CHAPTER 6

Policies for Dynamic Economic Growth:
Medium- and Long-Term Policies

6.1 Introduction

The need for structural reforms is created because of structural changes taking place at the global level (which are the result of technological changes, globalization, etc.). These changes are due to: (a) technological reasons that change the production functions; (b) the fact that the way of production at global level has changed since economies have transformed from industry-based economies to services-based economies; (c) deviations from the optimal function of economies such as oligopolistic concentrations; (d) over-indebtedness of economies (Covid-19 is one reason for increased debt), which leads to depletion of the fiscal space and the ability to exercise expansionary fiscal policy to fill the emerging output gap; (e) long-term changes in the age-structure pyramid and the consumer conditions; and (f) the Covid-19 pandemic, which changed the structure of the economies (return of the focus on manufacturing) and international trade (changes in the process of globalization).

In addition, structural reforms are the key to sustainable development (Dabla-Norris, Alun, Garcia-Verdu, & Yingyuan, 2013), as the strengthening of productivity is a factor that promotes the improvement of living standards in emerging and developing economies and leads to the removal of barriers to the effective use of resources (Kafka, Kostis, & Petrakis, 2020).
This chapter analyzes some policy areas in which non-fiscal institutional changes will have to be applied in the period 2020–2024. Thus, policies for dynamic growth and development in the Greek economy are initially presented (Sect. 6.2). Then (Sect. 6.3), some non-fiscal institutional structural reforms are presented, where issues related to the promotion of investment and exports and the propulsion of entrepreneurship and innovation are analyzed. Hereupon, the issue of investment in public infrastructure (Sect. 6.4) and then (Sect. 6.5) industrial policies related to competitiveness and sectoral policy are being presented. Finally, Sect. 6.6 presents issues related to the development of the human factor and the workforce with the presentation of actions related to the support of research and development (R&D) and the improvement of the quality of higher and continuous education.

### 6.2 Policies for Dynamic Growth and Development

Differences in countries’ economic performance are often due to structural factors and to the extent to which economies carry out structural reforms in their product and service markets and in their labor market (de Bandt & Vigna, 2008). As economies evolve and external conditions change, new constraints arise in which economic policymakers will have to adjust their reform priorities (Dabla-Norris et al., 2013).

Structural reforms entail changes in the way economic and political governance functions. If it is effective it ensures long-term economic growth. This is because gross domestic product (GDP) is increasing, unemployment is falling and the economy is “fortified” to handle potential shocks. Thus, structural reform is seen as intervention in transactional costs in product and service markets and in the labor market, reducing barriers to entry of new businesses, improving public sector management, and strengthening the role of the private sector in government (Rodrik, 2015). Structural reforms usually include policies which make the labor market easier to adapt and respond to a potential shock and which liberalize the service sectors, increase competition in the product and service markets, improve institutions to enhance the efficiency with which markets operate, strengthen the business climate, and encourage innovation (Canton, Grilo, Monteagudo, Pierini, & Turrini, 2014).

Differences between countries raise questions about the different effects of structural reforms. Therefore, the same structural reforms
cannot be implemented in the same way in all countries, nor can they have the same results (de Bandt & Vigna, 2008). Therefore, the implementation of structural reforms should take into account (Rodrik, 2015) the specific characteristics of each country (economic, political, and social).

Structural measures are usually carried out through supply-side policies. The implementation of supply-side policies requires a series of structural reforms related to production, consumption, and the sensitivity of consumer choices to price changes. The main objective of supply-side policies is to increase the supply of goods and services and to allow the free market to function more effectively, reducing counterproductive frictions. Such policies may include, inter alia, privatization (sale of public assets to the private sector) and deregulation: (a) of the market of goods, for example by reducing barriers to entry of new enterprises into the market, resulting in increased competition and thus a reduction in prices which increases the quality of goods and services, (b) the money market since the reduction of regulation in the financial markets aims at lower borrowing costs for consumers and enterprises, and (c) the labor market with the aim of reducing unemployment and increasing competitiveness. They also include: a reduction in income taxes in order to increase incentives for more work and thus increase the output produced; improvements in the education system and on-the-job training of employees as well as an improvement in the education system that can improve labor productivity and increase aggregate supply; a reduction in the strength of labor unions since it can increase the efficiency of enterprises and reduce the level of unemployment (if the labor market is competitive), provide better information on employment opportunities in order to reduce frictional unemployment, lower barriers to imports to facilitate trade, reduce bureaucratic structures and improve existing transport structures in order to reduce business costs.

Supply-side policies and structural reforms have a long-term effect on economic growth. But any policy that intervenes in the productive structure of the economy is a time-consuming process. Therefore, the positive effects of policies aimed at improving the economy’s productive capacity—through structural reforms—are being presented in the long term. It should be noted that the implementation of these policies is often very expensive (if we take into account investments in education and R&D, infrastructure, etc.) and can be very painful for society (particularly, the measures to improve the flexibility of the labor market). In addition, supply-side policies such as lower tax rates, a reduction in trade
union power as well as privatization can affect the gap between rich and poor. Supply-side structural change policies seem to make sense when there is potential for future productivity growth in the functioning of the system to address reduced demand without over-inflating debt.

In the wake of the global financial crisis of 2008 and the effects of the Covid-19 pandemic, structural reforms have been at the center of public debate as they are considered a necessary condition for exiting the crisis and reviving the economy. For example, the debate on structural reforms in the Eurozone has been based on basic economic principles. One of the prevailing views in order to restore balance in the Eurozone is to make a satisfactory structural adjustment in the economies. To this end, structural reforms should be carried out with a view to restoring sustainability and making macroeconomic adjustment easier.

According to Petrakis, Kostis, and Valsamis (2013), structural adjustment can occur through changes between internationally tradable goods (merchandise) and internationally non-marketable goods (houses, land). For this reason, structural changes will have to be made despite the structural rigidities observed. The price mechanism is crucial for balancing the markets, since, for this to be achieved, prices for non-tradable goods in the region will have to fall, while in the rest of the world they will have to increase. However, structural changes presuppose and lead to shifts in resources (between tradable and non-tradable sectors), which take time to realize. However, in the economies where structural adjustment is applied, there are: (a) reduction in wages, (b) a change in relative prices, and (c) unemployment and underemployment of capital dynamic. The above factors result to a decrease in demand and a recession. Therefore, the decrease in demand is an inevitable and expected, at least in the short term, result accompanying the process of restructuring the economies.

Structural policies, accompanied by a reduction in demand, are a “Keynesian-inspired” policy of effective demand management. The implementation of austerity and supply-side policies aims to create a new productive model that will be able to improve the net international investment position (NIIP) of economies. On the contrary, a Keynesian policy of increasing effective demand does not involve this, but the assumption that the previous (consumption) model will continue to function (Petrakis et al., 2013).

However, structural reforms encounter obstacles to their implementation which are linked to the process of globalization. Social groups are
created which may be numerically larger than the groups of beneficiaries. Thus, a political trilemma (Rodrik, 2011) is created, as the global economy is characterized by an attempt to coexist simultaneously with globalization, democracy, and national sovereignty. In reality, however, the coexistence of these three conditions is very difficult. Based on the most optimistic scenarios, we can have, simultaneously, two of the three components, and as a result, a vicious circle is created. Given that markets are now beyond the limits of a national economy governed by specific rules, modes of operation and democratic legitimacy, for their proper and sustainable functioning, institutions with a universal character that transcend the barrier of national borders are required. Therefore, the implementation of structural reforms that address distortions in an economy follows the requirements dictated by the global economy with the main objective of increasing the efficiency of economies.

Following the 2008 debt crisis and the Covid-19 pandemic in the Greek economy and a decade of implementation of structural reforms, it is ascertained that the need to implement structural reforms that will mainly improve the attractiveness of the Greek economy remains unchanged.

Typical is the image of four sectors of the Greek economy that are not usually processed: financial freedom, “valuable nation brands,” “talent ranking,” and “best continue for business.”

Regarding the degree of economic freedom indicative is the Index of Economic Freedom of the Heritage Foundation. This indicator for 2020 ranks Greece among the most unfree countries for economic activity (100th place among 180 countries). Greece is the only country in the European Union to be ranked in this category, as all other countries are characterized moderately free or mostly free or free.

Additionally, based on the Nations 100 ranking for 2019 (Brand Finance, 2019), Greece ranks 57th among 100 countries, below countries such as Pakistan, Kuwait, Vietnam, Peru, Egypt, Ukraine, and Romania. This ranking includes the strength and value of brands of each economy. Greece’s ranking suggests that significant efforts are still needed to integrate dynamically into the international value chains.

Another indicator that is indicative of the need for structural reforms is the Global Talent Competitiveness Index (GTCI) carried out by INSEAD and is indicative regarding the adoption of high technology in production. In this indicator for 2020, Greece ranks 47th among 132 countries. In the geographical region of Europe, Greece ranks 26th out of 38 countries, while in the category of high-income countries, Greece ranks 42nd.
In addition, Greece for the year 2019 according to the relevant list of Forbes is in the 68th place worldwide (among 134 countries) in terms of countries that are best for investment. The index is based on GDP growth, GDP per capita and trade balance as a percentage of each country’s GDP.

At the same time, Greece ranks 41st in the Global Innovation Index (GII) 2019 among 129 countries, compiled by the World Intellectual Property Organization (WIPO), Cornell University in the United States and INSEAD School of Business Administration in France (Cornell University, INSEAD, & WIPO, 2019). Greece gets the best score in the field of human capital (20th place internationally). Worse is its ranking in other sub-indicators: infrastructure (43rd), institutions (51st), knowledge and technology (53rd), creativity (53rd), quality of markets (54th) and quality of business environment (59th). Finally, in some areas Greece lags significantly, such as university-industry cooperation regarding research (only 122nd).

6.3 Non-fiscal Institutional Structural Reforms Strategy

Below are a series of actions that should be included in the strategy of non-fiscal institutional structural reforms and which concern economic policies to support investment, exports and entrepreneurship and innovation in Greece.

6.3.1 Private Investment Promotion Policies

There are two basic necessities in the field of investment for the Greek economy. The first concerns the immediate and dynamic recovery of investment activity as far as possible. The second concerns the allocation of funds for investment in a way that is compatible with the new development model of the Greek economy.

With regard to the need investment expenditure to recover, it is clear that in a context of fiscal restraint and negative conditions on the part of private consumption, investments are called on, in the short-term period, to play a prominent role in the economy’s exit from the recession. Especially in the current situation where the Covid-19 pandemic has severely affected private consumption, while at least in the short- and medium-term the pressures on businesses’ liquidity and restrictions on
the provision of loans for investment are expected to be maintained to a significant extent.

Therefore, for this purpose, the use of various funds for investments that will be available in the coming years through the National Strategic Reference Framework (NSRF), development laws and other financial tools should be made effective. It is also necessary to strengthen the internationally marketable sector in the context of the modernization of the country’s production model and a significant share of investment to be directed to dynamic internationally marketable sectors of the primary and tertiary sectors.

At sectoral level, the key priorities in the area of investment are being translated into the need to permanently move away from the pre-crisis regime of disproportionate spending in the housing sector. Thus, the question is (a) how non-housing investments will recover, and (b) which sectors should take the lead in this recovery. As far as the manufacturing sector is concerned, the significant increase in exports that the country aims to achieve, can only derive, in a large part, from manufacturing, and the increase in exports of manufacturing requires, in turn, an expansion and modernization of the manufacturing base through investment.

### 6.3.2 Export Promotion Policies

The extroversion of the Greek economy is a particularly critical feature for the promotion of dynamic growth. The main priorities of the Greek economy around the issue of the promotion of extroversion is that there should be exploitation of any opportunities that appear to be created in the international market, to make the most of any comparative advantages that exist at the level of enterprises or sectors and to create new comparative advantages, and no restrictions on export activity.

Regarding the exploitation of any opportunities that appear to be created in the international market, the Greek economy should undoubtedly seek in every way to retain its export shares in highly developed economies around the world (such as Germany, Italy, France, the United Kingdom, and the USA) in order to benefit from future growth. In addition to this, it is very important to penetrate Greek exports to emerging economies, as such economies see a rapid increase in consumption, while their great economic growth leads to great needs for infrastructure projects and intermediate products used in production. Examples of such countries are China, Russia, India, Indonesia, etc.
Regarding the exploitation to the maximum extent of comparative advantages existing at the level of enterprises and/or sectors and the creation of new comparative advantages for Greece, it is appropriate to make effective use of all available resources that distinguish Greece throughout the world and thus offer the possibility for comparative advantages, such as natural wealth, tourist infrastructure, and Greek shipping. It is also critical that there should be a change in the way goods in which Greece has a comparative advantage are exported, as goods such as olive oil, cotton, tobacco, and minerals are exported for the most part in raw form. Finally, the stimulation of export activity could also be achieved through the introduction of raw materials or intermediate products considered as necessary for the production of final exportable goods.

Finally, with regard to the objective of liberating export activity, it should be noted that there are significant relevant obstacles which should be removed in every way. These restrictions relate mainly to: (a) liquidity or financing problems for export companies, which could be removed through financing, value added tax (VAT) refunds, a fixed tax system, (b) high bureaucracy, which could be lifted through reduction of physical controls and digital transformation, and (c) high production costs, which could be reduced through subsidies for labor recruitment, and cost reductions related to energy use or quality controls.

6.3.3 Enhancing of Entrepreneurship and Innovation Policies

Actions toward a dynamic growth and development for the Greek economy could not fail to include encouragement—from the private and public sectors—of the production of new knowledge and the stimulation of innovation in order to enhance the competitiveness of Greek enterprises. These actions will also have the effect of stimulating export activity.

For this purpose, actions are considered necessary to support R&D of the Greek economy through (a) strengthening of basic research, through strengthening and creation of research centers, stimulation of synergies and connection of higher education with the market, (b) strengthening of human resources, through the development of skills in entrepreneurs and managers to facilitate the production of innovations and their management, (c) creation of innovations that can be easily commercialized and relate to specific business sectors that can exploit comparative advantages,
(d) reform of the institutional, legal and fiscal framework for innovative products and services, so as not to place restrictions on R&D (e.g., straightforward long-term tax policy), and (e) strengthening of start-ups that can support their activity in new innovations.

6.4 Public Infrastructure

Infrastructure investment is one of the most important factors shaping overall productivity. In the past, and specifically in the period 1970–2008, when the rate of potential product enhancement in the Greek economy was quite high, averaging 2.7% per year, infrastructure investments had an extremely positive role because they were also involved in shaping the role of capital and in shaping overall productivity. Forecasts for the period until 2060 show a prospect of an increase in the potential product by 1.3% for Greece. However, given the adverse demographic challenges and the negative climate change, the only factor that can support the growth of the Greek economy is the increase in overall productivity. The role of infrastructure investment will therefore be extremely important.

At the same time, investment in infrastructure provides the fundamental basis for a modern society and economy. They contribute to the resilience of the economy and society and enhance economic growth by reducing social costs, improving efficiency, increasing productivity, and enhancing competitiveness. Infrastructure is defined as the system of investment in capital intensive sectors of a country including road networks, utility networks and public buildings as well as investment in innovation and human capital (tangibles/intangibles). It is easy to see that infrastructure in housing, water, schools, hospitals, and transport provide important structures and bases in society. Therefore, investment in infrastructure is necessary, both to give a boost to economic growth by increasing the country’s potential production potential, and for the very existence of this society (development sustainability—state resilience) as they generate extremely high external economies.

A key type of public infrastructure is economic infrastructure. To this category belong the natural structures that support the production process providing necessary goods and services for the supply of economic activity (transport infrastructure, communication, water supply, energy, etc.). For this reason, economic infrastructure is a prerequisite for the development of supply chains, the communication of information and knowledge and the connection between producer and consumer.
Another key category is social infrastructure. Social infrastructure covers basic social needs such as education and health. Although they are not directly related to the production process, their contribution is necessary to protect and increase the health and abilities of the workforce. That is, they concern the development of the human capital of the country, the quality of which ultimately largely shapes the productivity and efficiency of the economy in the long run. At the same time, the access of the population to these infrastructures lays the foundations for reducing inequality and increasing social cohesion.

The issue of investment in infrastructure has returned with intensity for the Greek economy for the first time since the World War II (when it had played a significant role for obvious reasons). In recent years it has returned, especially after the crisis of 2008, but also after the emergence of the Covid-19 pandemic, for five main reasons: (a) crises limit fiscal possibilities with the main victim the financing of infrastructure, especially in the countries most affected, (b) monetary policy lost its strength, due to Zero lower Bound (ZLB), thus seeking alternative tools (of fiscal type) to activate the economy, (c) the effects of climate change have widened, (d) population changes require greater investment at both ends of the population pyramid, and (e) technological changes shape new demands for innovation and skills.

Infrastructure investment has significant differences from other types of public spending. The characteristics of these investments make them vulnerable to market failures which may threaten their financing. The large size of the economic infrastructure, the high degree of capital intensity from the beginning of the projects and the lack of immediacy in the profitability of these projects reduces their attractiveness to the private sector. Finally, infrastructure investment has a positive impact on a wide range of other sectors of economic activity. This in many cases means lower returns for the private sector and higher returns for the whole of society making this type of investment opportune to be undertaken by the public sector.

Due to the above particularities, infrastructure projects are historically undertaken by the wider public sector, while the private sector usually participates on a special contract basis, such as the Public–Private Partnership Scheme. The products or services produced by infrastructure investments usually have critical key features:
They are non-rival goods. In other words, when used or consumed by an individual or entity, its use or consumption by other individuals or entities is not be prevented.

They are goods to which exclusions do not apply. Those who have not paid for the implementation of this project are not excluded from its use. In economic science, the lack of exclusion in the use of a public good implies a possible difficulty for the private sector in obtaining a satisfactory economic return.

Their production requires high initial investment costs. The size and scope of public infrastructure requires large amounts of money to be made available from the beginning of the planning and implementation process. Since the costs appear early in the process and while the advantages much later and continue over time, these investments must be planned with great care.

The activation of public infrastructure creates positive externalities and is usually threatened with underfunding. Public infrastructure often produces positive externalities, to the degree that the advantages to society are greater than the possible private return (such as schools, road construction, health services, etc.). This is why there is a high risk of underfunding the necessary public infrastructure if it is exclusively taken over by the private sector.

Usually products and services are natural monopolies. Public infrastructure investments are capital intensive, large-scale and are likely to form natural monopolies (where one provider controls the market, prices and supply). For some infrastructure projects it is more cost-effective to be provided by an individual entity, typically the public sector.

It would be a mistake to describe the products and services of public infrastructure as pure public good, as no project could qualify for this definition. Transport networks, for example, are a semi-public good. Public infrastructure benefits society as a whole but increased use leads to a decrease in economic performance. At the same time, its characteristics are not static. On the contrary, technological progress and new political approaches to them may change their characteristics. An example is the way in which technological advances in telecommunications have helped to reduce the costs of developing information and communication technology infrastructures.
The need for infrastructure is so important that it will be an important part of the United Nations 17 Sustainable Development Goals by 2030. More specifically, some of the infrastructure-related objectives are to ensure access to water and sanitation for all, to ensure access to affordable, reliable, sustainable, and modern forms of energy for all, to create flexible infrastructures, and to promote sustainable industrialization and innovation.

Investments in modern infrastructure related to trade create key advantages in a country’s competitiveness (Bell, 2012) as they make its export activity more efficient. Investing in infrastructure also drives innovation, creating the kinds of jobs needed in the country on new technologies like renewable energy and high-speed rail. In addition, infrastructure projects are usually huge investments that have vastly improved productivity over time and which are particularly attractive to research and innovation.

The joint report of the European Investment Bank (EIB) and the World Economic Forum (WEF) argues that infrastructure investments have the potential to influence issues of competitiveness and inclusiveness (EIB & WEF, 2017). WEF (2013) also highlighted the importance of infrastructure as a key driver of competitiveness. Infrastructure is considered as one of the twelve pillars of competitiveness and is defined as the set of institutions, policies and factors that determine a country’s level of productivity.

Infrastructure investment has significant benefits for the economy but on the supply side. As capital for infrastructure spills into the economy it increases the productivity of all factors of production, thereby expanding the production capacity of the economy as a whole (Organisation for Economic Co-operation and Development [OECD], 2015).

Moreover, it has been emphasized (Straub, 2008) that the long-term benefits of infrastructure investment can increase significantly when there is strong complementarity with other factors of production. Thus, investments in network infrastructure, such as electricity or telecommunications, improve access to the relevant services and reduce costs for entrepreneurs, which favor the development of private investment. Therefore, investments in public infrastructure can boost the productivity of private investment, thus having a crowding-in effect. In particular, during the period 2014–2017, 25 infrastructure projects were completed in the country, with a total value of 7.7 billion euros, with investments for the construction of transport infrastructure be the dominant one. In 2017, 6 major road infrastructure projects were completed with a total
Infrastructure investments in the Greek economy are financed either from public or private sources of funding. Public sources are considered to be NSRF programs, funding from EIB, European Development Fund (EDF) and the “Juncker Plan.” Private sources of finance are the gradual rise of savings and deposits, the repatriation of Greek capital, foreign direct investment, privatization, and the creation of new investment schemes.

Regarding the medium-term future of the Greek economy in terms of infrastructure investment, there is already planning for infrastructure pipeline by 2023. This includes major projects that approximately 36% relate to railway and motorway projects, 21% come from the energy sector, 9.9% relate to the upgrading of the tourist product, and about 3% to waste management and other water projects (PWC, 2018).

### 6.5 Industrial Policies

Industrial development policies comprise two main areas of activity: competitive policies and sectoral policies.

#### 6.5.1 Competitive Policies

Competitiveness is a concept that is particularly closely related to concepts such as productivity, innovation, entrepreneurship, efficiency of economies. Competitiveness can also be taken into account as the main means of raising the standard of living, employment for the unemployed and poverty eradication (Ciampi, 1995).

External shocks have significantly affected the level of competitiveness of the Greek economy in the past, since the burden of policy in times of crisis is oriented to other fields. This is expected to be the situation during the current Covid-19 pandemic, as while the Greek economy had begun to recover after the sharp decline in competitiveness experienced during the debt crisis of 2008, the pandemic is expected to further delay the recovery effort.
In order to stimulate the level of competitiveness of Greek Enterprises, a series of actions are required. Initially, it is necessary to have a legislative framework that is modern and will replace obsolete legislation. Also, it is necessary to include scientific potential in the productive mechanism of the economy, in order to stimulate the quality of the product produced, especially in the high-tech sectors. Particularly important is the role of stimulating entrepreneurship, with the possibility of equal opportunities for doing business for all (for example, women, vulnerable groups of the population), by lifting restrictions (start-up costs, bureaucracy, access to finance) and encouraging risk, and developing skills and awareness regarding entrepreneurship. In addition, comparative advantages of the country linked to the natural resources of Greece should be fully exploited, public infrastructure should be developed that will support competitiveness and attention so that everyone obeys the healthy rules of competition.

Sectoral competitiveness could also be enhanced if any obstacles to the entry of new undertakings into the sectors were removed (such as the requirements for an undertaking to be licensed to operate in the wholesale fuel trade). A national development strategy should also be drawn up for those sectors which have the greatest contribution to the produced product of the economy (tourism, shipping, agricultural sector).

6.5.2 Sectoral Policies

The changes that occur in the context of the 4th Industrial Revolution—which we are experiencing—are many and the various sectors of the Greek economy must adapt to them. The purpose of each industry is to be able to exploit economies of scale, to make effective use of available resources, to provide innovations that stimulate competitiveness, to participate in international trade agreements that stimulate activity and allow it to actively participate in supply chain.

In essence, the goal should be to change the country’s production model, which to date is based on the production of only a few sectors, making the country particularly vulnerable to external shocks. This is why the Covid-19 pandemic has such a significant impact on economic activity, as the blow to the tourism industry is particularly severe. Thus, a series of actions are needed to change the production model, with a greater emphasis on areas such as manufacturing and other priority areas of the Greek economy (see Chapter 8).
Sectoral policies concern all sectors of economic activity, but below are presented actions that mainly concern the priority sectors of the Greek economy. These are the sectors of tourism, marine and transport policy, technology and information technology, pharmaceutical, logistics, “agrofood” sector, and housing sector.

In the tourism industry, it is necessary to use digital technology to promote the industry’s services around the world. Also, the quality of tourism services could be improved by exploiting assets of tourist interest that remain dormant, which requires a more simplified institutional framework, and by developing high-level tourism infrastructure that will attract tourism from higher income levels. In addition, significant benefits could be derived from the further development of cruise tourism and the upgrading of the country’s regional airports and the direct air link to emerging economies.

Regarding marine and transport policy, it is necessary to improve the services already provided and processes that are expected to improve the synergies and networking of those active in the industry. Thus, port facilities should be upgraded, new technologies to enable synergies with other means of transport, new marinas to be created, skilled labor to be employed in the field, and long-term financing of transport-related infrastructure to be ensured.

In the field of Technology and Informatics—a field in which Greece can rely heavily on its international competitiveness—it is advisable to have training and information for businesses to further penetrate information technology (IT) and the use of the Internet in various scientific fields, thus increasing productivity. Also, the competition of the industry can be stimulated through the reinforcement of young scientists who try to be active in the industry with innovative ideas. Finally, the Hellenic Telecommunications and Post Commission (EETT) should be strengthened and be independent, so that it would be able to promote competition and regulate the market.

With regard to the Greek pharmaceutical industry, competitiveness and extroversion could be stimulated through greater diffusion of Greek generics in the Greek market, through participation in international networks, through the provision of incentives for the development of production lines that would make Greek medicines competitive internationally and through stimulation of R&D through incentives and standardization based on international research standards. To this end, it is necessary to change the institutional framework in order to allow
e-Government of the industry and to establish a unified pharmaceutical policy that will help the more efficient production of the industry (for instance reducing the time and cost of approval of generic medicines).

In the logistics sector it is necessary to transform the major ports of the country to be integrated logistics platforms, while the industry should also strengthen its production through skilled workforce. The state could also incentivize companies in the sector to create organized supply zones.

Regarding agrofood sector, competitiveness could be significantly stimulated if high-quality products already produced by the Greek economy started to be produced in larger quantities and marketed abroad as finished products rather than in raw form. To this end, innovation in the industry and the skills of the rural population should be strengthened. In addition, it is crucial to focus on emerging and dynamic markets that have great prospects for production absorption.

Finally, regarding real estate sector, some reforms are considered necessary that can significantly stimulate intersectoral partnerships and will also stimulate the confidence of the Greek society that has invested significantly in real estate. It is therefore considered necessary to use a better tax regime that favors the purchase and sale of real estate, the registration of real estate considered usable, and the establishment of special regulations on urban planning, environment, and expropriations for the execution of strategic investments.

Of course, in the midst of the Covid-19 pandemic the sectoral policy of dealing with the pandemic in the Greek economy requires greater analysis and emphasis. In other words, the trade-off dilemma on economic policy should emerge: whether the sectors that produce the most GDP should be strengthened so that the recession is shorter in 2020 and the recovery is longer in 2021, or whether they have the most employment so that we have the least losses in human capital. The result of trade-off is influenced by the financial cost/effect ratio of each industry’s support.

Ideally, sectors with a high value of life (high employment) and a high effect from the aid should be supported in relation to the budgetary costs required. It follows from the above that aid should be given priority to the hotel and catering industry, manufacturing, construction, but attention should be paid to property management, transport and storage services and professional services.

Essentially, the objective should be the country’s production model, which to date has been based on the production of only a few sectors, making the country particularly vulnerable, to be readjusted (see Chapter 8).
6.6 Labor—Human Development

The country’s workforce is perhaps the most important driver of growth and is even a crucial element for sustainable development in the long term. Thus, the development of the skills of the workforce and its education are the key to a dynamic growth and growth. There are two areas of interest in the field of the human factor: R&D and high and continuous education.

6.6.1 Research and Development

R&D financing in Greece is mainly carried out through funds allocated from the European structural funds. Funding from these resources is directed to human resource R&D and business R&D.

The main objective for R&D of human resources is the quality of the research carried out and the excellence. Thus, most of the funding should be provided for the strengthening of the infrastructures of research institutions and for the networking of these institutions so that the knowledge generated by Greek institutions is diffused throughout the world and at the same time international developments in the field of research are diffused in Greece. The concept of networking is also linked to increasing the mobility of researchers. A significant effort should also be made to attract highly educated and quality Greek scientists who left—especially during the years of the recent debt crisis—abroad in search of better employment opportunities.

Regarding companies’ R&D, financial resources should be directed toward actions related to the liberalization of markets from restrictions on business operation related to the rules, regulations, and institutional framework prevailing. Also, the education and training offered by R&D should foster a culture of healthy entrepreneurship, driven by innovation, productivity, technological development, and synergies to define entrepreneurial activity.

6.6.2 Higher and Continuous Education

The quality of human resources capable of working in the Greek economy could be greatly enhanced if the quality of education provided improved accordingly. This requires long-term objectives related to ensuring a satisfactory level of education funding. Of course, a crucial issue is the
existence of lifelong education for workers, and it is therefore imperative that the objectives of formal education be combined with those of lifelong education and vocational training.

In fact, it is not enough just to provide education and training, as there should be a better link between education and the labor market. To this end the acquisition of skills for human resources is catalytic. The acquisition of skills should be stimulated by school years, with an emphasis on professional orientation. In later school years, care should be taken not to devalue knowledge and to provide knowledge that meets new needs of the labor market. In addition, vocational training should be geared toward in-demand occupations in the future, as they result from relevant studies.

Finally, in order to better link education to the labor market, it is necessary to promote a number of measures, including those aimed at learning through practice. In this context, are included actions that promote the strengthening of practical training, both in vocational schools and in the more theoretical sciences, and that provides businesses motives to absorb new students in a field related to that of their studies.

**Notes**

1. Emphasis is given to their non-fiscal character, because in the period 2010–2015 the concept of “fiscal adjustment” was incorrectly identified with the concept of “structural changes”.
2. The International Investment Position reflects the stocks of Greek residents’ assets and liabilities vis-à-vis non-residents at a given time (quarter-end and year-end). Assets and liabilities are classified into the main categories of direct investment, portfolio investment, other investment, and reserve assets, as well as by resident sector, i.e. Bank of Greece, other monetary financial institutions, general government, and other sectors. The difference between assets and liabilities is the net investment position, which, depending on its positive or negative sign, characterises the country as a net creditor or a net debtor, respectively, vis-à-vis the rest of the world.
3. The GII evaluates the performance of countries based on 80 sub-indices, covering from R&D investments and applications for international patents and trademarks, to the creation of mobile applications and exports of high technology.
4. A relevant study by OECD (2017) (OECD Toolkit 2007–2015), conducted in close cooperation with the Greek government and with the support of the European Commission, examined approximately 1290 legislative acts, identified 577 possible competition constraints and made 356 recommendations for reforms in the sectors covered in the study (e-commerce, construction, media, wholesale, and some individual sectors, such as chemicals and pharmaceuticals).
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