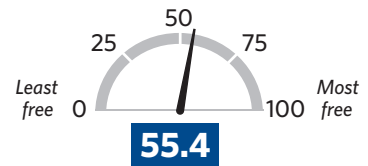


# GREECE

## Economic Freedom Score



World Rank: **117** Regional Rank: **40**

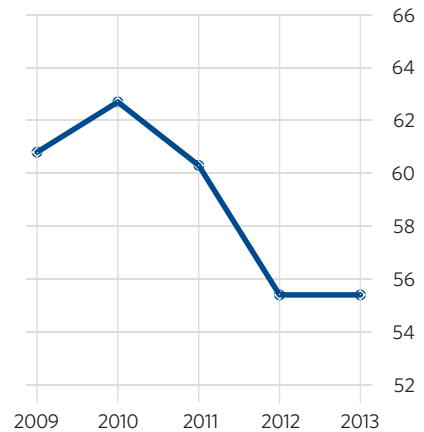
**G**reece's economic freedom score is 55.4, making its economy the 117th freest in the 2013 *Index*. Its score is the same as last year, reflecting substantial declines in property rights and financial freedom that largely offset improvements in six of the 10 economic freedoms. Greece is ranked 40th out of 43 countries in the Europe region, and its overall score is below the world and regional averages.

Compounding an environment of worsening competitiveness and political volatility in Greece is the continuing lack of economic freedom. Major fiscal weaknesses exposed and aggravated by the debt and employment crisis have not been sufficiently addressed as the country enters its fifth straight year of recession. Double-digit deficits and large increases in borrowing have continued even while multinational financing packages have been approved to keep the government solvent. Unemployment, particularly among young people, continues to rise, and adjustments in market conditions have been stilled or delayed by public unions and other special interests.

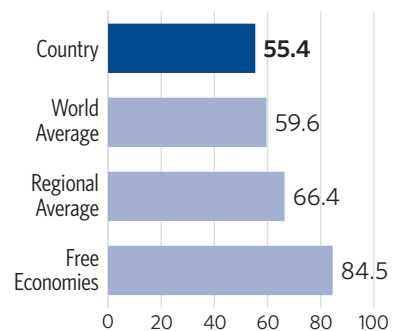
As the Greek economy continues to undergo an extended period of economic and political turmoil, bold and committed policy actions are critically needed to restore fiscal sustainability, enhance labor market flexibility, and tackle systemic corruption.

**BACKGROUND:** Greece has been a member of NATO since 1952, joined the European Union in 1981, and adopted the euro in 2002. An enormous Greek sovereign debt crisis has threatened the overall stability of the eurozone. Large rescue packages have provided emergency loans from the EU, the European Central Bank, and the International Monetary Fund in exchange for severe austerity measures. A caretaker government was formed in November 2011. When elections held in May 2012 failed to produce a government, new elections in June led to formation of a “pro-Euro” coalition led by the center-right New Democracy party along with the center-left Pan-Hellenic Socialist Movement and the Democratic Left Party. Greece's economy depends heavily on tourism and services.

## Freedom Trend



## Country Comparisons



## Quick Facts

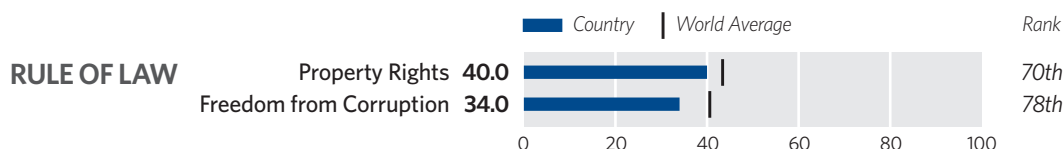
- Population:** 11.2 million
- GDP (PPP):** \$294.3 billion
- 6.9% growth in 2010
- 5-year compound annual growth -2.2%
- \$26,294 per capita
- Unemployment:** 24.4%
- Inflation (CPI):** 3.1%
- FDI Inflow:** \$1.8 billion
- Public Debt:** 160.8% of GDP

### How Do We Measure Economic Freedom?

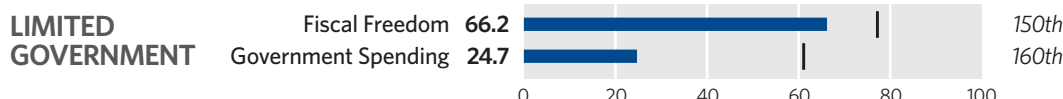
See page 477 for an explanation of the methodology or visit the *Index* Web site at [heritage.org/index](http://heritage.org/index).

2011 data unless otherwise noted.  
Data compiled as of September 2012.

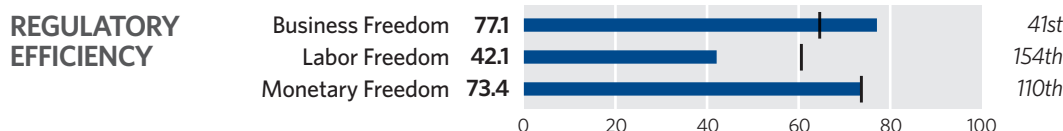
## THE TEN ECONOMIC FREEDOMS



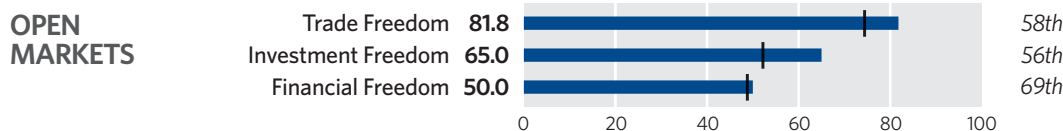
The judicial framework is weak, and the rule of law has deteriorated. Protection of property rights is not strongly enforced. The law provides severe penalties for bribery, but enforcement remains lax. A high level of perceived corruption in the public sector and rampant tax evasion in the private sector contribute significantly to Greece's current economic and financial predicament.



The top income tax rate has increased to 45 percent. The top corporate tax rate is 20 percent. The overall tax burden amounts to about 31 percent of GDP. Government spending remains at over 50 percent of GDP, chronic budget deficits continue, and public debt far exceeds the size of the economy. Fiscal stability has been highly dependent on eurozone creditors, and structural adjustments have been marginal.



Efforts to enhance the business environment have been sporadic at best. The process for launching a company is fairly streamlined, but licensing requirements remain burdensome and time-consuming. With rigid restrictions on work hours and high non-salary costs to employ a worker, the labor market remains stagnant. An economic depression and catastrophic monetary policy challenges brought on by the sovereign debt crisis continue.



The trade-weighted average tariff rate is low at 1.6 percent as with other members of the European Union, but some additional barriers affecting service industries raise the cost of trade. The investment climate is constrained by the country's uncertain economic situation. The overall stability of the financial system has been severely undermined, and the banking sector has been under increasing strain.

### Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	-10.0	Fiscal Freedom	+0.9	Business Freedom	+0.8	Trade Freedom	-0.3
Freedom from Corruption	-1.0	Government Spending	+8.5	Labor Freedom	+5.5	Investment Freedom	+5.0
				Monetary Freedom	+0.8	Financial Freedom	-10.0