Development, competitiveness and institutional modernization: Towards a new approach to the Greek crisis

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Abstract: The crisis of the Greek socioeconomic system has been unfolding for over a decade now. Many of its aspects have been highlighted and studied in the international literature, but, in most of these approaches, a lack of a complete, evolutionary perspective wasn’t avoided.

In this paper, we approach the Greek crisis and its evolution in the recent years by reviewing the relevant international literature and by proposing a theoretical re-focusing for a more effective, structural economic policy. In particular, we try to counter-propose a coherent examination of the mutually dependent aspects of the Greek crisis, by focusing on the synthesis of the dimensions of development, of competitiveness and of institutional modernization of the Greek socioeconomic system, within the current restructuring phase of globalization.

Keywords: Systemic socioeconomic crisis, Greek crisis, evolutionary economics and development, competitiveness, institutional modernization, globalization restructuring.

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1. **Introduction: Clarification and shadows in the contemporary literature of the Greek socioeconomic crisis**

It becomes progressively obvious that the crisis of the Greek socioeconomic system is not something conjunctural, neither exogenous nor one-dimensional and, certainly, it does not concern just the past decade in some narrow economic terms. On the contrary, the ongoing Greek crisis proves to be complex and structural, combining at the same time political, economic, social, cultural and symbolic dynamic dimensions (Abraham-Frois and Berrebi, 1995; Boyer and Saillard, 2002; Dockès and Rosier, 2002, 1983; Duménil and Lévy, 2000; Gilles, 2004; Lorenzi et al., 1980; Perez, 2010; Schumpeter, 1939). But still, its examination in a complete, structural and evolutionary way appears to be quite absent from the relevant literature.

1.1. **The search for the causes of the Greek crisis in the literature**

A lot of scholars have been trying to analyse the Greek crisis recently, both in terms of internal causes and of the co-evolving rapid changes of the global environment (Alcidi and Gros, 2012; Boufounou and Avdi, 2016; Georgievski and Mostert, 2016; Giannitsis and Zografakis, 2015;
Haliassos, 2015; Kentikelenis, 2018; Manasse, 2015; Matsaganis, 2013; Mitsakis, 2014; Mitsopoulos and Pelagidis, 2009).

These approaches highlight a wide variety of dimensions of the Greek crisis, through different—either converging or diverging—interpretive frameworks. The main categories of these, that may be overlapping, focus on the following:

- On the financial dimension of the crisis, which is interpreted as a by-product of the 2007-2009 financial crisis and the enormous increase in sovereign debt, when it was made clear that the Greek budget deficit and mainly the Greek public debt were not sustainable (Kouretas and Vlamis, 2010).
- On the particularly vulnerable ‘regional position’ of the Greek economy, part of the struggling peripheral European economies that have been hit by the international economic impasse that developed in 2007 (Kazemi and Sohrabji, 2012; Magoulios and Chouliaras, 2014; Marangos, 2017; Mavroudeas, 2014, 2016; Tsoulfidis et al., 2016).
- On the austerity and wage cuts that compounded the long-lasting structural problems of ‘supply’ and ‘demand’ (Andreou et al., 2017; Triantopoulos and Staikouras, 2017).
- On the particularly aggravating effect of the Greek shadow economy on the official economy and its relationship with corruption (Bitzenis et al., 2016).
- On the preservation and the systematic reproduction of clientelism in the Greek public sector and the generalized mistrust towards the rule of law (Christopoulou and Monastiriotis, 2016; Koniordos, 2011; Rapanos and Kaplanoglou, 2014).
- On the crisis that hatched from a vicious cycle of the overall negative political and economic environment. In this sense, successive Greek governments failed to reverse, mainly, the fall of the national saving rate and, in addition, to reverse the increased budget deficits, the intense resistance to the proposed reforms, and the lack of a real socio-political development on the ground (Katsimi and Moutos, 2010; Koutsoukis and Roukanas, 2011; Skalkos, 2018).
- On the distorted ideological reproduction of the crisis, where the rhetoric of the mainstream political and media elites framed responses to the Greek economic crisis in patriotic terms: a frame which was subsequently adopted by ‘revolutionary’ groups from across the entire political spectrum that attributed the crisis to the ‘external factor’ (Gkintidis, 2018; Glynos and Voutyras, 2016; Juko, 2010).
- On the wrong political management of relationships and agreements with the lenders, especially after 2015 (Zettelmeyer et al., 2013).

1.2. The necessary repositioning of the examination of the Greek crisis

The above analysis of the present socioeconomic Greek crisis shows, in most of these approaches, a relatively simplistic explanation to prevail, while the proposed ‘solutions’ lack structural depth. At the same time, regarding the applied economic policy, the critical dimensions for the structural and long-term treatment of the crisis of the Greek socioeconomic system are overshadowed by the ‘marginal’ macroeconomic imbalances (Hardouvelis and Gkionis, 2016; Pitelis, 2012).

In the structuring of policies for exiting the crisis, little emphasis is still being placed on the microeconomic (business) and meso-economic (sectoral, regional and local) aspects of the recession of the Greek economy. The applied economic policy shows an exclusive engagement to keeping the ‘suffering patient’ (the Greek economy) alive, by using fragmented and short-sighted measures (increased taxation, horizontal wage and pension cuts etc.), while systematically neglecting—and even burdening—the individual organic (sectoral and regional)
and cellular (business) functions (Cholezas et al., 2013; Kapitsinis, 2018; Petmesidou and Polyzoidis, 2015; Βλάδος, 2016).

The necessary basis for building any sustainable exit from the crisis lies, however, in the effective focusing on these two dimensions—the micro and meso-economic level. In the background, the critical problem of the Greek socioeconomic formation has been and still remains its insufficient multi-levelled competitiveness (Christodoulakis, 2010; Ioannides and Pissarides, 2015). This structuralized understanding of competitiveness (Dopfer, 2011; Dopfer et al., 2004; Peneder, 2016) helps to realize the complex problem of building an investment-friendly environment in Greece, which is afflicted by instability, liquidity shortage and structural weaknesses, which reproduce and sustain high unemployment rates and low incomes (Kuforiji, 2016).

In the long run, for an economic policy to be suitably integrated in strengthening the plexus of national competitiveness, it should be centred around the upgrading of the small and medium-sized enterprises and entrepreneurship. And to achieve this, we should try to explain and overcome some conceptual and analytical insufficiencies which have negative impact on the design of economic policy in Greece (Chalikias, 2017; McMillan et al., 2002).

2. The necessary conceptual and methodological reconstruction of the Greek crisis

The current phase of the restructuring process of globalization—and the financial crisis of the last years in particular—shows us once again why globalization dynamics can in no way be perceived as a definitive and unaltered through time situation. And globalization which, of course, is a process that has never been built up and has never evolved within a static and finite field. Furthermore, it seems that nowadays globalization is following a new evolutionary trajectory (Greenspan, 2008; Grove, 1999; Kotler and Caslione, 2009; Laudicina and Peterson, 2016; Naisbitt, 2006; Naisbitt and Naisbitt, 2010; National Intelligence Council (U.S.), 2008; Rodrik, 2011; Vlados et al., 2018a, 2018b; Βλάδος, 2006, 2017).

This issue, after all, of globalization mutating and acquiring different forms has been thoroughly studied by the international political economy discipline over the past decades (Badie and Smouts, 1999; Billaudot, 2006; Cohen, 2009; Gilpin and Gilpin, 2001; Palan, 2013). It is therefore fundamental to understand that globalization, by its very nature, has been and remains a continuous flow and an incessant reconstruction, an unstoppable dialectic process of reproduction of positions (theses-antitheses-syntheses), maintaining an open evolutionary horizon (Abélès, 2008; Alchian, 1950; Aldrich et al., 2008; Andersen, 1996; Arena and Lazaric, 2003; Boulding, 1981; Cohen, 2004; Cordes, 2006).

Ultimately, globalization is the dialectical mechanism of incorporating every individual socioeconomic system. And, at the same time, these individual socioeconomic systems compose and recompose unceasingly this dynamic and systemic whole (Vlados et al., 2018d). Accordingly, all the socioeconomic systems’ crises are simultaneously and inevitably composed by both external and internal dynamics in globalization, in the searching for adjustments that will allow them to exit the trajectory of crisis and enter a new ’physiological’ state (See Figure 1).

Figure 1: National crises and the restructuring of global capitalism
Consequently, by surpassing any non-historic and one-dimension conclusion, we observe that all the development/crisis dynamics in globalization—and for all socioeconomic ‘species’—should be studied as a synthesis of at least four elements: i) of their particular historicity, ii) of the correlation and dependence between the different socioeconomic systems in globalization, iii) of the different strategic goals, constantly redefining the socioeconomic system’s processes, and iv) of an evolutionary character, because of the restructuring dynamics of globalization that all socioeconomic systems must actively or passively adapt to.

In this structurally reshaped context of the ongoing globalization, the examination concerning socioeconomic development acquires inevitably a ‘new analytical geometry’ (Benko and Lipietz, 2000; Briant et al., 2010; Crozet and Koenig, 2008; Disdier and Head, 2008).

More generally, in these circumstances, the examination of the dimensions of development, of competitiveness and of institutional modernization of different socioeconomic systems in international literature, is often attempted in a fragmented and interpretatively unclear way. It is to this ‘weakness’ that the present paper tries to respond, by proposing a new approach that could lead to a more effective economic policy for exiting the crisis. So, we will examine next some fundamental aspects of the matter that are of critical importance to build our reasoning and to counter-propose a new theoretical approach, based on the experience of the Greek crisis.

2.1. The repositioning of the study of development within the current restructuring of globalization

The study of the developmental phenomenon, at every scale and within the new phase of the restructuring process of globalization, it no longer allows non-historic generalizations and a mechanistic way of thinking. The dominant theory of development is, therefore, seeking for interpretive and conceptual syntheses rather than some eclectic sums of scientific

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1 These are some important contributions in the discipline of development economics: (Cercle des économistes, 2000; Durand, 1993; Furtado, 1970; Gerschenkron, 1962; Gorz, 1988; Griffin, 1989; Hirschman, 1972; Hugon, 1989; Hunt, 1989; Lassudrie-Duchêne and Abraham-Frois, 1998; Lepage and Sachs, 1998; Lipietz, 1985, 1977; Myrdal, 1965; Perroux, 1981, 1962; Polanyi, 1994; Rostow, 1990; Schumpeter, 1942, 1934; Wilber, 1986).
specializations (Aghion et al., 1998; Krugman, 1992; North, 1990; Pieterse, 1991; Sen, 2001; Stiglitz, 1986).

At the same time, a reliable study of the developmental process in the current phase of globalization should exclude all the ‘ethnocentric’ analytical certainties of the past, by highlighting the central meaning of the multiple and continuous socioeconomic space (local, national, regional, and global), and its interconnected developmental history (Basile et al., 2008; Devereux et al., 2007; Fujita et al., 1999).

In these days, any centralized and ‘top-down’ developmental ‘recipe’ proves to be inefficient (Lal, 2000; Toye, 1985); and building on this ineffectiveness, the endogenous growth theory has been giving quite interesting studies over the past decades (Aghion and Howitt, 1990; Barro, 1990; Lucas, 1988; Romer, 2010, 1990, 1986; Young, 1993). But, in general terms, every model of development ‘breeds’ the particular dimensions of its crisis and must be always studied as a united evolutionary synthesis, in narrowly interweaving socioeconomic terms, between an always unique status of accumulation and a more or less structurally responsive form of regulation, in the context of global dynamics (Aglietta, 2010; Aglietta and Brender, 1984; Boyer, 2004, 2002, 1986; Boyer and Petit, 1991; Dosi, 1990) (See Figure 2).

Figure 2: The model of development, the including socioeconomic system and global dynamics

In this way, we realize that the relevant literature matures to a new understanding of developmental evolution that is linked to the crisis, as a necessary phase of this evolution. Every socioeconomic system that is incorporated in the process of globalization cannot be examined validly, unless is considered a dialectical process –that is, naturally, a process of deep contradictions, conflicts and compositions.

As such, the developmental incorporation of the individual socioeconomic systems in globalization –and its respective crisis– can be captured only in the context of three concurrent properties: i) in the contradiction (antithesis) and the synthesis of the specific in history socioeconomic dynamics, ii) in the transformation of the quantitative accumulations into qualitative changes for all the interconnected agents and spaces of action, and iii) in the
continuous metamorphosis of the socioeconomic dimensions, because of the constant ‘denying the denial’, the ‘transcendence’ and ‘meta-evolution’ of their structural processes.

As a result, a complete and truly clear socioeconomic approach to both the evolutionarily interdependent phenomena of development and crisis in this new phase of globalization, should always acknowledge the unique historical character of the socioeconomic formation which is under examination. The living developmental History of every socioeconomic system is always related to the system’s present crisis and its developmental future and, therefore, takes shape when it incorporates itself in the international economy: more specifically, this History is a collection of every business, every location, every sector of economic activity and of all these histories combined (Amin and Palan, 1996; Bayart, 2004; Cohen, 2008).

In this sense, an understanding of the ongoing Greek economic crisis should take into account the long-term structural deficiencies, in terms of the prevailing business models and of the reproducing phenomena of regional inequalities, and of the lagging behind in terms of competitiveness sectors of economic activity (Petrakos and Artelaris, 2008; Polyzos et al., 2013; Vlados, 2005, 2012; Vlados et al., 2018c; Xanthos et al., 2012; Βλάδος, 2014; Τσακανίκας et al., 2017).

More generally, for any theory of development to be valid in the contemporary phase of the restructuring process of globalization, the inflexible focus on the quantities of the growth process should be replaced by the developmental structures and qualities and, in effect, an organic-systemic perception should take place by replacing any mechanistic and unrealistic equilibrium. Ultimately, all the linear approaches are dialectically weak and cannot explain the vast socioeconomic systemic relationships.

In such a new framework of the dynamics of development, the constant institutional modernization, on the one hand, and the continuous stimulation of competitiveness, on the other, of all the socioeconomic systems and regardless of their level of development, should be the main engines of a contemporary economic policy. And, more specifically, if a ‘spatially established’ socioeconomic system seeks to exit its socioeconomic crisis, then it appears to be forced to follow a never-ending process of strengthening and enriching its institutional capacity, according to the emerging demands of the new global dynamics, by implementing a variety of reforms and institutional adjustments (Bates and Krueger, 1993; Bluhm et al., 2014; Bouis et al., 2012; Buti et al., 2014; Drazen and Easterly, 2001; Drazen and Grilli, 1993; Hill, 2013; Johnson and Wasty, 1993; Murrell, 1992) (See Figure 3).

Figure 3: The current dynamics of the restructuring of globalization and the spatially established socioeconomic systems
And also, a deeper analysis always shows that any socioeconomic system or other agent can evolve only if it manages to produce and reproduce effectively its competitiveness and attractiveness. In this phase of globalization, if a socioeconomic system (either a location or business) is not sufficiently competitive, then it cannot hope for a long-term and sustainable development (Acemoglu and Robinson, 2012; Aghion et al., 2011; Lin Yifu, 2013; World Bank and International Finance Corporation, 2013).

2.2. Growth, development and institutional modernization inside a ‘new globalization’

The traditional scientific perspective of the development process falls into the discipline that focuses on interpreting the processes of resource allocation and economic change in less developed countries. In the dimension of policy-making, it is concerned with both the production of recommendations for actions of developmental orientation, including the selection of developmental strategy, and the policies with which the latter will come true (Lin, 2012; Todaro and Smith, 2009).

The goal is always economic development. More specifically, economic development is structurally different than economic growth. According to the definition of the French economist Francois Perroux, economic development is about the combination of moral and social changes that gives a population the opportunity to increase, in duration and cumulatively, its real total product (Perroux, 1991). Therefore, despite a usual misunderstanding in the international scientific discourse, it is clear for some scholars that economic development has a structural character, which transforms dynamically the socioeconomic system (Ruttan, 1998).

Nowadays, this multilevel socioeconomic transformation takes place necessarily in a delimited by the current dynamics of the restructuring of globalization context (See Figure 4).

Figure 4: Economic growth and development in the current phase of the restructuring process of globalization
The ‘totalizing’ global dynamics, the by-product and producer of the whole process, is the context of any strategy of economic development that promotes institutional, structural and qualitative transformations, which incorporate the respective effort of growth and increase of quantities. In the long run, naturally, economic development is impossible without simultaneous economic growth, however there is a clear analytic distinction between them, especially within the ongoing restructuring phase of global dynamics. By extension, the ‘conventional’ examination of economic growth, which is limited to studying accumulations of quantities, should not mixed up with the qualitative and structural socioeconomic transformations generated by economic development.

Usually, some ‘rigid’ followers of the conventional, non-historic and one-dimensional perspective of the developmental process are equating the two concepts of economic development and growth. And this short-sighted point of view constructs some simplistic approaches.

i. A number of important socioeconomic factors that define developmental dynamics (such as technology, the environment, poverty, political power, innovation, even crisis) are supposed to be kept away from the ‘pure’ study of the economic phenomena (Arndt, 1981; Arrow et al., 1995; Club of Rome and Tinbergen, 1978; Nordhaus, 1973; Sachs, 1971).

ii. Economic development is perceived as a mechanistic aftereffect for a growing economy. The result of economic growth, the wealth of a society, will spread across the economy sooner or later and will force structural alterations, while any deviations from this rule are regarded as ‘assimilable exceptions’ (Chartier, 2004; Coméliau, 1994; Schubert and Zagamé, 1998).

iii. Usually, in the background of these assumptions, the process of development is nothing but an undifferentiated in space and time, and without any historical content, accumulation of quantities, inside a static –or, at its best version, comparatively static– social and political system (Maréchal, 2003; Passet, 1996; Smith, 1978).

iv. These theories consider the flows of markets an adequate condition for measuring economic progress. As a result, they fail to notice any reports and studies of
socioeconomic structures, which are the basis of these flows (Dragan and Demetrescu, 1988; Georgescu-Roegen, 1971).

Finally, this conventional thinking cannot understand in depth the issue of economic development because it is nothing more than a deviation of Economics towards politics and ideology (Foray, 2009; Zaccàï, 2002).

These over-simplified approaches are important obstacles in the effort of modern economics to perceive the developmental dynamics, both for the developed and underdeveloped nations: with their limited and insufficient perception of socioeconomic competitiveness, they hinder the modern process of development.

2.3. Competitiveness and attractiveness of the socioeconomic space

Simply explained, competitiveness refers to the ability of an economic unit, usually a business (as well nation or area), to yield higher benefits than other similar units, on the basis of a common target (Best, 1990; Dertouzos, 1989; Lado et al., 1992).

Furthermore, competitiveness of any socioeconomic formation/organization, on all the analytical levels of space, means the ability to survive, to reproduce and to develop within the evolving socioeconomic external environment (Altomonte and Békés, 2016; Annoni et al., 2017; Arkolakis et al., 2013; Baldwin, 2012); an environment that, in economic terms, is always characterized by scarcity and inherently restrictive surviving opportunities and, therefore, by collisions for the acquirement of scarce available resources (Bartelsman et al., 2013; Bas et al., 2015; Bellone and Mallen-Pisano, 2013; Blanchard et al., 2015; Romer, 2010).

At the same time, the concept of competitiveness of a socioeconomic formation includes also the degree of coverage of the dynamically evolving needs of socioeconomic participants. This coverage depends on the range of productive capacities of the socioeconomic formation/organization and, therefore, of particular innovation dynamics that the specific formation/organization systemically composes (Aghion et al., 2005; Guellec and Paunov, 2017). We see, therefore, that competitiveness is not autonomous but an essential feature of the broad issue of economic development.

To most macroeconomic definitions (Reich, 1992; Scott and Lodge, 1985; Tyson, 1993) competitiveness refers simply to a nation’s ability to produce and distribute goods and services to the international markets, under conditions of fair or unfair competition, while at the same time the real income of the citizens gets increased (United States et al., 1985). Although not wrong, this kind of analysis of national competitiveness is only about the ability to achieve a higher degree of productivity. In other words, this definition observes the efforts of a nation-state to make exports and, therefore, to grow bigger in terms of productivity and, as a result, to raise its citizens’ incomes. And by achieving higher levels of productivity and competitiveness a nation-state is able to better serve its purpose of self-rule, democracy and independence.

However, there is a legitimate critique that seems to be emerging in the scientific discourse against the ‘narrow’ and dominantly used macroeconomic perspective of competitiveness. There is a new, broad perception of the phenomenon that counter-proposes a deepening of the study of competitiveness, primarily in terms of business (micro-level) and, at the same time, in terms of sector and region (meso-level). Competitiveness at the business level is approached as the ability of a business to perform better (e.g. higher productivity and efficiency) compared to its competitors, which, in turn, translates into higher business profits (Melitz and Trefler, 2012; Porter, 1998). This competitiveness at the level of business (micro-competitiveness) can be approached on all spatial levels (local, national, regional, international, and global), while...
meso-competitiveness takes place at the sector of economic activity or, more recently, at the underlying business ecosystem (meso-level).

And, in essence, it seems nowadays that competitiveness is mostly about a multilevel structural synthesis rather than a narrow deduction (Esser, 1996; Meyer-Stamer, 1998). The perception of the synthesizing nature of competitiveness, as a dialectical by-product of all levels, as well as a producer of the global socioeconomic dynamics, should be an integral part of the total global dynamics analysis (see Figure 5).

Figure 5: A necessary synthesis of analytical levels in the structuring of competitiveness

In particular, to define a unifying framework of approaching competitiveness that connects and cross-fertilizes the three levels (macro, meso, micro) proves to be useful for many reasons:

- First of all, it helps to understand that a ‘spatially established’ socioeconomic system cannot claim its competitiveness without systematically increasing its attractiveness (Aydalot, 1986; Delapierre et al., 2000; Michalet, 1999; Spilanis and Vlados, 1994; Veltz, 2014).

It is not possible to produce and reproduce a long-term developmental perspective when there is no active interest from the businesses (local, national and multinational) to spatially establish themselves and operate. And it is not possible to support or upgrade the developmental trajectory of a place regardless of attracting new investment interest and sustaining the already established in this place sectoral and cross-sectoral productive system.

- It also allows a new understanding to the attractiveness of a location, since there is no sustainable development unless it is based on a mechanism capable of continuously construct and reconstruct those competitive advantages that the socioeconomic location
can effectively offer to its agents operating internally (Algan et al., 2013; Bloom et al., 2012; Bougette and Charlier, 2016).

In this point, arises the understanding that there is no division between the two sides of the same developmental phenomenon, that is, between attractiveness and competitiveness: to attract investment initiatives stimulates competitiveness and, at the same time, competitiveness reproduces the attractiveness of a multileveled socioeconomic space.

- Finally, it points to the fact that in order for every socioeconomic space (at any of its levels) to become and remain competitive, it must be able to effectively attract the viable, globalized business interest. And, in advance, in order to attract this business interest, it must prove that it can ‘host’ the competitive, globalized ambitions of its components.

We see, therefore, that this business-investment interest cannot be easily divided, in some sealed and autonomous local, national or regional terms. As such, the more attractive for globalized entrepreneurship a socioeconomic space appears, the better opportunities it has to upgrade its developmental trajectory in the future. If a socioeconomic location is less attractive, then it has to follow a ‘game of defence’ that seems to be getting harder and harder as time goes by: and this trend cannot be easily reversed by any ‘fire-fighting’ government policy or business initiative.

3. Conclusions and restrictions: What a new approach of exiting the Greek crisis should look like in the current phase of globalization?

The previous analysis shows that the effective structuring of a developmental strategy within the current phase of globalization acquires a new content: it ceases to contain an exclusively macroeconomic content and, furthermore, to concern the narrowly defined area of ‘national’ enterprises and state mechanisms. Therefore, every socioeconomic formation (either local, national or regional) should be building its own coherent strategy of attracting development. We estimate that the Greek economy and society will exit its phase of crisis only towards this research direction.

3.1. The repositioning of the problem of development in Greece

In this way, the theoretical pair of competitiveness and attractiveness of a developmental space within globalization dynamics, as we see it through this paper, introduces also a readjusted perception of socioeconomic development that is much more open and complete than ‘traditional ethnocentrism’. The socioeconomic space is thus perceived as a continuous and unified dialectical entity, on all its levels of expression: as location, as country or as regional formation.

In reality, the desired stimulation of attractiveness of socioeconomic space does not just mean ‘cheaper labour’ nor ‘greater subsidies’ nor ‘more flexible environmental legislation’, not to mention the ‘growing social inequality’, as most of the contemporary approaches to the Greek crisis wrongly admit.

In the long run, to make a socioeconomic space attractive you need a working rule of law and social cohesion. To this direction, the international development experience within globalization clearly proves that the deepest and most durable factors of attraction of the better in terms of quality business interest are far from any ‘inelastic austerity’ or ‘labour exploitation’ (Aghion et al., 2015). A socioeconomic formation should seek thus for a multifaceted system
of production, reproduction, distribution and assimilation of the dynamics of collective knowledge and innovation that the hosting socioeconomic space offers them\(^2\).

Ultimately, it is the broad and multiple techno-economic knowledge that distinguishes the socioeconomic environment, and the ability of that location to draw on, absorb and cultivate innovation that attracts nowadays the business interest of strong quality and long-term horizon. Thus, the broader the dynamics of know-how and innovation are, the more a socioeconomic space can offer to the most advanced capitalist businesses (Balland et al., 2015; Beenstock and Felsenstein, 2010; Dosi et al., 1990; Nelson and Winter, 2004; Scherer, 1984).

Therefore, the dimensions of technological innovation and progress of knowledge occupy, for several years now, a central position in most theoretical approaches of endogenous growth. We see that the ability for innovation, in broad cognitive terms, rather than in terms of technical accumulations, is the safest compass for traversing the competitive globalized environment. The ability for innovation, in multileveled institutional terms, and the way the socioeconomic system strengthens its innovation clusters represent one of the most critical dimensions of economic development (Belussi and Caldari, 2008; Boschma, 2015; Bouba-Olga and Grossetti, 2008; Crespo et al., 2014; Crozet and Lafourcade, 2009; Duranton, 2008; Falck et al., 2010; Fontagné et al., 2013; Ravix, 2014; Suire and Vicente, 2014).

And in this theoretical reorientation, no valid developmental action can take place within globalization and no viable exit from the crisis can occur, unless this action examines historically the particular competitiveness-attractiveness of the socioeconomic system. As a result, the developmental phenomenon –of its indivisible nature of development-crisis-development– is always a dialectical synthesis of the ‘quality’ of the socioeconomic space (in essence, of the institutional capacity this space has and reproduces), of the capabilities of the businesses this space hosts and, at the same time, of the globalized sectors of production this space includes (Katimertzopoulos and Vlados, 2017; Vlados, 1996, 2004, 2007; Vlados et al., 2018e).

3.2. For a new model of development in Greece

According to the perspective of this paper, a new development model that will allow the exit from the crisis and stagnation of the Greek socioeconomic system, will take shape only through the systematic restructuring and rationalization of the broader state mechanism (Alesina et al., 2012; Alesina and Drazen, 1989; Alesina and Perotti, 1994), the securing and preservation of fiscal prudence, the simultaneous redeployment of the citizens’ productive and consumer model, the systemic stimulation of business competitiveness (mainly, the systemic improvement in terms of quality to cost ratio of national production), the creation and diffusion of brand new knowledge within the productive system, the cultivation of creativity and innovation on every level, and the attraction of investments.

Ultimately, it is about an effort of rebalancing the national status of accumulation, together with the required forms of regulation: towards the system’s reproduction and development within the restructuring phase of globalization. And beyond the European financial assistance to the Greek crisis, all these can only be achieved when a right planning and implementation of a complete set of structural reforms takes place, focused primarily on the systemic stimulation of competitiveness of the national socioeconomic formation (see Figure 5).

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\(^2\) A lot of scholars have been highlighting the importance of knowledge in the economy for decades. To name a few: (Coriat, 1994, 1991, 1990, 1976; Delapierre et al., 2000; Dosi, 1982; Freeman and Soete, 1997; Gibbons, 1994; Gibson, 2006; Itami and Numagami, 1992; Winter, 1984).
Finally, it becomes apparent that the issue of the current crisis—and the future development—of the Greek socioeconomic formation must be perceived and examined in dynamically combinative terms: in social and economic terms simultaneously. The economy of the country should be surrounded by adequate mechanisms of social defence and protection to withstand the vibrations of international markets. And, of course, this much-needed social awareness requires resources and economic competitiveness.

Therefore, the issue of competitiveness of the Greek enterprises should enter the public debate much stronger than ever. We think that a new economic policy for exiting the crisis is inevitably co-evolving with the stimulation of competitiveness of the real economy.

In fact, if the country does not generate competitive entrepreneurship, strong and viable productive networks on a cross-local level, then the exit from the current crisis, the production of new wealth, the creation of new, well paid jobs and the structuring of a new path of economic development becomes impossible. And if the country cannot sustain a prosperous economic environment, then any hope for social development can only end up, once again, to painful illusions.

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