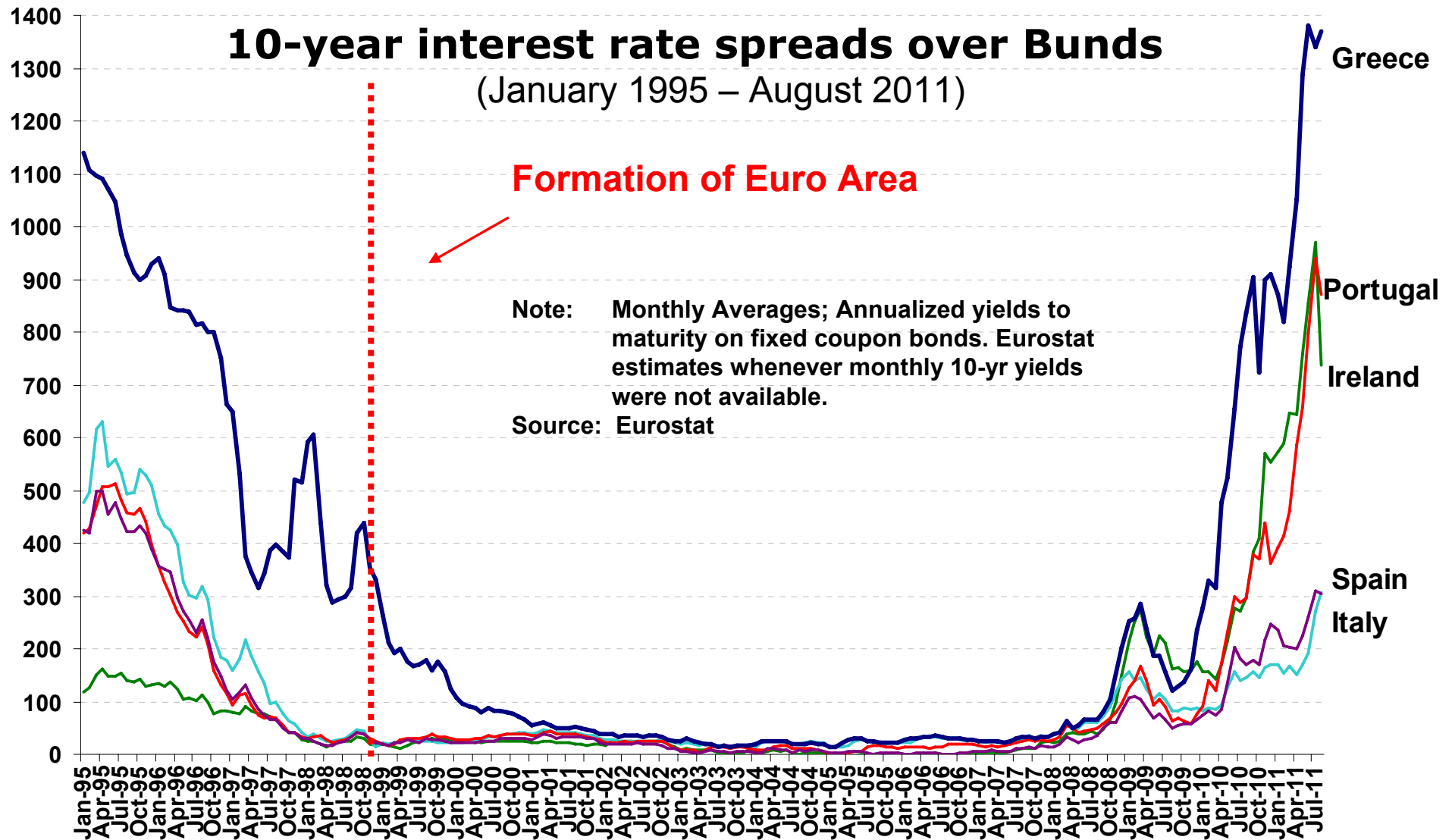
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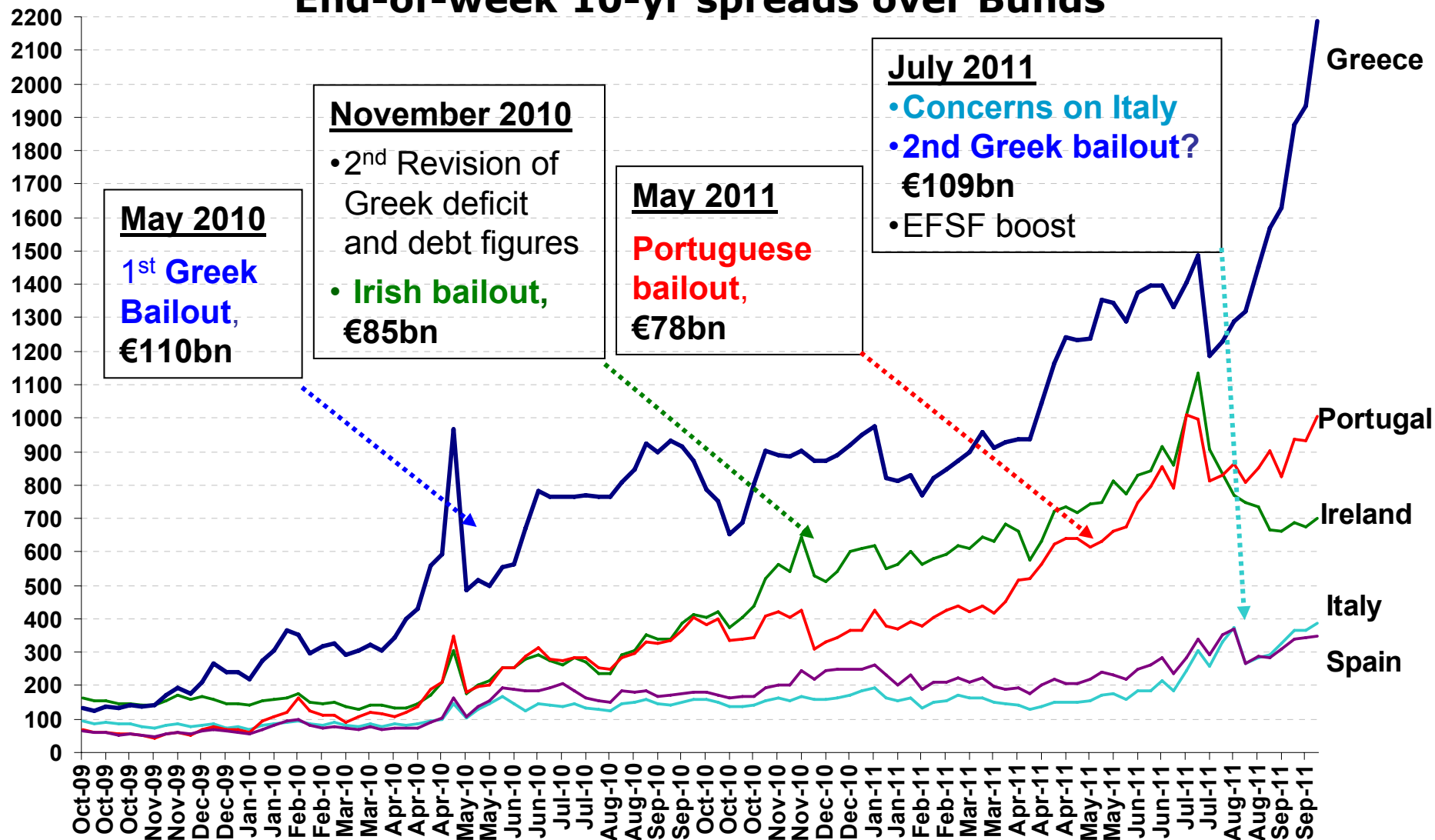
II. The HBA Collective Volume's contents

I.A Markets woke up from a decade of nirvana Sovereign risk is now the driver



I.A Two years of Greek & Euro Area crisis

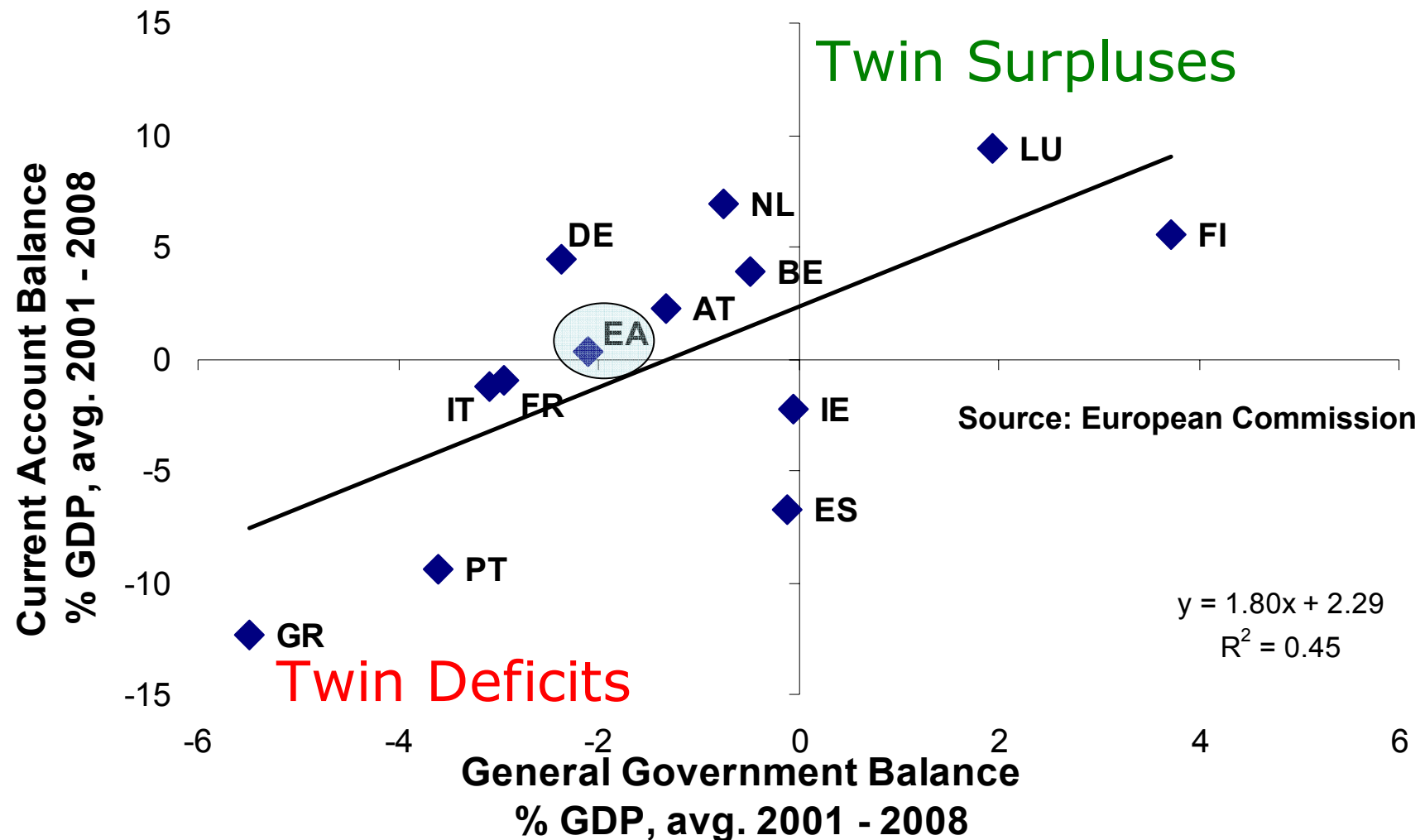
End-of-week 10-yr spreads over Bunds



Source: Bloomberg

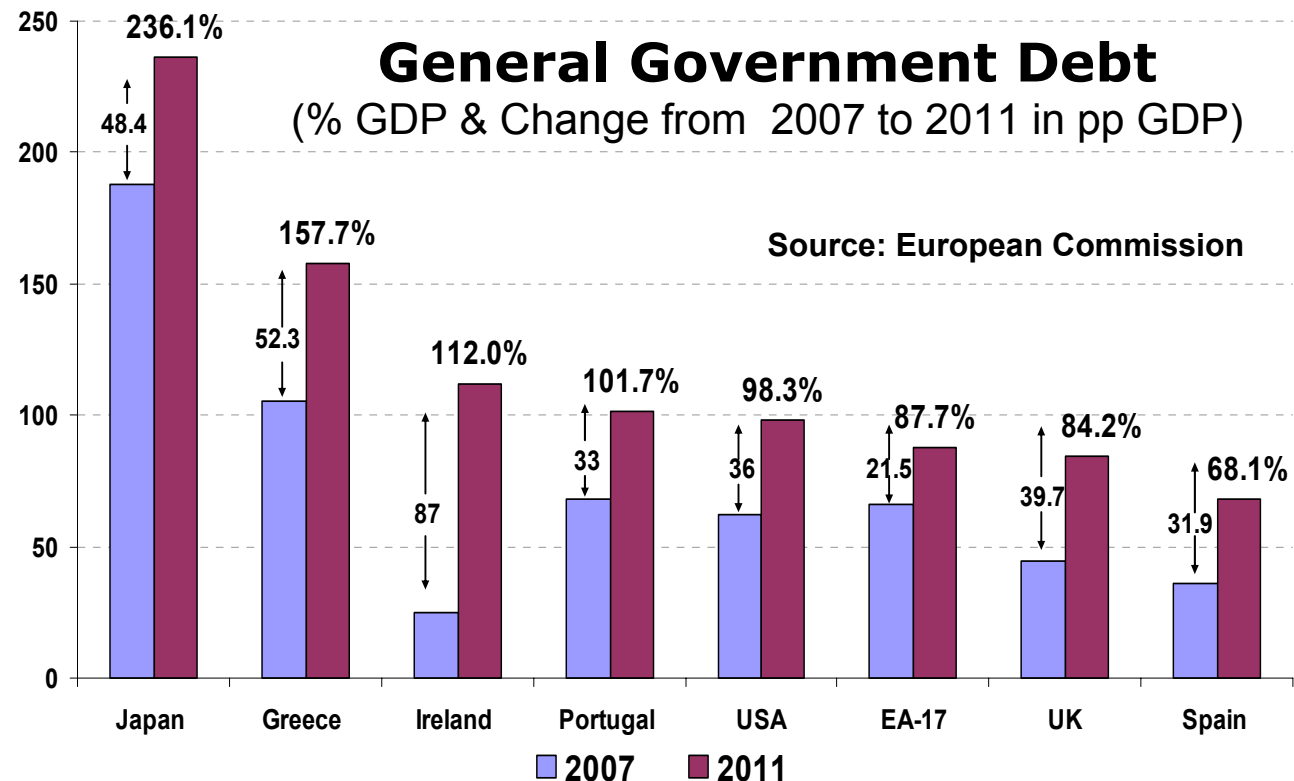
I.A External and internal (fiscal) imbalances following EMU formation

Period prior to Euro Area crisis



I.A Euro Area has low total gov. debt but divergent paths of national debts

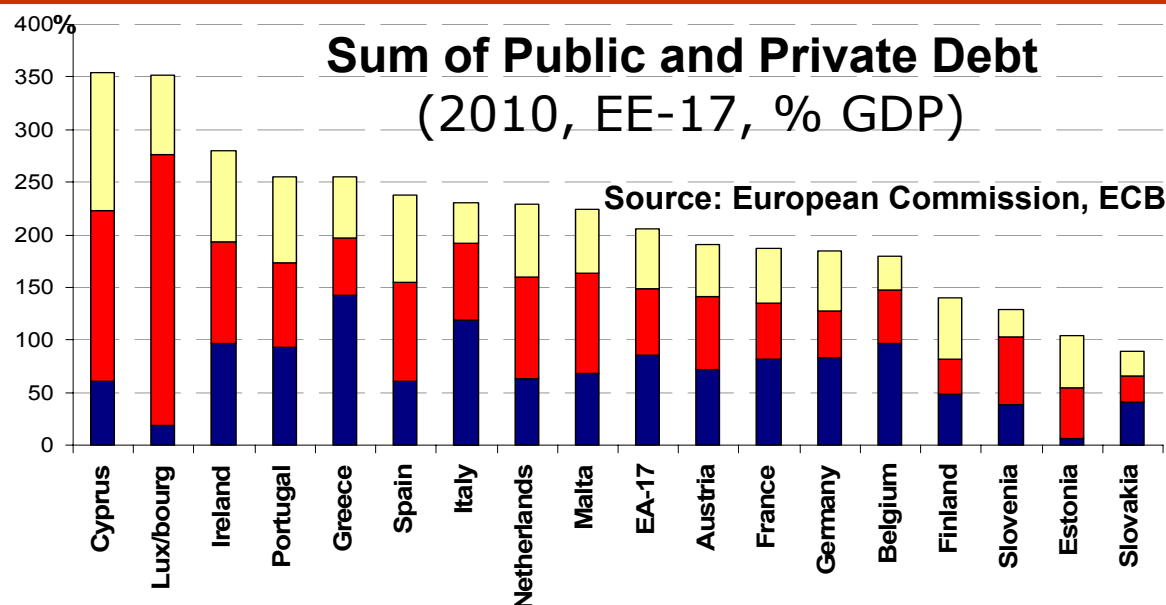
Gross Debt (% of GDP)		
Country	2010	2016
AT	72.2	72.9
BE	96.7	93.0
CY	60.8	68.8
EE	6.6	4.9
FI	48.4	52.3
FR	82.3	87.7
DE	84.0	75.0
GR	142.8	162.8
IE	94.9	114.3
IT	119.0	114.1
LU	18.4	30.7
MT	67.1	62.8
NL	63.7	64.4
PT	92.9	110.5
SK	41.8	45.4
SI	37.3	53.5
ES	60.1	77.4
JP	220.3	253.4
UK	75.5	80.4
USA	94.4	115.4



- ✓ Euro Area as a whole was affected less by the crisis than the US or the UK
- ✓ Crisis affected mostly Ireland and Greece
- ✓ Future rise in Debt/GDP larger than 10% GDP in **JP, IE, USA, PT, ES, SI**

I.A Leverage is not only public

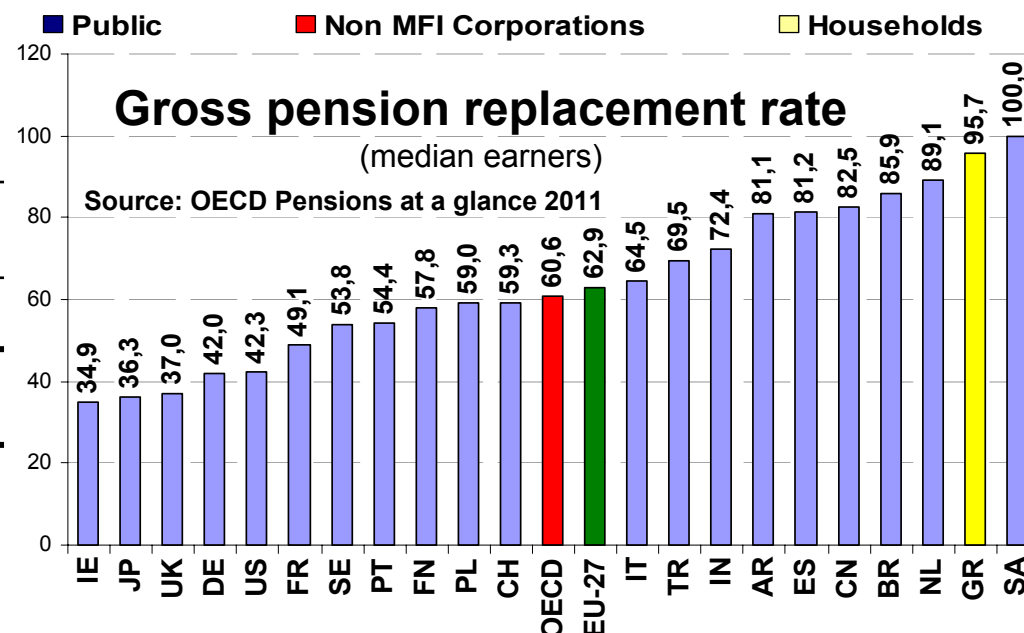
- ✓ In Greece Private Debt is low, below EA average, 11th largest
- ✓ Large hidden debt in pension obligations
- ✓ Currently, a vicious loop between level of interest rates and deficits



Old Regime	2010	2020	2035	2060
Pension Exp. (% GDP) GR	11.6	13.2	19.4	24.1
Dependency*	56	59	78	102
Pension Exp. (% GDP) EA	11.2	11.6	13.2	13.9

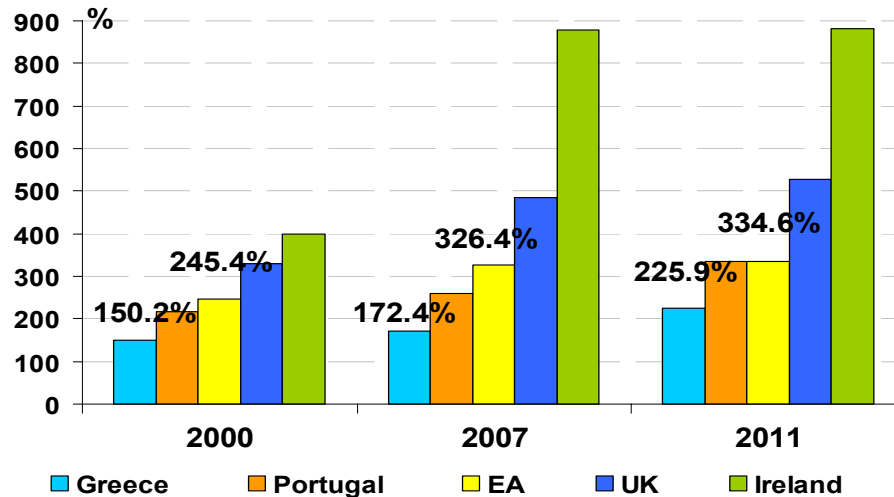
Source: European Commission 2009

* Ratio of pensioners to contributors



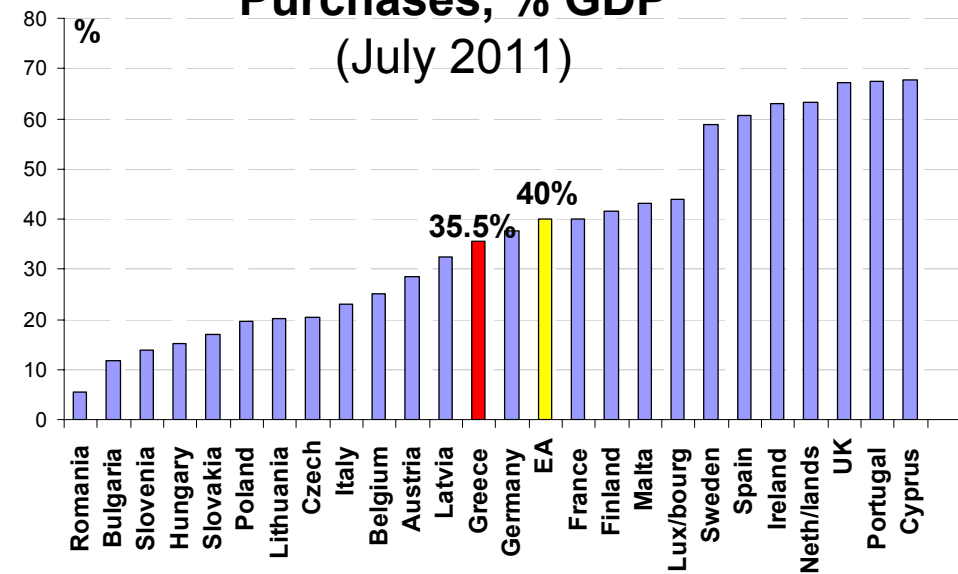
I.A The supply of credit: Over-aggressive financial sector?

Banking Sector Assets, % GDP
(Dec. 2000 – Dec. 2007 – Jun. 2011)



Source: European Commission, ECB

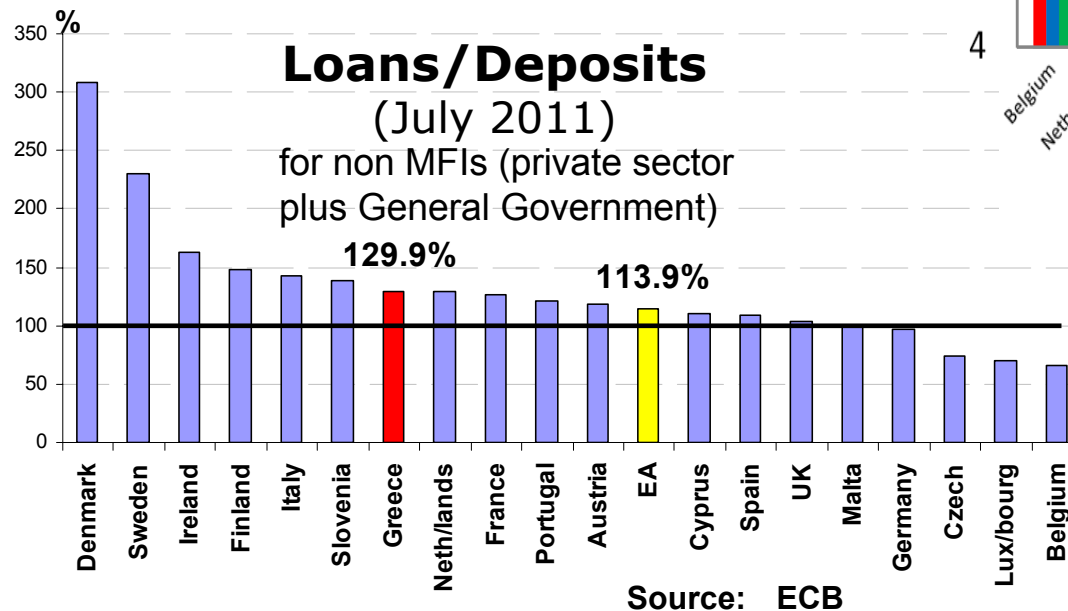
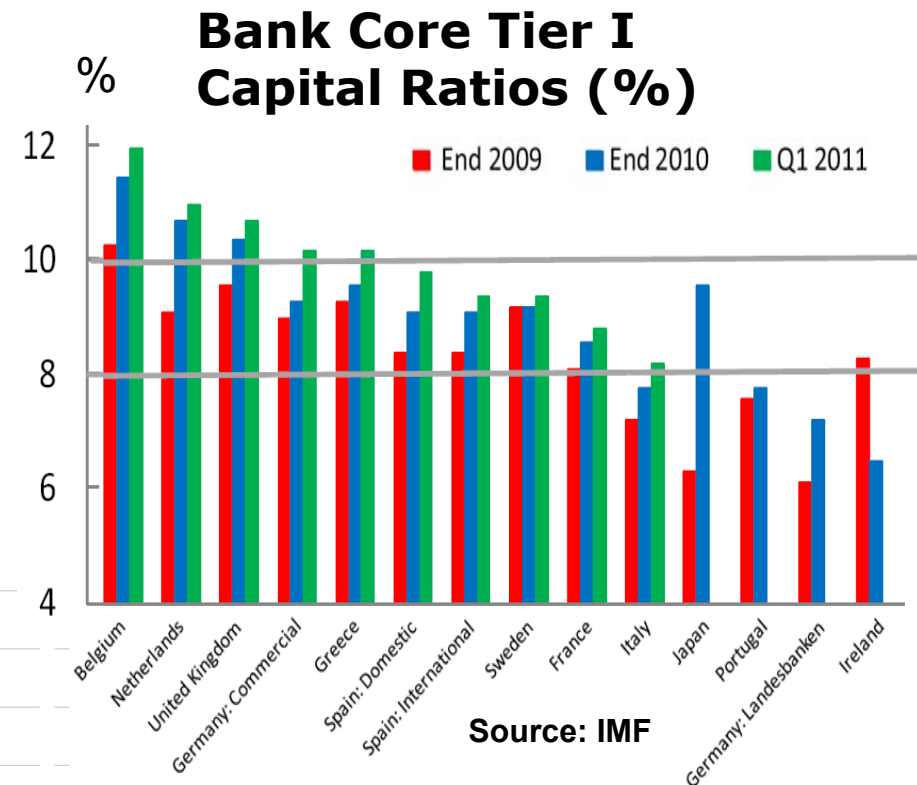
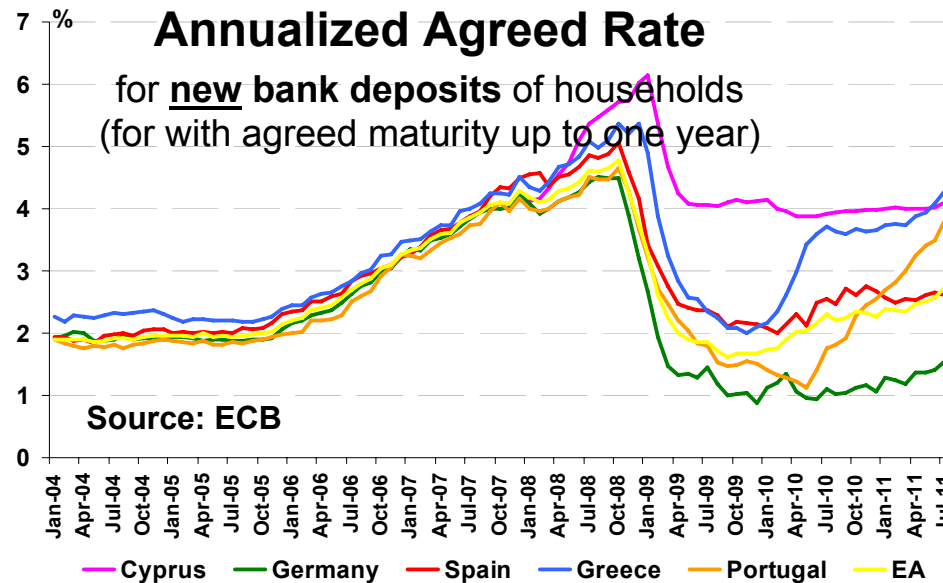
Lending for House Purchases, % GDP
(July 2011)



Source: ECB

- ✓ Greek banks **did not over- expand and did not hold toxic assets;** they were not affected by the international financial crisis
- ✓ June 2011 stress tests did not persuade the IMF or the market
- ✓ Sovereign risk and banking risk are almost indistinguishable today as banks hold large amounts of peripheral sovereign debt

I.A Bank funding pressures are going up again but capital ratios improve



I.A Different Euro Area countries confronted with different challenges

✓ IRELAND

- ↓ Housing market
- ↓ Banks → rise of public debt
- ↓ High private debt

✓ PORTUGAL

- ↓ Low competitiveness
- ↓ Large fiscal deficits, but not debt
- ↓ High private debt

✓ SPAIN

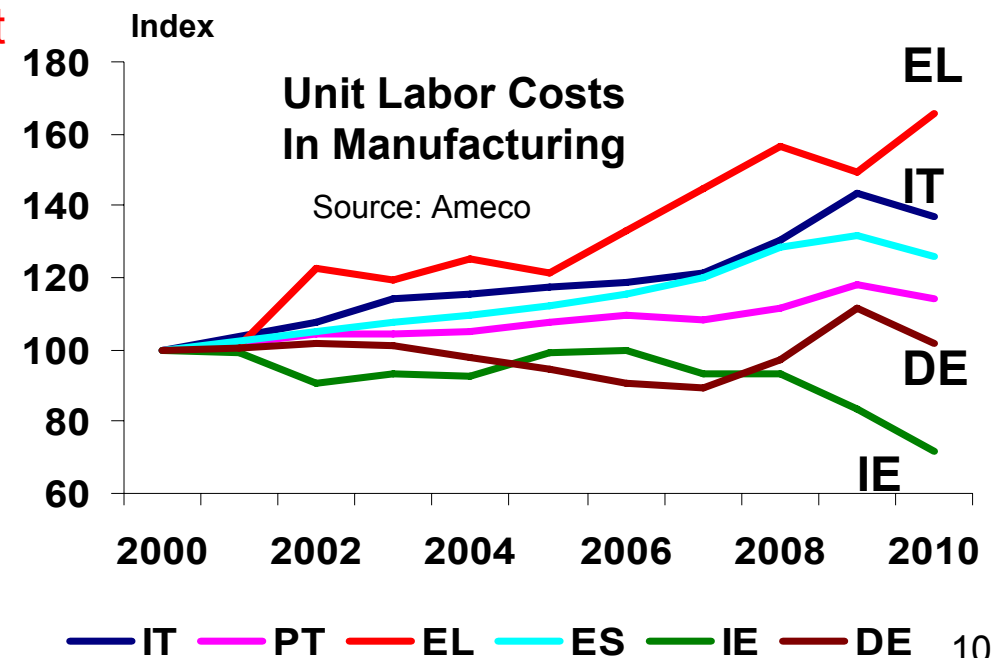
- ↓ Low competitiveness
- ↓ Housing market
- ↓ Small savings banks
- ↓ High private debt

GREECE

- ↓ Low competitiveness
- ↓ High fiscal deficits & debt

ITALY

- ↓ competitiveness
- ↓ High debt



I.B Why a crisis? Economic theory of Optimum Currency Areas was ignored

Politicians advanced the hypothesis that convergence to an **Optimum Currency Area** will naturally take place once EMU is formed in an environment of open borders and free competition. Openness & free competition were legislated prior to the formation of EMU:

- ✓ **Liberalized labor, capital and product markets among participating countries**
- ✓ **Internal market rules that ensure a level-playing field.**

However, the remaining structure of the real economies was left intact. But for OCA to occur, member countries either have to share similar structures or be flexible enough to absorb shocks quickly and share a common central authority that would redistribute the effects of shocks

- ☒ A fiscal transfer mechanism was never installed as it required deeper political integration
- ☒ Further uniformity in economic structures was avoided due to domestic political resistance in various countries. The Maastricht Treaty did mention the significance of economic variables like the balance of payments, unit labor costs, etc.
 - No mechanism was created to control systematic imbalances between Member States
 - No importance was given to **a)** the uniformity of pension systems, **b)** the competitiveness of labor markets, and **c)** the uniformity of tax rates
- ☒ The Lisbon Agenda aiming to improve competitiveness addressed EU member states, not EMU states. It was also based on the method of “*open coordination*,” which posed no constraints on Member States

I.B EMU formation led to additional imperfections

- ❖ The **Stability and Growth Pact (SGP)** and the **independence** of the **Eurosystem** were considered the **main pillars for the Euro Area stability**
 - ✓ Independence of Eurosystem worked, although threatened today
 - ✓ SGP did not work
 - ◆ System of embedded penalties for excessive deficits was relaxed after Germany and France faced the first difficulties
 - ◆ EUROSTAT auditing of fiscal data proved far from perfect (Greek statistical data constitute a typical example).
 - ✓ “No Bailout Clause” was presumed to exist but ceased ex-post, after the crisis hit
- ❖ The very existence of the Euro Area resulted in **absence of market discipline**, which allowed **low interest rates** and resulted in the explosion of private and public debt
 - ✓ As money was cheap, banks became over-extended and vulnerable
 - ✓ Real estate bubbles were formed
 - ✓ Public Deficits in certain countries went over the 3% GDP limit
 - ✓ Nominal wages proved sticky and did not allow proper adjustment to external asymmetric shocks
 - ✓ Structural reforms were abandoned, a competitive Euro Area North and an uncompetitive Euro Area South emerged

I.C Is there a solution? Europeans in disarray are fixing an architecture with a 15 year lag

- ✓ Euro Area countries understand EMU dissolution is not an option: Implies huge costs in financing, in trade, in politics and the average European living standards
- ✓ The crisis revealed two needs, not necessarily complementary:
 - ❖ Need for actions to contain the crisis
 - ❖ Need for a better long-run framework, which would ensure long-term stability of the euro
- ✓ Euro Area has chosen to focus on redesigning its framework and ignored the need to contain the crisis, which has slowly grown larger and larger. In fact, the new design, which comes ex-post with a 15-year lag, tends to inhibit actions that can counter the crisis but add to moral hazard
- ✓ The Euro Area is working on three fronts:
 - ❖ Harmonization of Fiscal policies - **Van Rompuy proposals**, final report will be presented on October 2011 EU Council
 - ❖ Harmonization of Competitiveness policies - “**Euro Plus Pact**”
 - ❖ Financial stability – Better regulation & supervision of Financial Institutions plus the European **Stability Mechanism**: No-bailout clause gone, funds boosted, ability to intervene in primary & secondary market

I.C Yet crisis abatement requires a more drastic response: Some fresh ideas

On the ECB role

- ❖ To keep independence, ECB should transfer its SMP to the EFSF (Micossi 2011c)
- ❖ ECB should have ability to **guarantee** the debt of all Euro Area countries (Wyplosz 2011)
- ❖ ECB should act as **lender of last resort** not only for banks but also for governments (De Grauwe 2011b)
- ❖ ECB should keep the SMP operations until EFSF can do it properly. EFSF under its current governance structure, is ill-suited for crisis management (De la Dehesa 2011)

On the EFSF (ESM) Role

- ❖ EFSF should be transformed into a fiscal transfer mechanism (Tabellini 2011)
- ❖ Transformation of the EFSF from an SPV with capital guarantees to a bank or an SPV with permanent capital. It would then borrow from the market and/or the ECB (Gross & Mayer 2011).

Immediate Problems of current structure

- ✓ The governance structure of the EFSF needs reform since it is too slow (e.g. recent German Constitutional Law decision) for crisis management. (De Grauwe 2011b)
- ✓ Limited lending ability of the EFSF under its current status
- ✓ Member states' EFSF capital guarantees are a potential source of contagion (Münchau 2011)

I.C Yet crisis abatement requires a more drastic response: Some fresh ideas

E-bonds

- ❖ Jointly issued E-bonds will substitute national sovereign debts. Rating close to the rating of the best-rated national bonds.
- ❖ E-bonds issuance from the EFSF under strict conditionality (Suarez 2011).
- ❖ E-bonds up to 60% of GDP of each member state (blue & red bond distinction, Weizsacker-Delpa 2010)
- ❖ E-bonds issuance by the EIB (for large investment projects) as a growth mechanism

Problems

- ✓ Cost of funding for the best-rated Euro Area members will increase under an E-bond scheme (Ifo 2011)
- ✓ E-bond scheme is a source of moral hazard for the profligate member states (Manasse 2010b)
- ✓ Common rules for fiscal policy decisions, fiscal auditing, etc., are prerequisites for the introduction of E-bonds (Gross, 2011)

European Safe Bonds: (Brunnermeier, Garicano, Nierwerburgh, Pagano, Reis, Santo, Vayanos)

- ❖ Create a European risk-free asset to improve the efficiency of global portfolio allocation
- ❖ This can be done by Securitised bonds issued in at least two credit risk tranches
- ❖ Those bonds are collateralized by existing government bonds from every EZ country with fixed weights

I.C Is there a recipe for euro survival?

- ❖ European response thus far was piecemeal and relied on austerity and (perhaps) pretence (Economist (Sept 17- 23)). A more **holistic approach** is apparently required
- ❖ The visit of US secretary Timothy Geithner at the September 2011 ECOFIN Council was intended to push Europeans for a drastic solution beyond the narrow local country interests; serves to indicate the EZ crisis has become global
- ❖ Increasingly, the *Economist* view is promoted among policy circles:

A recipe for euro survival:

- 1) Separate insolvent from illiquid countries; Restructure the debt of insolvent and provide unlimited backing to illiquid ones; There is urgent need to create a firewall around solvent governments.
 - ✓ Recent German and Greek discussion of a large haircut pinpoints the issue, but represents a major loss to Greek pension funds and banks
- 2) Shore up the capital base of European banks to be able to withstand country defaults
 - ✓ IMF's discussion on the need to recapitalize European banks pinpoints the issue
- 3) Switch to an agenda of growth from the current obsession with fiscal discipline
 - ✓ Possible need to follow the US example of handling the crisis; Meets strong German opposition as it increases moral hazard; Greece has no discretionary power
- 4) Redesign the long-term EZ framework in a way that does not allow crises, implying change of treaties
 - ✓ The design effort on the new Euro Area architecture is along those lines

I.D Greek economy faces major challenges

Economic Outlook

Expectations worsened

- A **GDP growth** expected at -5.5% in 2011, -2.5% in 2012
- **Inflation** expected at 2.9% in 2011, 1.5% in 2012
- **Budget deficit** expected at -8.0% of GDP in 2011, -7.0% in 2012
- **Public debt**, at 142.8% of GDP at the end of 2010, is expected to reach 165.6% at the end of 2011, 189.2% at the end of 2012 and 162.9 at the end of 2013 according with IMF's World Economic Outlook database (September 2011).

Key Themes

- After five months (May-Sept 2010) of aggressive reforms, momentum was lost, and a piecemeal approach to implementation proved ineffective
- Troika insists on structural measures to reduce the deficit as MTFS implementation and privatizations stall
- Crisis spreads to Italy
- Recent discussion about a large sovereign bond haircut raises uncertainty and brings the PSI initiative on its head

Bank Watch

Private banks respond to the challenge

- Deposit withdrawals pose risk to banks, but a major component is driven by the recession
- Continued support from the ECB required
- Capital ratios boosted in last 2 years by ~200 b.p.
- Private credit expansion -2.6% yoy in June 2011 (BoG data). Continuation of such a pattern will contribute to a deeper recession
- Bank M&As have begun with FDI to flow in

Risks

- MTFS targets more difficult as new tightening measures may create a large recession in 2012, destabilizing the IMF/EU/ECB Programme
- Political risk remains high
- Risks of social upheaval high
- Recession deepening increases banks' ECB-dependence and risks of deposit withdrawals
- Approval of July 21st decisions by 17 parliaments questionable and, coupled with new discussions of a larger haircut, increase uncertainty
- Contagion risks have increased

I.D Economic Outlook: EU/IMF/ECB July 2011 baseline scenario

	2009	2010	2011	2012	2013	2014	2015	2020
GDP Growth (%)	-2.0	-4.5	-3.9	0.6	2.1	2.3	2.7	3.0
GDP deflator (%)	1.3	2.3	1.7	0.7	1.0	1.0	0.9	1.8
Nominal GDP (€ bn)	234	230	225	228	235	243	252	313
Current Account (% GDP)	-11.0	-10.4	-8.2	-7.1	-6.3	-6.0	-5.2	----
Interest Rate (%)	4.7	4.2	4.6	4.9	5.0	5.5	5.9	6.7
Bund Rate (bps)	----	225	275	350	350	350	350	350
Spread over Bund (bps)	----	1175	1175	1000	800	675	600	250
Interest Expense (€ bn)	12.3	12.6	15.2	18.2	19.7	22.0	23.1	26.8
Interest Expense (% GDP)	5.3	5.5	6.7	8.0	8.4	9.1	9.2	8.6
Primary Expenditure (% GDP)	47.6	44.0	41.7	40.8	38.3	35.6	33.9	32.1
General Gov Revenues (% GDP)	37.3	39.0	40.9	42.2	41.9	42.0	41.6	38.5
Primary Balance (% GDP)	-10.3	-5.0	-0.8	1.4	3.6	6.4	7.7	6.4
General Gov Deficit (% GDP)	-15.5	-10.4	-7.6	-6.5	-4.8	-2.6	-1.5	-2.2
General Gov Deficit (€ bn)	-36.4	-23.9	-17.0	-14.8	-11.2	-6.5	-3.7	-6.8
General Gov Debt (% GDP)	127	143	166	172	170	160	146	130
General Gov Debt (€ bn)	299	329	373	392	399	388	368	407

I.D Greek Economic Outlook: Main characteristics of the EU/IMF/ECB program

Long-term outlook

- ✓ **Greek economy: Conservative future expansion**
 - ❖ Real GDP growth around **3%** from 2015 on, below the 1996-2008 average.
 - ❖ Inflation subdued, never above ECB target of 2%: It is necessary to break up oligopolistic market structures
 - ❖ Current Account Balance of -5.2% GDP in 2015 (still no external equilibrium with Incomes deficit rising)
- ✓ **Huge downsizing of the public sector:**
 - ❖ Primary Expenditure from 47.6% of GDP in 2009 to 32.1% in 2020, meaning a huge reduction in the relevant size of the public sector.
- ✓ **A negative snowball effect on Debt/GDP:**
 - ❖ Prior to PSI, nominal interest rate at 4.6% - 6.9%, which is higher than the nominal growth rate (-2.2% – 4.8%): Big primary surpluses needed in order to obtain fiscal sustainability.
- ✓ **The public debt burden eases gradually as a % of GDP from 2013 onwards**
 - ❖ Public debt at **130%** of GDP in 2020.

I.D Greek overview: How can long-term growth come back?

Elements of a strategy:

- ❖ Avoid “muddle-through economics” as they can lead to a slow death trap
- ❖ Follow the MoU at a faster rate than required
- ❖ Contain possible social upheaval through transparency of actions
- ❖ Be more aggressive with special interest groups that extract economic rents, reduce bureaucratic cost to business, open-up markets and closed professions, emphasize education and R&D
- ❖ Begin privatizations soon, as they may reverse the investor climate plus may bring FDI. Privatizations should not be viewed as cash machines
- ❖ Improve absorption of Cohesion Funds, PPPs, stabilize business sentiment, fight corruption, stabilize tax regime, simplify legislation
- ❖ Follow an export-led paradigm of growth (to replace the failed consumption-led one) based on price- and quality-competitiveness, support a switch from non-tradeables to tradeables sectors
- ❖ Free-up resources from the public sector by shrinking the general public sector

I. How can Europe & Greece exit from the crisis?

- A. History of the crisis
- B. Euro Area's missing foundations
- C. Proposed solutions to the Euro Area crisis
- D. Can Greece turn the crisis into an opportunity?

II. The HBA Collective Volume's contents

II. Why does one have to read the HBA volume?

Because in its 34 articles the reader gets a bird's eye view on the major issues of the international, Euro Area and Greek crises

Volume (in Greek):

"The international crisis, the Euro Area crisis and the Greek financial system"

«Η διεθνής κρίση, η κρίση στην ευρωζώνη και το ελληνικό χρηματοπιστωτικό σύστημα»

II.A Financial sector and economic growth

Section A discusses the relation between the financial and real sectors of an economy:

1. Χρηματοπιστωτικό σύστημα και οικονομική δραστηριότητα

Δημήτριος Μόσχος, Καθηγητής του Πανεπιστημίου Αθηνών και
Οικονομικός Σύμβουλος της Εμπορικής Τράπεζας

Γεώργιος Χορταρέας, Αναπληρωτής Καθηγητής του Πανεπιστημίου
Αθηνών

2. Χρηματοπιστωτική σταθερότητα, επενδύσεις & ανάπτυξη

Δημήτρης Τσομώκος, Καθηγητής του Πανεπιστημίου της Οξφόρδης
Δημήτρης Βολιώτης, Λέκτορας του Πανεπιστημίου Πειραιώς

II.B Six lessons from the international financial crisis

Section **B** concentrates on issues that arose from the international crisis

1. **Εταιρική διακυβέρνηση πριν και μετά την κρίση**
Νικόλαος Τραυλός, Καθηγητής και Πρύτανης του ALBA
2. **Διεθνής κρίση και λογιστικά πρότυπα: Επέτειναν τα λογιστικά πρότυπα το μέγεθος της κρίσης; Πόσο η κρίση επηρεάζει τα μελλοντικά πρότυπα;**
Ανθιμος Θωμόπουλος, Αναπλ. Διευθύνων Σύμβουλος ΕΤΕ
3. **Διαχείριση Κινδύνων. Διδάγματα από την κρίση και προοπτικές**
Μιχαήλ Χαραλαμπίδη, πρώην Επικεφαλής Διαχ. Κινδύνων Ομίλου Τρ. Πειραιώς
4. **Ο ρόλος των προθεσμιακών συμβολαίων ανταλλαγής πιστωτικού κινδύνου στην κρίση του 2008 στις ΗΠΑ και την ελληνική δημοσιονομική κρίση του 2010**
Δρ. Θεόδωρος Σταματίου, οικονομολόγος Eurobank EFG Research
5. **Οι απόψεις των οίκων αξιολόγησης και οι αγορές**
Κατερίνα Πανοπούλου, Επίκουρη Καθηγήτρια Πανεπιστημίου Πειραιώς
Δρ. Χρήστος Τσούμας
6. **Οι καινοτομίες στη νομισματική πολιτική στην ευρωζώνη από το 2007 έως σήμερα**
Παναγιώτης Αλεξάκης, Καθηγητής του Πανεπιστημίου Αθηνών

II.C Greek banks before and after the crisis

Section C concentrates on the characteristics of the Greek banking system with an emphasis on its lack of liquidity.

1. ***Τραπεζική – τάσεις (πριν) και προοπτικές (μετά την κρίση)***
Άγγελος Α. Αντζουλάτος, Καθηγητής Πανεπιστημίου Πειραιώς
2. ***Συγκέντρωση και ανταγωνιστικότητα στον τραπεζικό τομέα***
Εμμανουήλ Τσιριτάκης, Αν Καθηγητής Πανεπιστημίου Πειραιώς
Ηλίας Τσιριγωτάκης, Οικονομικός Αναλυτής ΕΤΕ
3. ***Χρηματοδότηση των ελληνικών τραπεζών στη διάρκεια της κρίσης***
Γιώργος Μιχαλόπουλος, Διευθ. Χρημ. Σχεδ. & Διαχειρίσεως Alpha Bank
4. ***Τιτλοποιήσεις και καλυμμένες ομολογίες ως εργαλεία ρευστότητας***
Νίκος Ζαγορήσιος, Διευθ. Capital Management & Εποπτείας Alpha Bank
Ιωάννης Ασημέλης, Προϊστάμενος της ίδιας διεύθυνσης

II.D The Greek & Euro Area crisis – Macro issues

Section D discusses the topics of debt, the political economy of the crisis, the problems of the pension system, the needs of labor reforms and the unfolding game between the periphery and the center of the Monetary Union

1. **Η δυναμική του χρέους στις χώρες της ΟΝΕ και οι αντιδράσεις των χρηματοπιστωτικών αγορών**
Νάνσυ Θεοφυλάκου, Προϊσταμένη Τμ., Διεύθ. Μακρ.Ανάλυσης, Υπ. Οικονομικών
Γιάννης Στουρνάρας, Καθ.Πανεπιστημίου Αθηνών και Γενικός Διευθυντής του IOBE
2. **Συστημική κρίση και διαμάχες στην ευρωζώνη**
Αρχοντής Πάνσιος, Καθηγητής στο Αμερικανικό Κολλέγιο Θεσσαλονίκης (ACT)
Καλλίνικος Νικολακόπουλος, οικονομολόγος
3. **Το ελληνικό κράτος στο αναμορφωτήριο: για παρακώλυση του ανταγωνισμού και της οικονομικής ανάπτυξης, αλλά και για ...τάσεις αυτοκαταστροφής**
Μιχάλης Μασουράκης, Ανώτερος Διευθυντής Οικονομικών Μελετών Alpha Bank
4. **Πολιτική οικονομία εν μέσω κρίσης**
Χριστόδουλος Στεφανάδης, Αναπληρωτής Καθηγητής Πανεπιστημίου Πειραιώς
5. **Μεταρρύθμιση της κοινωνικής ασφάλισης και της αγοράς εργασίας και μακροχρόνιες δημοσιονομικές προοπτικές**
Δημήτρης Μαρούλης, Διευθυντής της Δ. Οικονομικής Αναλύσεως Alpha Bank

II.E Competitiveness

Section E discusses the topic of competitiveness from a micro and macro perspective:

1. ***Ανταγωνισμός και ρύθμιση στις αγορές προϊόντων υπό το πρίσμα της κρίσης στην ελληνική οικονομία***
Νίκος Βέττας, Καθηγητής στο Οικονομικό Πανεπιστήμιο Αθηνών
2. ***Η απώλεια ανταγωνιστικότητας της ελληνικής οικονομίας μετά την είσοδο της χώρας στην ΟΝΕ***
Δημήτριος Μαλλιάρopoulos, Καθηγητής Πανεπιστημίου Πειραιώς
3. ***Η εξωτερική ανισορροπία της Ελληνικής Οικονομίας: Αίτια, χαρακτηριστικά και σενάρια προσαρμογής***
Δρ. Αναστάσιος Αναστασάτος, οικονομολόγος Eurobank EFG Research
4. ***Οι ελληνικές επιχειρήσεις μετά την κρίση: Προοπτικές και στρατηγικές για διεθνή ανταγωνιστικότητα***
Σπύρος Λιούκας, Καθηγητής Οικονομικού Πανεπιστημίου Αθηνών
5. ***Αγορά εργασίας και επιχειρήσεις: κρίση και διαρθρωτικές μεταρρυθμίσεις***
Έλενα Σιμιντζή, υποψήφια Διδάκτωρ του London Business School

II.F Market reactions during the crisis

Section F explores issues of market pricing during the crisis:

1. **Συστηματικά σφάλματα στις προβλέψεις των αναλυτών και τακτική κατανομή επενδύσεων**
Νικόλαος Κουρογένης, Επίκουρος Καθηγητής Πανεπιστημίου Πειραιώς
Νικήτας Πιττής, Καθηγητής Πανεπιστημίου Πειραιώς
2. **Η διεθνής χρηματοπιστωτική κρίση και η αγορά κατοικίας. Επιπτώσεις στις ελληνικές μετοχές των Ανώνυμων Εταιρειών Επενδύσεων σε Ακίνητη Περιουσία**
Νικόλαος Απέργης, Καθηγητής Πανεπιστημίου Πειραιώς
3. **Μεταβλητότητα στο ελληνικό και στα διεθνή χρηματιστήρια κατά την περίοδο 2006-2008**
Γεώργιος Σκιαδόπουλος, Αναπληρωτής Καθηγητής Πανεπιστημίου Πειραιώς
4. **Ερμηνεύοντας τα περιθώρια απόδοσης των κυβερνητικών ομολόγων της ευρωζώνης την περίοδο που ακολούθησε το ξέσπασμα της παγκόσμιας χρηματοπιστωτικής κρίσης**
Δρ. Πλάτων Μονοκρούσος, Επικεφαλής Διεύθ. Τρέχ.Οικ.Ανάλυσης Eurobank EFG
5. **Προσδιοριστικοί παράγοντες και κυκλικές αλλαγές του σπρεντ μεταξύ των ελληνικών και γερμανικών επιτοκίων**
Ηλίας Τζαβαλής, Καθηγητής Οικονομικού Πανεπιστημίου Αθηνών
6. **Περιγραφική απεικόνιση μη-στάσιμων χρηματοοικονομικών χρονοσειρών: Χωρικές κατανομές και χρόνος παραμονής**
Δημήτριος Θωμάκος, Καθηγητής Πανεπιστημίου Πελοποννήσου

II.G Financial regulation

Section G discusses new issues of financial regulation, which the crisis revealed:

1. **«Βασιλεία III»: η αναθεώρηση του ισχύοντος κανονιστικού πλαισίου της Επιτροπής της Βασιλείας για την Τραπεζική Εποπτεία με στόχο την ενδυνάμωση της σταθερότητας του διεθνούς τραπεζικού συστήματος**
Χρήστος Γκόρτσος, Αν. Καθ. Παντείου Πανεπιστημίου & Γεν. Γραμματέας ΕΕΤ
2. **Η χρηματοοικονομική ρύθμιση και το κόστος κεφαλαίου των πιστωτικών ιδρυμάτων**
Σταύρος Θωμαδάκης, Καθηγητής Πανεπιστημίου Αθηνών
Δρ. Κωνσταντίνος Λοΐζος
3. **Η θεσμική οργάνωση της χρηματοοικονομικής εποπτείας στην Ελλάδα: Προκλήσεις και προοπτικές μετά την κρίση**
Παναγιώτης Σταϊκούρας, Επίκουρος Καθηγητής Πανεπιστημίου Πειραιώς
4. **Η ρυθμιστική παρέμβαση στις αγορές κεφαλαίου στην Ευρωπαϊκή Ένωση ως συνέπεια της κρίσης**
Χριστίνα Λιβαδά, Λέκτορας Πανεπιστημίου Αθηνών, Επιστημονική συνεργάτης ΕΕΤ
Δρ. Άννα Βασίλα, Επιστημονική συνεργάτης ΕΕΤ
5. **Εργαλεία και τεχνικές παρακολούθησης του συστημικού κινδύνου και της χρηματοπιστωτικής σταθερότητας: Η εφαρμογή τους στο ελληνικό τραπεζικό σύστημα**
Δρ. Ηλίας Λεγκός, Διευθυντής Οικονομικής Ανάλυσης & Αγορών Τράπεζας Πειραιώς
Γιάννης Κουτελιδάκης και Ειρήνη Στάγγελ, οικονομολόγοι της μονάδας

Conclusions

- ❖ The Euro Area is fixing its architecture, avoiding a fiscal union, but strengthening
 - ✓ the regulation and supervision of its financial sector
 - ✓ the unification process through a harmonization of fiscal and competitiveness policies, as necessary complements to the common monetary policy
- ❖ Yet markets have anything but calmed, and demand a resolution to the crisis
- ❖ Resolving the crisis requires drastic actions, which tend to increase moral hazard and contradict a long-term optimal EMU design, hence meeting the resistance of some Core European countries
- ❖ The drastic actions to contain the crisis begin by distinguishing between Insolvent and illiquid countries, and between Insolvent and illiquid banks
- ❖ Ireland and Portugal seem to manage the crisis thus far, while Italy is aware of the required austerity actions to take but is unable to deliver
- ❖ Greece is in a graver spot, with the largest debt: After an initial strong reform momentum that lasted five months, the implementation of reforms stalled. “Ownership” of the Reform Program – a necessary condition for success – was never attempted.
- ❖ A second bailout – including PSI - was decided on July 21st, but its approval is still pending; in the meantime, a discussion on a large haircut began
- ❖ The HBA book (in Greek) provides a comprehensive analysis of the current Greek and EZ crises, as well as the earlier international crisis

Thank you for your attention!

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