

## GREECE

- After narrowing steadily during the 2000s, the GDP per capita gap relative to the best performing OECD countries has widened sharply in recent years due to the deep and protracted economic crisis. Declines in both labour productivity and labour utilisation have contributed to the widening of the gap.
- Recent pension reforms are a welcome step towards improving labour utilisation and reducing income inequality. The recent reduction in the minimum labour costs for new entrants should foster gains in competitiveness, and boost employment especially among young people.
- Comprehensive structural reforms are needed to restore competitiveness, raise welfare and incomes. Product market reforms along with well-targeted and closely-monitored active labour market policies (ALMPs) are critical in this regard, as are improvements in the quality of the education system. Bolstering the efficiency of public administration is needed to enhance the quality of services and cut public spending.
- Strengthening ALMPs could allow enhancing the job opportunities of vulnerable jobseekers, hence reducing inequality while encouraging return to work.

### Growth performance indicators

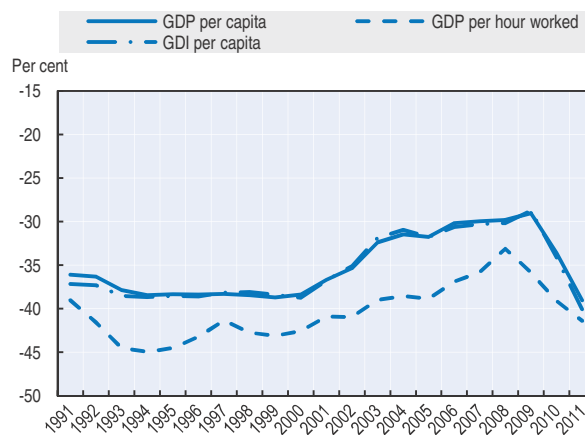
#### A. Average annual trend growth rates

Per cent

	2001-06	2006-11
Potential GDP per capita	2.5	0.3
Potential labour utilisation	0.6	-0.3
of which:		
Labour force participation rate	0.5	0.1
Employment rate <sup>1</sup>	0.1	-0.5
Potential labour productivity	1.8	0.6
of which:		
Capital intensity	1.3	1.7
Labour efficiency	-0.1	-1.6
Human capital	0.7	0.5

#### B. Gaps in GDP per capita and productivity have widened sharply

Gap to the upper half of OECD countries<sup>2</sup>



1. The employment rate is defined with respect to the economically active population and therefore captures the (inverse) changes in the structural unemployment rate.
2. Percentage gap with respect to the simple average of the highest 17 OECD countries in terms of GDP per capita, GDP per hour worked and GDI per capita (in constant 2005 PPPs).

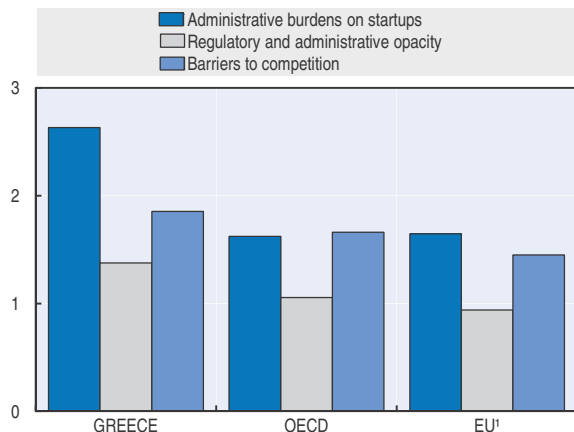
Source: OECD, National Accounts and OECD Economic Outlook 92 Databases.

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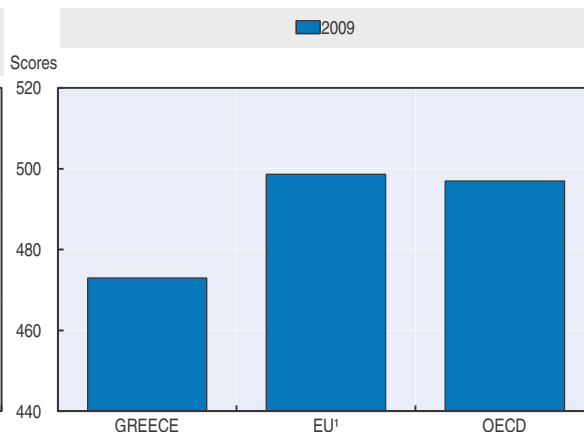
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## Policy indicators

**A. Barriers to entrepreneurship are high, 2008**  
Index scale of 0-6 from least to most restrictive




**B. Student performance remains low**  
Average of PISA scores in mathematics, science and reading



1. Average of 21 EU countries members of the OECD.

Source: OECD, Product Market Regulation and PISA 2009 Databases.

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## Identifying Going for Growth 2013 priorities

### Priorities supported by indicators

**Reduce regulatory barriers to competition.** Strict business regulations and weak competition in network industries hamper productivity.

**Actions taken:** The privatisation programme underway focuses on key network sectors, such as transport and energy. Road haulage has been liberalised in January 2012. Further steps were taken to simplify regulatory procedures through the “business-friendly Greece” action plan.

**Recommendations:** Implement swiftly and in full the “business-friendly Greece” action plan. Liberalise closed professions with no delay. Remove barriers to competition in network industries, for example, by unbundling the generation, transmission and distribution segments of the electricity sector.

**Reduce widespread tax evasion and broaden the tax base.** Tax evasion is widespread, hampering the needed increase in tax revenue to address fiscal imbalances.

**Actions taken:** A tax reform has been approved broadening the tax base by eliminating several tax exemptions and simplifying the tax structure. A draft bill aiming to combat tax evasion by restoring tax discipline and enhancing compliance has been submitted to Parliament.

**Recommendations:** Proceed with the reform of the tax system without delay, along with continued and effective efforts to fight tax and social security evasion. A more transparent system for taxing self-employed is essential. Enhance the efficiency of tax collection.

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**Improve the quality and efficiency of the education system.** Weaknesses at various levels of education lower outcomes and inhibit productivity improvements.

**Actions taken:** Announced reforms for schools introduce more flexible curricula and a system for teachers' performance evaluation. A new tertiary education framework law, including measures for better governance and performance-based funding for universities, was approved in 2012.

**Recommendations:** Ensure rapid implementation of the efficiency-enhancing reforms for the education system. Improve the quality of teachers by linking teaching evaluation to effective professional development. Make schools more autonomous and accountable. Introduce a well-performing evaluation system of universities.

### Other key priorities

**\*Enhance the effectiveness of active labour market policies\*<sup>1</sup>** Well-targeted active labour market policies are critical to reduce high unemployment.

**Recommendations:** Evaluate rigorously and systematically the effectiveness of adopted activation programmes. Make unemployment benefits conditional on job-search requirements.

**\*Enhance the efficiency of public administration.** An efficient public administration is essential for improving service quality and containing costs.

**Recommendations:** Develop a broad strategy to strengthen co-ordination between and within ministries. Adopt performance-based staff evaluation. Monitor rigorously reform implementation.

### Previous Going for Growth recommendations no longer considered a priority

**Pursue efforts to reduce the implicit tax on continued work.** To encourage stronger labour force participation at older age, it was recommended to proceed with full implementation of the then pending pension bill and to ensure that parametric changes to the pension system were sufficient for long-term sustainability.

**Actions taken:** A recent pension bill increases the statutory retirement age, raises the penalties for those retiring before 65, and reduces the generosity of pension benefits. The list of professions under arduous occupations has been revised.

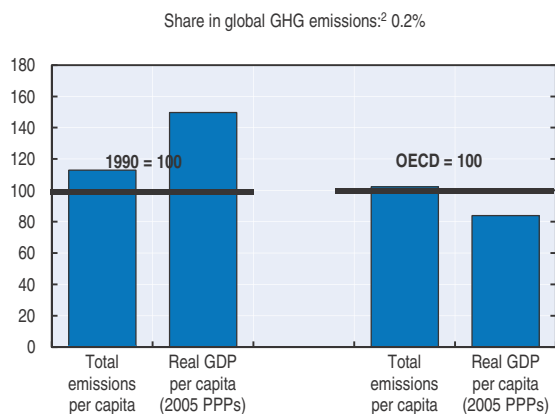
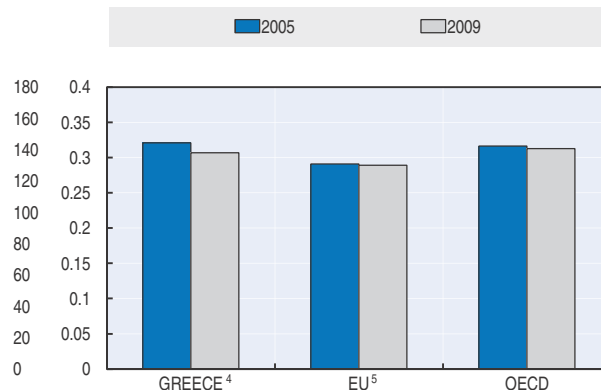
**Ease entry into the labour market.** To reduce the relatively high minimum labour cost for new entrants, it was recommended to ensure full implementation of the new bill introducing sub-minimum wages and to better align severance costs for white-collar employees with those of blue-collar workers.

**Actions taken:** A new bill in 2012 stipulates a reduction of 22% in the minimum wage for all levels, with an additional 10% for the young below 25.

1. New policy priorities identified in *Going for Growth 2013* (with respect to *Going for Growth 2011*) are preceded and followed by an “\*”.


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## Other dimensions of well-being: Performance indicators

A. Emissions per capita are at OECD average  
Average 2006-10<sup>1</sup>B. Income inequality<sup>3</sup> was at par with OECD in 2008  
Gini coefficient

1. Total GHG emissions including LULUCF in CO<sub>2</sub> equivalents (UNFCCC). The OECD average (excluding Chile, Israel, Korea and Mexico) is calculated according to the same definition.
2. Share in world GHG emissions is calculated using International Energy Agency (IEA) data and is an average of years 2005, 2008 and 2010.
3. Income inequality is measured by the Gini coefficient based on equalised household disposable income for total population.
4. Data refer to 2004 and 2008.
5. Average of 21 EU countries members of the OECD.

Source: United Nations Framework Convention on Climate Change (UNFCCC) Database; OECD, Energy (IEA) Database and OECD Income Distribution Database, provisional data ([www.oecd.org/social/inequality.htm](http://www.oecd.org/social/inequality.htm)).

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