

The Path Not Taken: An Alternative Perspective to the Greek Financial Crisis

John Marangos, University of Macedonia, Thessaloniki
marangosjohn@gmail.com

Themis Anthrakidis, University of Macedonia, Thessaloniki
themistoklis.anthrakidis@gmail.com

Abstract

This paper explores the Greek Financial Crisis (GFC) by examining the neoclassical policies of the Economic Adjustment Programs (EAPs) imposed by Troika (European Commission, European Central Bank, and the International Monetary Fund) and proposing a Keynesian alternative. The neoclassical approach, which emphasized expansionary austerity through fiscal consolidation, internal devaluation, market liberalization, and privatization, was intended to stabilize the Greek economy but led to economic contraction and rising unemployment. In contrast, the paper presents a Keynesian framework focused on demand management, public investment, and fiscal expansion to counter the recessionary effects of the crisis. It integrates key political economy components, including economic theory, political framework, ideological structure, institutional structure, and initial conditions. The Keynesian approach emphasizes coordinated wage bargaining, stimulating aggregate demand, and fostering full employment. By accounting for Greece's specific economic conditions, this alternative strategy offers a balanced recovery that promotes both economic stability and social cohesion, providing a pathway to sustainable growth within the European Monetary Union (EMU).

Keywords: Greek Financial Crisis (GFC), Keynesian Economics, Neoclassical Economics, Economic Adjustment Programs (EAPs), Troika.

Introduction

In 2007, the collapse of the U.S. subprime housing market triggered a global financial crisis, peaking in 2008 and causing widespread economic turmoil. The Eurozone, in turn, faced its most significant challenge since its creation, grappling with the far-reaching effects of the global meltdown. The mainstream neoclassical framework faced challenges in foreseeing the global financial crisis. Neoclassical economics struggled to explain the root causes, proving inadequate in capturing the complex dynamics behind the unprecedented financial upheaval. The debate about the limitations of neoclassical economics in understanding market and institutional failures has sparked a challenge to this prevailing view, leading to a reconsideration of alternative perspectives.

The primary aim of this paper is to reveal and clarify the intricate dynamics and critical factors underlying the Greek Financial Crisis (GFC), while proposing a comprehensive political economy

framework rooted in Keynesian principles as an alternative to the neoclassical policies embedded in the Economic Adjustment Programs (EAPs). What sets this study apart is the novel methodological approach that emphasizes the political economy components, which provide a holistic framework for understanding the GFC. Unlike conventional analysis, this approach captures the interconnected economic, political, ideological, and institutional aspects and initial conditions that shape a financial crisis and its far-reaching consequences; thus, recognizing the complexity and the broader societal impacts that extend well beyond the economic sphere.

The structure of the paper is as follows: Section 2 provides an overview of the GFC. Section 3 analyzes the political economy components of the GFC. Section 4 contrasts the Keynesian approach to the GFC with the neoclassical policies of the Greek EAPs, using the political economy components to compare their key principles and assess their differing impacts, as outlined in Table 1. Finally, section 5 concludes with final remarks.

The Greek Financial Crisis

The financial support provided to Greece to mitigate the impact of the crisis and its exclusion from international markets was facilitated through collective loans from Eurozone countries and the IMF. In return, Greece was required to pledge its commitment to a reform program, encompassing fiscal and structural measures codified within the framework of three consecutive EAPs. This paper focuses primarily on specific aspects rather than providing an exhaustive historical or chronological exploration of the GFC and its complex causes and multifaceted effects. However, to create a comprehensive understanding and provide a clear frame of reference for subsequent discussions, it is important to provide some contextual information.

By 2010, Greece's public debt had reached unsustainable levels, with a debt-to-GDP ratio of nearly 130%, to rise eventually to over 180% by 2015, three times higher than the required by the EMU. The country was shut out of international markets, leading to a "quasi-default" and was forced to seek external assistance from the Troika.¹ As acknowledged in the IMF's Ex Post Evaluation of the 2010 Stand-By Arrangement, "staff was unable to vouch that public debt was sustainable with high probability".² This led the IMF to invoke a policy exception, permitting Greece to receive unconventional financial assistance, despite doubts about the sustainability of its public debt. The report also notes that 'public debt overshoot program projections by a large margin', eventually reaching 170% of GDP by the end of 2013.³ This debt overhang made fiscal consolidation tools ineffective and necessitated repeated adjustment programs, deepening the economic contraction and prolonging the crisis. In addition to these vulnerabilities, successive Greek governments played a critical role in the deterioration of the fiscal position of Greece before the crisis. Driven by fear of political backlash, they consistently avoided implementing necessary structural reforms aimed at addressing deeply rooted inefficiencies in key areas of the domestic economy – such as the public pension system, the ineffective public sector, labor market regulation, and the education and health system, among others.⁴

In this context, the first bailout agreement was agreed upon. In May 2010, Greece secured a €110 billion bailout, comprising €80 billion from Eurozone members and €30 billion from the IMF, equivalent to 44% of its 2010 GDP. The formalized Memorandum of Understanding (MoU) between Greece and Troika included an EAP focused on market credibility, financial stability, and economic

¹ Nelson, Rebecca M. / Derek Belkins, and James K Jackson. 2017. *The Greek debt crisis: Overview and implications for the United States*. Washington: Congressional Research Service.

² IMF. 2018. *Greece: 2018 Article IV consultation and proposal for post-program monitoring*. IMF Country Report 18/248. Washington, D.C.: International Monetary Fund.

³ IMF. 2013. *Greece: Ex post evaluation of exceptional access under the 2010 stand-by arrangement*. IMF Country Report No. 13/156. Washington, D.C.: International Monetary Fund.

⁴ Gkasis, Pavlos. 2018. *Greece and European monetary union: The road to the demise of the Greek economy*, in *Crisis in the Eurozone periphery: The political economies of Greece, Spain, Ireland and Portugal*, edited by Parker, Owen, and Dimitris Tsarouhas. Cham: Palgrave Macmillan, 93–110.

growth, with conditionalities for fund disbursement. The initial conditionalities of the first EAP were not fulfilled, and the overall result was disappointing, leading to a second MoU approved in March 2012 with additional funding providing €130 billion plus the undisbursed funds, accompanied by a voluntary debt rollover agreement, the Greek Private Sector Involvement (PSI)⁵, in May 2012. Following a change in government in 2015 and a referendum on the terms of the agreement, the negotiations resulted in a third EAP with financial assistance of €86 billion.⁶

The three EAPs implemented in Greece between 2010 and 2018 had complex and contested outcomes. The primary objective of the first loan package granted to Greece in 2010 was to prevent a disorderly default, with the broader aim of safeguarding the Eurozone, protecting European and American banks from collapse, and maintaining stability in the international financial system.

The second EAP (2012) introduced debt restructuring through the PSI, which provided nominal relief but contributed to output loss and persistent unemployment, raising concerns about hysteresis effects⁷ and failing to restore debt sustainability or market confidence; additionally, fiscal consolidation measures and continued economic contraction arguably worsened the situation by eroding Greece's productive capacity.⁸

The third EAP, agreed upon by the Syriza-led government in 2015 despite its anti-austerity stance, was driven by acute liquidity shortages and the threat of 'Grexit' (Greece's exit from the EU), following the imposition of capital controls and the European Central Bank's (ECB's) decision to freeze Emergency Liquidity Assistance (ELA). From both a policy and ideological perspective, the Greek government struggled to present a coherent alternative and did not effectively align itself with mainstream progressive movements across Europe.⁹ The government was ultimately compelled to compromise and implement reforms that contradicted both its campaign promises and ideological foundations. While Syriza secured electoral victory, it experienced ideological defeat on critical issues, like debt relief. At the end, Syriza compromised to maintain political power, becoming incorporated into the establishment that it had once opposed. Syriza's rapid political ascendance represents a distinctive case of electorally successful left-wing populism in modern European politics. Notably, the same economic crisis that enabled populist coming to power also revealed how financial institutions and economic constraints can effectively moderate populist movements and integrate them into conventional democratic governance structures.¹⁰

After months of deadlocked negotiations, mounting liquidity pressures, capital controls, and a default on the IMF's Quota Subscription, the risk of 'Grexit' became imminent. Despite winning a referendum against the creditors' proposal, intense financial instability and overwhelming public

⁵ The Greek Private Sector Involvement (PSI) was a debt restructuring initiative carried out in 2012, which involved a reduction of approximately 53.5% in the face value of Greek government bonds held by private investors, aimed at alleviating Greece's sovereign debt crisis by an overall reduction of approximately €100 billion. As part of this debt swap, existing bonds were exchanged for new ones with a lower face value of the original bonds.

Anthrakidis, Themistoklis. 2012. *Report on the recapitalisation and restructuring on the Greek banking sector*. Athens: Bank of Greece; Wyplosz, Charles. 2014. The Eurozone crisis: A near-perfect case of mismanagement. *Journal of Applied Economics* XXXIII(1), 1–13.

⁶ Alcidi, Cinzia / Angela Capolongo, and Daniel Gros. 2020. *Sovereign debt sustainability in Greece during the economic adjustment programmes: 2010-2018. Directorate-General for Economic and Financial Affairs*. Luxembourg: Publications Office of the European Union.

⁷ Hysteresis refers to the tendency of adverse economic conditions – such as high unemployment – to persist even after the initial shock has subsided. In such cases, unemployment may remain elevated despite economic growth, meaning the labor market can stay weak even after a recovery has begun.

Domenico, Lorenzo Di / Gahn Jose, Santiago, and Davide Romaniello. 2023. *Hysteresis in good times? Autonomous demand shocks' effects on inflation, capital and labor in the US economy (1970–2021)*. Working Paper. Hans-Böckler-Stiftung.

⁸ Zettelmeyer, Jeromin / Trebesch, Christoph, and Mitu Gulati. 2013. The Greek debt restructuring: An autopsy. *Economic Policy* 28(75), 513–563.

⁹ Pagoulatos, George, and Panagiotis Vlachos. 2016. *Mission impossible or an absolute beginner? SYRIZA's European policy choices on the way to Greece's 3rd bailout programme*. Barcelona: Centre for International Affairs, 9–20.

¹⁰ Marangos, John. 2025. What's left of the left? The third Greek economic adjustment program, the Troika's conditionalities, and the Washington Consensus. *Journal of Modern Greek Studies* 43(1), 135–173.

support for remaining in the Eurozone left no viable alternative but to accept the new program.¹¹ Eventually, the three successive EAPs imposed by the Troika had significant economic and social repercussions, with austerity measures leading to higher unemployment, a contracting economy, and social unrest, deepening the recession, increasing inequality, and contributing to instability.¹²

At the same time, the institutions overseeing the EMU – such as the European Commission, the ECB, and even Eurostat – failed to maintain adequate monitoring and enforcement over member states like Greece, Spain, Portugal, Italy, Cyprus, and Ireland. These peripheral countries had, whether rightly or wrongly, deviated from the Maastricht criteria, loosening their fiscal policies largely in response to domestic pressures.¹³ A study by the European Parliament’s Economic Governance Support Unit (EGOV) titled “The Troika and financial assistance in the euro area: successes and failures”¹⁴ found that while Greece, Ireland, and Portugal pursued similar fiscal and structural goals under their EAPs, outcomes diverged significantly. Greece’s programs, burdened by heavy austerity and implementation problems, caused deep social and economic harm. Ireland prioritized banking stabilization and restored market confidence more quickly, while Portugal combined fiscal consolidation with structural reforms aiming at restoring competitiveness, achieving moderate success.

The Political Economy Components of the Greek Financial Crisis

The methodological framework proposed in this paper analyzes the GFC and the imposed Greek EAPs by focusing on their key political economy components and the complex dynamics that underscore the intricate relationship between political and economic systems. Those components are:

(1) The term ‘economic theory’ in this paper is employed as synonymous with ‘economic analysis’ or ‘economic paradigm’. Economic theory refers to the foundational ideas and principles that explain how economies operate. It underpins applied policies empowers researchers and policymakers to comprehend economic and social issues, guiding the selection of appropriate policies for implementation.¹⁵

(2) The ‘political framework’ is a structured approach used to analyze and understand the organization, processes, and power relationships within political systems. It provides a lens through which to examine how political institutions and policies interact with economic and social factors, influencing decision-making, governance, and the distribution of power in society. To understand variations in the scope of adjustment reforms, it is essential to consider state actions and reintegrate the political dimension into political economy, covering policies, governance, and politics.¹⁶

(3) The ‘ideological structure’ plays a significant role in economics, as Ross¹⁷ notes, observing that economics is the only established discipline regularly accused not only of including ideologically motivated research programs but also of being an ideology itself. Ideology serves as a fundamental pillar supporting the economic and social order, shaping the beliefs, values, and behaviors of

¹¹ Copelovitch, Mark / Jeffrey Frieden, and Stefanie Walter. 2016. The political economy of the euro crisis. *Comparative Political Studies* 49(7), 811–840.

¹² Marangos, John / Astroulakis, Nikos / Anthrakidis, Themis / Nestoroudi, Angeliki, and Paraskevi Kyrilla. 2024. *The role of the European Central Bank during the Greek financial crisis*, in *Central banking and monetary policy in the G20*, edited by Kalaycı, İrfan. Wilmington: Vernon Press, 63–92.

¹³ Gkasis, *Greece and European monetary union*.

¹⁴ Sapir, André / Wolff, Guntram Carlos de Sousa, and Alessio Terzi. 2014. *The Troika and financial assistance in the euro area: Successes and failures*. Brussels: European Parliament, Directorate-General for Internal Policies (EGOV).

¹⁵ Stockhammer, Engelbert. 2021. Post-Keynesian macroeconomic foundations for comparative political economy. *Politics and Society*, 1–32.

¹⁶ Schmidt, Vivien A. 2009. Putting the political back into political economy by bringing the state back in yet again. *World Politics* 61(3), 516–546.

¹⁷ Ross, Don. 2012. *Economic theory, anti-economics, and political ideology*, in *Handbook of the philosophy of science: Philosophy of economics*, edited by Maki, Uskali. Amsterdam: Elsevier, 241–285.

individuals and groups, while promoting the full and equal participation of social classes and population groups in the pursuit of overall development.¹⁸

(4) The ‘institutional structure’ has garnered increasing focus in recent decades, with economists like Stiglitz¹⁹ emphasizing the importance of understanding how institutions, their motivations, and the interplay between governance, institutional, and societal dynamics shape economic outcomes. By examining the intricacies of institutional arrangements and their influence, we can better comprehend how different countries navigate and address economic challenges.²⁰

(5) The ‘initial conditions’ refer to the state or circumstances prevailing at the beginning of a process or event. In this study and in the context of the financial crisis, initial conditions encompass the economic, political, ideological, and institutional factors in place before the crisis unfolded. Initial conditions are crucial for implementing economic and social reforms, as emphasized by Bénétrix and Lane,²¹ highlighting that varying financial shock waves require different fiscal responses across different countries.

Having defined the key political economy components that shape the GFC, the focus now shifts to how these elements intersect to provide an alternative framework for understanding and addressing the crisis.

The Keynesian Alternative to the Greek Financial Crisis

By 2019, after the implementation of three successive EAPs, Greece had experienced a significant economic downturn, losing nearly a quarter of its GDP and facing an unemployment rate of 17%, marking a decade of substantial economic and social challenges.²² The prolonged socioeconomic crisis in Greece has greatly eroded the credibility of the dominant neoclassical economic theory underlying the EAPs. The GFC, coupled with the imposition of neoclassical fiscal consolidation measures, led to a steep decline in living standards and had a profound effect on the labor market. As Keynes cautioned in Chapter 19 of *The General Theory*, during periods of economic downturn, the fundamental relations and mechanisms that neoclassical theory relies upon no longer hold. He wrote ‘[W]hen we enter on a period of weakening effective demand, a sudden large reduction of money-wages to a level so low that no one believes in its indefinite continuance would be the event most favorable to a strengthening of effective demand. On the other hand, it would be much better that wages should be rigidly fixed and deemed incapable of material changes, than that depressions should be accompanied by a gradual downward tendency of money-wages.’²³ This reflects Keynes’s view that during crises, wage cuts can worsen recessions – especially when monetary policy is constrained, and business confidence is low. In Greece, internal devaluation failed to boost competitiveness, instead deepening demand shortfalls and deflation. A Keynesian strategy of fiscal stimulus and demand management was thus both appropriate and necessary. While the neoclassical policy paradigm still dominates global economic practices, the Keynesian alternative has gained renewed relevance.²⁴ Many of the economic policies implemented to mitigate the crisis’s impact reflect Keynesian principles, challenging the previously unquestioned dominance of neoclassical theory and contributing to the revival of Keynesian thought.

¹⁸ Myrdal, Gunnar. 1975. *The unity of the social sciences*, in *The dynamics of applied anthropology in the twentieth century: The Malinowski award papers*, edited by Weaver, Thomas. Amsterdam: Society for Applied Anthropology, 62–69.

¹⁹ Stiglitz, Joseph E. 2007. *The Post-Washington Consensus consensus*. Conference Paper. Conference on From the Washington Consensus towards a new Global Governance. Foundation CIDOB and the Initiative for Policy Dialogue. September 2004, Barcelona.

²⁰ North, Douglass C. 1987. Institutions, transaction costs and economic growth. *Economic Inquiry* 25(3), 419–428.

²¹ Bénétrix, Agustín S., and Philip R. Lane. 2015. International differences in fiscal outcomes during the global crisis. *Fiscal Studies* 36(1), 1–27.

²² Revuelta, Julio. 2021. The effects of the economic adjustment programmes for Greece: A quasi-experimental approach. *Sustainability (Switzerland)* 13(4970), 1–15.

²³ Keynes, John Maynard. 1936. *The general theory of employment, interest and money*. London: Macmillan.

²⁴ Krugman, Paul. 2009. How did economists get it so wrong? *New York Times*, 6 September 2009.

The Keynesian approach focuses not on unrestrained wage increases, but on coordinated wage-setting policies aligned with productivity and supported by targeted public investment to sustain effective demand. Europe – and Greece in particular – requires a coordinated system of wage bargaining. Such a framework ensures wages grow in line with national productivity gains and the ECB's inflation target, thereby promoting balanced and sustainable growth across member states.²⁵ Schulten and Müller²⁶ similarly contend that the EU's austerity-driven intervention – emphasizing wage cuts and the decentralization of bargaining structures – triggered a deflationary spiral, dampened domestic demand, and exacerbated the crisis, all outcomes a Keynesian framework seeks to prevent.

This paves the way for a more in-depth exploration of the first Keynesian component, economic theory, which is essential for understanding the GFC within the wider context of the European financial crisis.

Economic Theory

The overarching effect of the Troika-imposed neoclassical policies of austerity, deregulation, and privatization in Greece was a reduction in aggregate demand, which negatively impacted consumption, investment, output, and employment.²⁷ Empirically, over the duration of the EAPs (2010–2018), Greece experienced a cumulative real GDP contraction of approximately 25%, with output in 2018 still more than 20% below its pre-crisis level.²⁸ Unemployment rose sharply, peaking at around 27% in 2013, and despite a gradual decline after 2014, it remained close to 19% at the conclusion of the programs, indicating persistent labor-market distress and slow recovery.²⁹ This was justified under the theory of 'expansionary fiscal consolidation', which claimed that fiscal consolidation would lead to economic growth.³⁰ In contrast to the neoclassical 'expansionary austerity', Keynesians advocate for increased public spending and investment to stimulate economic growth and productivity. This approach aims to attract private investment, boost spending, and ultimately 'crowding in' further economic activity, helping to achieve full employment and counter recessionary effects.³¹ The Keynesian economic theory, offering an alternative to the neoclassical Greek EAPs, emphasizes full employment and equitable income distribution as central goals. It advocates for achieving these objectives through active government intervention, with fiscal policy serving as a key instrument.³² As such, it promotes 'wisely managed' capitalism in order to achieve economic efficiency.³³ In this context, the Greek government, with the backing of its EU partners, should have launched public investment initiatives to stimulate public consumption, thereby driving effective demand and promoting full employment.

Rather than enforcing broad austerity measures, the Troika and EU institutions should have embraced a 'Marshall Plan-type' economic restoration initiative, designed to stimulate aggregate demand through increased public spending and investment. This plan would prioritize large-scale public projects to create job opportunities for the unemployed.³⁴ In the context of the GFC,

²⁵ Onaran, Özlem. 2016. Wage- versus profit-led growth in the context of globalization and public spending: The political aspects of wage-led recovery. *Review of Keynesian Economics* 4(4), 458–474.

²⁶ Schulten, Thorsten, and Torsten Müller. 2013. *A new European interventionism? The impact of the new European economic governance on wages and collective bargaining*, in *Social developments in the European Union 2012*, edited by Natali, David, and Vanhercke Bart. Brussels: ETUI, 181–213.

²⁷ Frangakis, Marica. 2015. Public debt crisis, austerity and deflation: The case of Greece. *Review of Keynesian Economics* 3(3), 295–313.

²⁸ IMF, *Article IV consultation post-program monitoring*; Anthrakidis, Themistoklis. 2024. *The Greek and the Cypriot financial crises: A comparative political economy approach*. Thessaloniki: University of Macedonia.

²⁹ Mavridis, Symeon. 2018. Greece's economic and social transformation 2008-2017. *Social Sciences* 7(1), 9-14.

³⁰ Botta, Alberto. 2016. *The theoretical weaknesses of the expansionary austerity doctrine*. Working Paper. University of Greenwich, Greenwich Political Economy Research Centre.

³¹ Kalecki, Michal. 1943. Political aspects of full employment. *Political Quarterly* 14(4), 322–331.

³² Davidson, Greg, and Paul Davidson. 1988. *Economics for a civilized society*. London: The Macmillan Press LTD.

³³ Keynes, John Maynard. 1926. *The end of laissez-faire. Essays in persuasion*. London: Palgrave Macmillan.

³⁴ Papadimitriou, Dimitri B. / Michalis Nikiforos, and Gennaro Zezza. 2013. *The Greek economic crisis and the experience of austerity: A strategic analysis*. Levy Institute Strategic Analysis. Annandale-on-Hudson: Levy Economics Institute.

implementing a moderate fiscal expansion early on could have disrupted the vicious cycle of shrinking GDP and rising unemployment. Keynesian economic theory suggests that a more effective approach would have involved Europe adopting expansionary fiscal policies to protect peripheral countries from deep recessions. This strategy would rely on the ECB acting as a lender of last resort, issuing Eurobonds, and lowering interest rates to restore financial stability.³⁵

Unlike the conditionalities of Greek EAPs, which emphasize reducing deficits, cutting debt, and welfare state reductions through pensions and social benefits cuts, the Keynesian approach promotes increasing the wage share of income to drive aggregate demand.³⁶ The financial crisis in Europe, particularly in Greece, is largely attributable to current account imbalances that emerged in the years preceding the crisis, driven by the asymmetric structure of the EMU.³⁷ The EMU regime, dependent on financialization and debt-driven growth, resulted in Greece and other peripheral countries accumulating substantial current account deficits. In contrast to the neoclassical policies embodied in the EAPs, Greece, as a current account deficit country, should pursue growth adjustments aligned with the balance of payments-constrained growth rate for all EMU member states. This approach would help reduce Greece's fiscal deficits.³⁸ From a Keynesian perspective, resolving the Greek crisis requires focusing on demand stimulation through coordinated EU-wide wage bargaining, raising wages across the board, and empowering trade unions to boost aggregate demand.³⁹

In line with the above, Keynesian economic theory proposes the 'inflationary adjustment strategy' as an alternative to the neoclassical 'internal devaluation' strategy outlined in the EAPs. Internal devaluation through deflation is extremely challenging and likely to fail both politically and economically. However, the burden of adjustment could be reduced if the overall Eurozone inflation rate were higher, allowing Greece and other peripheral nations to regain competitiveness.⁴⁰ This approach advocates for a coordinated wage policy across the EMU, with higher wages in surplus countries like Germany and expansionary fiscal policies in deficit countries such as Greece and other peripheral nations. The Keynesian theory calls for significant fiscal stimulus, improvements in social security, tax cuts, financial regulation, preservation of state assets, and collective bargaining – strategies that sharply contrast with the neoclassical Washington Consensus (WC) principles embedded in the Greek EAPs.

The EAPs were grounded in a policy framework commonly described as expansionary fiscal consolidation, according to which front-loaded fiscal consolidation and structural reforms were expected to restore market credibility, reduce sovereign risk premia, and encourage private investment through confidence effects, as articulated in official program documents.⁴¹ Internal devaluation, wage moderation, and product-market liberalization were expected to improve competitiveness within the constraints of the EMU and facilitate export-led recovery. However, in the Greek case, these mechanisms were weakened by deep recessionary conditions, constrained

³⁵ Botta, *The Theoretical Weaknesses of the Expansionary Austerity Doctrine*; Marangos, Astroulakis, Anthrakidis, Nestoroudi and Kyrilla. *The role of the European central bank*.

³⁶ Stiglitz, Joseph E. 2013. *The Euro crisis and contradictions of neoliberalism in Europe*. Economics Discussion Papers. Kingston University London.

³⁷ Koll, Willi, and Andrew Watt. 2017. *A feasible conceptual and institutional reform agenda for macroeconomic coordination and convergence in the euro area*, in *Macroeconomic imbalances in Europe: A mistaken concept?*, edited by Herr, Hansjörg / Priewe, Jan, and Andrew Watt. Berlin: SE Publishing, 335–348.

³⁸ Hein, Eckhard / Truger, Achim, and Till van Treeck. 2011. *The European financial and economic crisis: Alternative solutions from a (Post-) Keynesian perspective*. Working Paper. Düsseldorf: IMK, Hans-Böckler-Stiftung.

³⁹ Bieler, Andreas / Jordan, Jamie, and Adam David Morton. 2019. EU aggregate demand as a way out of crisis? Engaging the Post-Keynesian critique. *Journal of Common Market Studies* 57(4), 1–27.

⁴⁰ Krugman, Paul. 2013. Revenge of the optimum currency area. *NBER Macroeconomics Annual* 27(1), 439–448.

⁴¹ European Commission. 2010. *The economic adjustment programme for Greece*. Occasional papers. Luxembourg: Directorate-General for Economic and Financial Affairs.

monetary policy, and debt-overhang dynamics, while the contractionary effects of fiscal consolidation were larger than initially anticipated due to underestimated fiscal multipliers.⁴²

Political Framework

The political framework is defined as the interaction between the political system and society, shaping administrative options through state bureaucracy. The political framework focuses on the role of the state and the rules of engagement in the socio-economic sphere. The implementation of reforms is fundamentally a ‘political process’, driven by state and government priorities.⁴³ Therefore, the key objective of this section is to examine whether there is room for a significant role of the state and the government’s implemented policies.

The Greek adjustment programs, being externally imposed, lacked meaningful social dialogue and consultation with key stakeholders and social partners. Rather than allowing the Greek government full political ownership of the reforms, the Troika maintained close oversight of the process, which some perceived as limiting Greek sovereignty and democratic decision-making.⁴⁴ Troika placed the responsibility for restoring confidence in the Greek economy on the successful implementation of the EAPs, relying heavily on market forces to drive this recovery. As outlined in the first EAP, “The short-term program objectives are to restore confidence and maintain financial stability.”⁴⁵ Hence, implementing a Keynesian political approach in relation to the EAPs would help advance critical government reforms by securing strong public support.

A Keynesian alternative to the political framework of the Greek EAPs emphasizes a more active state role in managing the socioeconomic sphere and regulating the financial sector, in contrast to the limited government intervention favored by neoclassical theory. This view positions the state and its institutions as essential pillars of a stable capitalist system, emphasizing state intervention to address and remedy market failures, particularly in income distribution and public goods provision, while safeguarding societal well-being.⁴⁶ In the context of a Keynesian political framework, it is imperative for the Greek government and its elected representatives to spearhead the formulation and execution of essential reforms to revitalize the economy. This perspective emphasizes the responsibility of the government to consistently align with public and societal interests by actively involving citizens in decision-making processes. It advocates for macroeconomic decisions to undergo democratic and participatory approaches, rather than allowing the externally imposed reforms by unelected, democratically unaccountable bodies, ensuring a responsive and reactive procedure to guarantee the most effective policy solutions.⁴⁷

Greece, under the neoclassical EAPs, operates within rigid fiscal constraints requiring careful scrutiny of expenditure decisions. These constraints limit government spending and fiscal autonomy, reducing Greece’s sovereignty. Keynesians criticize this approach as overly restrictive, arguing it stifles economic growth and stability, particularly during crises. A Keynesian solution to the GFC would also involve intervention by the ECB as a lender of last resort, enabling the Greek government to implement expansionary policies.⁴⁸ Keynesians argue that the financial crisis resulted from the failure of the state to adequately regulate markets, whereas neoclassical

⁴² Blanchard, Olivier J, and Daniel Leigh. 2013. *Growth forecast errors and fiscal multipliers*. NBER Working Paper Series, February 2013; IMF, *Ex post evaluation of exceptional access*.

⁴³ Skalkos, Dimitris. 2018. Studying the political economy of reforms: The Greek case, 2010-2017. *Theoretical and Applied Economics* 25(2), 163–186.

⁴⁴ Tsoukis, Christopher / Bournakis, Ioannis / Christopoulos, Dimitris K, and Theodore Palivos. 2017. *Political economy perspectives on the Greek crisis: Debt, austerity and unemployment*. Cham: Palgrave Macmillan.

⁴⁵ European Commission, *The economic adjustment programme for Greece*, 15.

⁴⁶ Lavoie, Marc. 2006. *Introduction to Post-Keynesian economics*. London: Palgrave Macmillan.

⁴⁷ Marangos, John. 2006. Developing a civilised society in transition economies: The Post Keynesian paradigm. *Journal of Socio-Economics* 35(4), 660–681.

⁴⁸ Marangos, Astroulakis, Anthrakidis, Nestoroudi and Kyrilla. *The role of the European central bank*; Stiglitz, Joseph E, *The euro crisis and contradictions of neoliberalism in Europe*.

economists criticize monetary expansion, citing inflation risks and the potential for speculative bubbles.⁴⁹

The neoclassical political framework, while supporting liberal democracy, opposes significant government intervention in the economic and social spheres. This approach undermines collective societal efforts and can contribute to social fragmentation and diminishes the role of the state in economic governance.⁵⁰ During the GFC, the weakened position of the government and the escalation of the crisis created a democratic deficit, as Troika-imposed conditionalities often clashed with public preferences. The Troika advanced its agenda with minimal domestic resistance, exploiting the fragile parliamentary majorities of successive Greek governments and widespread public distrust. Lacking a strong domestic reform alliance, the Troika's 'shock therapy' approach prevailed over more gradual reforms, largely due to the weak political legitimacy of the Greek governments.⁵¹

The shock therapy process applied in Greece was particularly risky due to the country's inward-looking nature and weak productive base.⁵² A Keynesian approach to the speed of necessary reforms within Greece's reform agenda would advocate for a more gradual course. As seen in transition economies, reforms should be implemented slowly and adjusted to the evolving social and economic landscape.⁵³ In contrast to the shock therapy approach, gradual reforms represent a 'more cautious and piecemeal' strategy, allowing structural changes the time they need to take effect.⁵⁴ A slower pace of fiscal adjustment would likely cause less harm to both the economy and Greek society. Wage and employment reforms should be progressive, based on realistic needs, and developed through social dialogue.

Ideological Structure

The policies imposed by the Troika in Greece are described by Clifton, Díaz-Fuentes and Lara-Gómez.⁵⁵ as extensive, intrusive, and long-lasting, due to a disconnect between the EAP strategies and Greece's national political economy and ideological framework. The Troika sought to implement rigid, ideologically-driven measures to reduce market volatility and align the Greek economy with the political and economic standards of the wider Eurozone. Within this context, several policies of the EAPs seemed to lack meaningful purpose. Keynesians offer an alternative ideological perspective to the neoclassical approach underpinning the Greek EAPs promoted by the Troika. They argue that during financial crises, the government should take an active role in managing demand by implementing fiscal policies to stimulate consumption, create jobs, and invest in public infrastructure, aiming to achieve near full employment.⁵⁶

The global financial crisis – which ultimately gave rise to the GFC – triggered a profound ideological shift within economic theory, particularly challenging the 'efficient market hypothesis'. The credit crunch undermined the belief in unregulated markets, revealing their vulnerabilities. This crisis underscored the relevance of Keynesian economics, which had long advocated for proactive intervention policies aimed at the common good.⁵⁷ The recovery of Europe depends on

⁴⁹ Kotios, Angelos, and George Galanos. 2012. The international economic crisis and the crisis of economics. *World Economy* 35(7), 869–885.

⁵⁰ Wai-chung Yeung, Henry. 2000. State intervention and neoliberalism in the globalizing world economy: Lessons from Singapore's regionalization programme. *Pacific Review* 13(1), 133–162.

⁵¹ Featherstone, Kevin. 2015. External conditionality and the debt crisis: The 'Troika' and public administration reform in Greece. *Journal of European Public Policy* 22(3), 295–314.

⁵² Petrakos, George. 2014. Economic crisis in Greece. European and domestic market and policy failures. *Region et Development* 39, 9–33.

⁵³ Marangos, John. 2004. A Post-Keynesian approach to the transition process. *Eastern Economic Journal* 30(3), 441–465.

⁵⁴ Popov, Vladimir. 2000. Shock therapy versus gradualism: The end of the debate (Explaining the magnitude of transformational recession). *Comparative Economic Studies* 42(1), 1–57.

⁵⁵ Clifton, Judith / Diaz-Fuentes, Daniel, and Ana Lara Gómez. 2018. The crisis as opportunity? On the role of the Troika in constructing the European consolidation state. *Cambridge Journal of Regions, Economy and Society* 11(3), 587–608.

⁵⁶ Patomäki, Heikki. 2009. Neoliberalism and the global financial crisis. *New Political Science* 31(4), 431–442.

⁵⁷ De Grauwe, Paul. 2010. The return of Keynes. *International Finance* 13(1), 157–163.

restoring democratic legitimacy and reorganizing society around collective values. To combat growing skepticism about European integration, a united political and societal movement is essential. This movement must challenge the dominance of neoclassical economic orthodoxy and promote a shared vision for Europe that transcends the limitations of current economic ideologies.⁵⁸ There is a need to renew focus on solidarity by advocating for income stabilization and social insurance to support vulnerable groups, such as the young, elderly, and caregivers, thereby strengthening the social fabric and ensuring economic resilience.⁵⁹

In the Keynesian ideological framework, full employment is a multifaceted concept that goes beyond job creation, representing a broader societal goal. Achieving full employment is closely tied to the fair redistribution of income and wealth, with the aim of reducing socioeconomic disparities and enhancing overall well-being. This approach aligns with the belief that a strong labor market, where individuals have access to decent jobs and fair wages, is the foundation of a just and prosperous society characterized by social cohesion and equitable resource distribution. The presumption is that a more prosperous and fair society fosters better states of mind. Politics should be arranged to avoid unduly distracting people from cultivating well-being,⁶⁰ In Keynes own words, “The outstanding faults of the economic society in which we live are its failure to provide for full employment and its arbitrary and inequitable distribution of wealth and incomes”.⁶¹

Keynesianism emphasizes government intervention for the collective good, encouraging Greek state policies to move away from deregulation and labor flexibility toward pro-labor measures, such as revitalizing labor unions and stabilizing the minimum wage.⁶² The Keynesian approach offers specific measures to address the GFC, advocating labor market re-regulation and the restoration of collective bargaining processes to boost wages and stimulate domestic demand. It also recommends that the Greek government retain control over public enterprises to actively intervene in the economy, aiming to sustain full employment. Through fiscal expansion, the Keynesian framework promotes a class compromise ideology, strengthening the bargaining power of workers while fostering egalitarianism and social welfare.⁶³

Institutional Structure

Recognizing the role of institutions is essential, as they greatly shape a country's economic and social outcomes. A weak institutional framework can contribute to financial crises, whereas robust institutions are key to more effective crisis management and recovery.⁶⁴ This analysis is key to understanding the evolution of Greek institutions, and the EAP measures aimed at strengthening institutional foundations for lasting stability and growth.

The neoclassical institutional structure views government intervention primarily as a means to ensure the efficient functioning of markets and to correct market failures when necessary.⁶⁵ In contrast to the neoclassical institutional structure underpinning the Greek EAPs, Keynesian theory emphasizes the essential role of the state as the foundation of the socioeconomic system.⁶⁶

⁵⁸ Parker, Owen, and Dimitris Tsarouhas (eds.). 2018. *Crisis in the Eurozone periphery: The political economies of Greece, Spain, Ireland and Portugal*. Cham: Palgrave Macmillan.

⁵⁹ Galbraith, James K. 2018. *Backwater economics and new pragmatism: Crises and evolution of economics*. Working Paper Series No. 138. Warsaw: TIGER.

⁶⁰ Skidelsky, Robert. 2009. *Keynes: The return of the master*. New York: Public Affairs.

⁶¹ Keynes, John Maynard, *The general theory of employment*, 184.

⁶² Hein, Truger and van Treeck. *The European Financial and Economic Crisis*.

⁶³ Stockhammer, Engelbert. 2021. *Hilferding, Woytinsky and the fiscal orthodoxy of interwar social democracy*. Working Paper N. 2118. Post-Keynesian Economic Society.

⁶⁴ Rapanos, Vassilis T, and Georgia Kaplanoglou. 2014. Governance, growth and the recent economic crisis: The case of Greece and Cyprus. *Cyprus Economic Policy Review* 8(1), 3–34.

⁶⁵ Ferrari-Filho, Fernando, and Octavio Augusto Camargo Conceição. 2005. The concept of uncertainty in Post Keynesian theory and in Institutional Economics. *Journal of Economic Issues* 39(3), 579–594.

⁶⁶ Whalen, Charles J. 2013. Post-Keynesian institutionalism after the Great Recession. *European Journal of Economics and Economic Policies* 10(1), 12–27.

In the Keynesian institutional structure, government intervention in the economy via fiscal stimulus is instrumental in initiating an effective demand process that propels growth and strives for full employment. The Keynesian paradigm advocates for the Greek state to take a central role as the key policymaking entity driving the reform agenda. In particular, the conditionality policies within the EAPs, designed to restructure the institutional framework of Greece, should focus primarily on the demand side of the economy to ensure sufficient aggregate demand for full employment. This can be achieved, likely with less export reliance, a regulated financial system, a robust and interventionist public sector, and a balanced role for economics as tutor of governance.⁶⁷ The reform strategy during the GFC should emphasize building strong institutions to stabilize the system and reduce uncertainty. According to Minsky,⁶⁸ the transformation of institutions with the goal of achieving full employment is the key strategy for alleviating uncertainty.

Within this conceptual framework, Greece should reconsider its approach to restructuring the productive sector by moving away from further liberalization measures. Rather than adhering to neoclassical policies, the Greek government should implement comprehensive reforms aimed at fostering stable economic growth, promoting social cohesion, and pursuing environmentally sustainable development.⁶⁹ The neoclassical perspective often disregards a country's initial domestic institutional structure, favoring a 'one-size-fits-all' reform agenda. In this regard, the institutional reforms outlined in the Greek EAPs follow a standardized pattern across all participating countries. In contrast, Keynesians support a path dependence strategy, which takes historical contexts into account when shaping future conditions.⁷⁰ Institutions play a critical role in both the economic system and the broader social framework due to the deep interconnectedness between social and economic spheres. In this manner, the path of reforms is largely shaped by the progress of institutional development. National governments must continuously adapt their institutional structures – encompassing legislative, administrative, and judicial decisions – to align with specific timeframes and circumstances.⁷¹ In the case of Greece, it is essential for the government to carefully adjust its institutional structure to reflect the country's unique temporal and socioeconomic conditions. A Keynesian institutional response to the Greek crisis should focus on sustainable development, while adapting to current constraints. This means building well-organized institutions that harness human potential, ensure economic security, and promote balanced, moderate growth. The emphasis is on sustainability across economic, social, and environmental dimensions.⁷²

In the Keynesian framework, institutional reforms tailored to Greece should focus on fostering a macroeconomic environment marked by sustainable and dynamic growth, departing from the austerity-driven policies imposed by the Troika. This transformative approach requires a shift from the restructuring of Greece's regulatory framework toward multi-level negotiation systems.⁷³ A Keynesian reform strategy would prioritize a distributive regime over wage flexibility, aiming for fair wage adjustments in line with transnational trade positions. A coordinated collective bargaining mechanism should lead to higher wages, especially in trade surplus countries within the EMU, working toward full employment.⁷⁴ Restoring collective bargaining would establish a stable wage growth framework, aligned with productivity increases and inflation dynamics.

⁶⁷ Skidelsky, *Keynes: The return of the master*.

⁶⁸ Minsky, Hyman P. 1996. Uncertainty and the institutional structure of capitalist economies. *Journal of Economic Issues* 30(2), 357–368.

⁶⁹ Frangakis, *Public Debt Crisis, Austerity and Deflation*.

⁷⁰ Stockhammer, Engelbert, *Post-Keynesian macroeconomic foundations*.

⁷¹ Whalen, *Post-Keynesian institutionalism after the great recession*.

⁷² Galbraith, *Backwater economics and new pragmatism*.

⁷³ Koukiadaki, Aristeia, and Chara Kokkinou. 2016. *The Greek system of collective bargaining in (the) crisis*, in *Joint regulation and labour market policy in Europe during the crisis*, edited by Isabel Tavora and Miguel Martinez-Lucio. Manchester: European Trade Union Institute, 135–205.

⁷⁴ Stiglitz, Joseph E. 2016. Neoliberal growth models, monetary union and the Euro crisis. A Post-Keynesian perspective. *New Political Economy* 21(4), 1–36.

Additionally, prudent regulation of the financial system is crucial to prevent real estate bubbles or excessive debt accumulation by private households. Keynesians oppose the widespread privatizations favored by the neoclassical institutional approach, instead emphasizing the social role of public enterprises. Collaborative efforts between the national government and regional, municipal, and local authorities should prioritize infrastructure investments and maintain oversight of state-owned enterprises and major corporations to stabilize the investment landscape.⁷⁵

Within the Keynesian institutional structure, the primary focus as a central economic goal is on achieving full employment, placing this goal above debt reduction. The role of the Central Bank is crucial, shifting from solely targeting inflation to creating a controlled inflationary environment that facilitates national debt reduction.⁷⁶ According to the Keynesian perspective, the ECB should have implemented a 'lender of last resort' mechanism to support Greece during liquidity crises and prevent contagion within the EMU. While concerns about moral hazard exist, they must be addressed because removing the ECB's ability to provide emergency liquidity makes the financial system vulnerable to self-fulfilling crises and panic.⁷⁷ Eventually, the hesitation of the ECB to facilitate a lender of last resort function allowed the GFC to escalate into a full-blown sovereign debt crisis, eventually leading to the introduction of EAPs. Although the ECB's later decision to purchase bonds from over-indebted governments helped ease the crisis, it was only a short-term solution, relying on economic and monetary policy tools to address immediate impacts rather than adopting a broader Keynesian approach.⁷⁸ This policy was quickly abandoned after the immediate crisis subsided. From the Keynesian viewpoint, the ECB should have supported Greece and other European nations by backing commercial banks and issuing 'Eurobonds' to provide liquidity to Eurozone governments.⁷⁹ This strategy challenges the neoclassical decision-making framework of the EU, which currently lacks the issuance of Eurobonds in its common budget, a key inadequacy in the existing system. The 'Keynesian solution' involves the ECB injecting substantial funds to stimulate aggregate demand, promote new investments, and create business opportunities. Such an approach would aid income recovery, boost employment, and drive consumption, leading to sustained economic growth within the Keynesian institutional framework.⁸⁰

Initial Conditions

In this study, initial conditions refer to the economic, political, ideological, and institutional factors that existed prior to the onset of the GFC. Despite experiencing strong growth during the 2000s, persistent large fiscal deficits, along with weak competitiveness, contributed to a significant current account deficit and rising public debt. Chronic economic weaknesses and the inability to build an effective state capable of enforcing fiscal discipline exacerbated fiscal and trade imbalances. These structural vulnerabilities hastened the underlying problems in the Greek economy, creating conditions ripe for economic instability.⁸¹

The Greek EAPs adopted a frontloaded approach with limited consideration of the domestic economic and social context, which contributed to deepening the downturn and affecting social cohesion.⁸² The Troika, which oversaw these programs, overlooked the initial conditions of the Greek economy – characterized by low savings, a demand-led structure, and underdeveloped

⁷⁵ Herr, Hansjörg. 2013. *An analytical framework for the post-Keynesian macroeconomic paradigm*. Working Paper No. 23/2013. Hochschule für Wirtschaft und Recht Berlin, Institute for International Political Economy (IPE).

⁷⁶ Stiglitz, Joseph E. *Neoliberal growth models*.

⁷⁷ Krugman, *Revenge of the optimum currency area*.

⁷⁸ Stockhammer, Engelbert. *Post-Keynesian macroeconomic foundations*.

⁷⁹ Stiglitz, Joseph E. 2013. Stable growth in an era of crises : Learning from economic theory and history. *Ekonomi-Tek* 2, 1–39.

⁸⁰ Schiaffino, Pablo. 2013. A comment on the European Central Bank solution vs. the Keynes solution. *Journal of Post Keynesian Economics* 35(3), 457–462.

⁸¹ Bank of Greece. 2010. *Governor's report for 2009*. Athens: Bank of Greece.

⁸² Petrakos, *Economic crisis in Greece*.

productive and export sectors. As a result, the rapid fiscal consolidation, driven by an underestimated fiscal multiplier, caused a sharp decline in aggregate demand and income.⁸³

The first EAP in 2010 significantly underestimated the fiscal multipliers, assuming a value of 0.5, instead of 1, based on subsequent estimations. As later acknowledged by the IMF, this led to a deeper recession than projected, as actual multipliers were considerably higher in conditions of constrained monetary policy and heightened uncertainty.⁸⁴ This miscalculation led to an unprecedented economic depression in Greece. Notably, IMF economists Blanchard and Leigh acknowledged that “fiscal multipliers were, on average, underestimated for both sides of the fiscal balance, with a slightly larger degree of underestimation associated with changes in government spending”.⁸⁵

Research indicates that fiscal multipliers tend to be larger during the early stages of a recession, especially in cases of substantial fiscal consolidation – conditions that accurately reflect Greece’s situation in 2010, when it undertook one of the most ambitious fiscal adjustments in recent OECD history.⁸⁶ According to OECD estimates, fiscal multipliers in Greece were relatively high compared to similar economies due to the country’s closed economic structure and high propensity to consume, implying that fiscal consolidation had a more pronounced negative effect on economic activity than initially projected.⁸⁷ As acknowledged by the IMF itself in its ‘Ex Post Evaluation of Exceptional Access under the 2010 Stand-By Arrangement’,⁸⁸ the program initially assumed a fiscal multiplier of 0.5, despite internal recognition that Greece’s relatively closed economy, high liquidity-constrained households, and lack of monetary policy autonomy would likely magnify the contractionary effects of fiscal consolidation. This misjudgment had tangible consequences: real GDP in 2012 declined by 17% relative to 2009, compared to an initial projection of only 5.5%. Unemployment rose to 25%, far exceeding the original 15% forecast. The Keynesian fiscal multiplier reflects the idea that during economic downturns or recessions, when private sector demand is insufficient, increased government spending can stimulate economic activity, leading to higher output and income. However, Troika’s strategy, by applying neoclassical, Washington Consensus-based policies through the EAPs, had severe repercussions on the real economy, exacerbating unemployment and leading to a deeper and more severe decline in GDP than anticipated.⁸⁹

The shortcomings of the Greek EAPs are largely attributed to unfavorable initial conditions and the extensive, front-loaded, revenue-focused fiscal adjustments. Greece’s unique crisis called for a customized, unconventional approach, but the successive EAPs revealed the limitations of the traditional bailout program framework. This underscores the need to rethink rescue programs in favor of tailored, country-specific adjustment strategies.⁹⁰ The notion that ‘one size does not fit all’ highlights the complex reality that the optimal response to a financial crisis is deeply influenced by a country’s initial conditions and unique characteristics, advocating for individualized strategies and approaches.⁹¹

The rationale behind the Greek EAPs seems to have overlooked the specific complexities and initial conditions of the country. The conditionalities in these programs placed a significant burden of

⁸³ Skalkos, *Studying the political economy of reforms*.

⁸⁴ Blanchard and Leigh, *Growth forecast errors and fiscal multipliers*; IMF, *Ex post evaluation of exceptional access*.

⁸⁵ Blanchard and Leigh, *Growth forecast errors and fiscal multipliers*, 3.

⁸⁶ Matsaganis, Manos. 2013. *The Greek Crisis: Social Impact and Policy Responses*. Berlin: Friedrich-Ebert-Stiftung.

⁸⁷ OECD. 2011. *OECD Economic Surveys: Greece 2011*. Paris: OECD Publishing.

⁸⁸ IMF, *Ex post evaluation of exceptional access*.

⁸⁹ Gkasis, *Greece and European monetary union*.

⁹⁰ Riedl, Aleksandra / Silgoner, Maria, and Angelika Knollmayer. 2015. The mixed success of EU-IMF adjustment programs in Europe – Why Greece was different. *Focus on European Economic Integration*, *Oesterreichische Nationalbank (Austrian Central Bank)* 4, 52–70.

⁹¹ Agustín and Lane, *International differences in fiscal outcomes*.

reforms, requiring swift implementation from the start. This ‘shock therapy’ approach led to a rapid fiscal adjustment, an unusual step for an OECD nation within such a short timeframe.⁹² Keynesians stress the importance of initial conditions, including institutional, ideological, political, and cultural structures, as crucial factors. In contrast to the shock therapy approach, they argue that the reform process is gradual and path-dependent, shaped by existing customs, traditions, beliefs, external influences, and the chosen reform strategy⁹³. This perspective underscores the non-linear nature of reform processes, emphasizing the need to consider each country’s unique economic and institutional frameworks when developing reform strategies. Reforms that may be effective in one crisis-affected nation may not produce the same outcomes in another. Thus, policymakers and adjustment program designers are encouraged to prioritize ‘country-specific characteristics’ rather than adopting a one-size-fits-all approach to reforms and measures.⁹⁴

Hamouda and Harcourt observe that “the policies which may be rationalized by Keynesian analysis are very much geared to concrete situations, the historical experience, and the sociological characteristics of the economies concerned”.⁹⁵ This approach emphasizes the importance of historical and country-specific factors based on empirical evidence, incorporating each country’s unique characteristics into its reform processes for a more thorough understanding. This avoids the methodological error of relying on outdated hypotheses. In Keynesian analysis, Greece is classified as a wage-led demand regime, where an increase in the wage share generates a positive net effect, primarily through increased consumption, as opposed to the investment and net export effects seen in profit-led regimes. The neoclassical approach, by contrast, focuses on external demand stimulation, typically through debt-driven or export-driven growth models. Like other southern peripheral Eurozone nations, Greece followed a neoclassical debt-driven growth path, fueled by credit expansion, which led to higher inflation and a loss of competitiveness.⁹⁶ Within the Keynesian framework, it is essential for the Greek government and policymakers to consider the demand regime of the Greek economy, specifically identified as wage-led. Policies aimed at stimulating demand should have been encouraged in the reform agenda, rather than imposing harsh austerity measures. A reform package geared toward stimulating aggregate effective demand would have been more beneficial. Keynesian scholars Lavoie and Stockhammer emphasize the importance of sustained wage growth in a successful policy package for economic recovery, as

a

successful policy package to economic recovery needs to have sustained wage growth as one of its core building blocks. Only when wages grow along with productivity growth will consumption expenditures grow without rising debt levels.⁹⁷

Table 1 offers a structured comparison, outlining the core aspects of the Greek EAPs. The Table contrasts the neoclassical-oriented policies with the proposed Keynesian alternatives. The first column details the theoretical model developed in this paper, the second lists the neoclassical aspects embedded in the EAPs, and the third introduces Keynesian-based reforms designed to address the economic challenges Greece faced. This methodology provides the foundation for a thorough analysis of the GFC, enabling a clear comparison of the impacts of neoclassical and Keynesian policies on the Greek economy.

⁹² Spanou, Calliope. 2015. Administrative reform and policy conditionality in Greece. *Revista de Administração e Emprego Público (RAEP)* 1(1), 31–54.

⁹³ Marangos, John, *Developing a civilised society in transition economies*.

⁹⁴ Vienna Rodríguez, Francisco. 2005. *Does one size fit all in policy reform? Cross-national evidence and its implications for Latin America*. Conference Paper. Conference on Democratic Governability in Latin America. 7–8 October 2005, Notre Dame, Indiana.

⁹⁵ Hamouda, Omar, F., and Harcourt, Geof, C. 1988. *Post-Keynesianism, from criticism to coherence?*, in *On political economists and modern political economy*, edited by Sardoní, Claudio. London: Routledge Library Editions, 209–234.

⁹⁶ Stiglitz, Joseph E, *Neoliberal growth models*.

⁹⁷ Lavoie, Marc, and Engelbert Stockhammer. 2012. *Wage-led growth: Concept, theories and policies*. International Labour Office, Conditions of Work and Employment Branch. Geneva.

Table 1: The Keynesian alternative to the Greek Financial Crisis

Political Economy Component	Neoclassical Policies Embedded in the Greek EAPs	Keynesian Alternative Strategy
Economic Theory	<p>Expansionary austerity: fiscal consolidation stimulates economic growth.</p> <p>Reducing of deficits, cutting debt and welfare state reductions through pension and social benefit cuts.</p> <p>Market liberalization, privatization, and deregulation.</p> <p>Privatization of public assets, reduction of public sector wages and pensions.</p> <p>Internal devaluation, fiscal discipline, cuts in public spending, wage reductions.</p> <p>Financialization and debt-driven growth regime of the EMU.</p>	<p>Increased public expenditure to stimulate growth and productivity, 'crowd in' additional economic activity for full employment and countering of recessionary effects.</p> <p>Large economic restoration 'Marshal-plan' to boost aggregate effective demand.</p> <p>'Wisely managed' capitalism to achieve economic efficiency.</p> <p>Substantial fiscal stimulus, increase the wage share of income along with social security enhancements, tax reductions.</p> <p>Financial regulation, preservation of state assets, and collective bargaining.</p> <p>Inflationary adjustment strategies via coordinated wage growth in surplus countries to ease competitiveness pressure.</p> <p>Equitable income distribution.</p> <p>The ECB as 'lender of last resort' issuing Eurobonds</p> <p>Moderate fiscal expansion, reflecting the underestimated fiscal multipliers to counter early GDP decline and unemployment rising.</p> <p>Competitiveness based on relative trade relations; wage increases via coordinated EU-wide wage bargaining.</p>
Political Framework	<p>Reliance on market forces and austerity measures to restore confidence and financial stability.</p> <p>Externally imposed reforms by the Troika, with limited social dialogue or consultation. Troika's management limited Greek sovereignty and democratic processes.</p> <p>Limited government intervention in socio-economic sphere.</p> <p>The state's role is limited to facilitating market efficiency.</p> <p>Rigid fiscal consolidation, limiting Government spending and fiscal autonomy.</p> <p>Focused on deficit reduction.</p> <p>Shock therapy approach: fast and drastic reforms without strong political legitimacy, emphasizing austerity measures and fiscal consolidation.</p> <p>Criticize monetary expansion due to inflation risks and potential of speculative bubbles.</p>	<p>Active state role in managing the socio-economic sphere and regulating the financial sector.</p> <p>The state is viewed as a central pillar for ensuring economic sustainability and fair distribution of the crisis's burdens.</p> <p>The Keynesian solution calls for national autonomy in reform strategies. State-led initiatives to restore economic stability through public investment. The reform process is seen as a political process driven by state and government priorities.</p> <p>Emphasis on democratic participation, with the national government taking ownership of reforms and ensuring alignment with public and societal interests.</p> <p>Expansionary fiscal policies, supported by the ECB as a lender of last resort. Keynesians advocate for fiscal autonomy to stimulate growth and employment during crises.</p> <p>Gradual reform process: Advocates for a cautious and piecemeal approach, allowing structural changes to adjust to the evolving socio-economic landscape, with an emphasis on social dialogue.</p> <p>Strong government role in managing the economy while pursuing expansionary fiscal policy.</p>
Ideological Framework	<p>Rigid and ideologically motivated measures to reduce market volatility to align Greece with the European standards.</p> <p>Rejection of the state's activist role-promotion of a minimalist, noninterventionist state.</p> <p>Market-friendly policies, liberalization, and reduction of state impact upon economic sphere.</p> <p>Labor market flexibility. Decentralized bargaining at the company level, reducing</p>	<p>Democratic legitimacy to the reform process following collective values and principles with focus on solidarity.</p> <p>State intervention to preserve social cohesion and civic values.</p> <p>The welfare state to promote collective interest through pro-labor policies that aim at reorganizing labor unions and stabilizing the minimum wage.</p> <p>Full employment with the objective of fair income and wealth redistribution to diminish socioeconomic disparities and enhance overall well-being.</p> <p>Re-regulation of the labor market and the restoration of collective bargaining procedures toward wage increases to boost the domestic demand.</p>

	<p>labor protections and promoting wage suppression.</p> <p>Focus on internal devaluation strategies. Reliance on austerity measures, spending cuts, and privatization to address fiscal imbalances and restore market confidence.</p>	<p>Rejection of the ‘efficient market hypothesis’</p> <p>Strong labor market to promote decent jobs and general prosperity and well-being.</p> <p>Class compromise ideology that reinforces the bargaining power of the labor force and fosters egalitarianism and social welfare.</p> <p>Keynesian ideology emphasizes that Greek government should regain control over public enterprises.</p>
Institutional Structure	<p>The government acts to ensure the efficient functioning of markets and to correct market failures when necessary.</p> <p>Favors a ‘one-size-fits-all’ reform agenda that offers a standardized pattern disregarding a country’s initial domestic institutional structure.</p> <p>Institutional reforms with a focus on austerity-driven policies.</p> <p>Wage flexibility and privatization of public enterprises and reduction in the public sector’s role.</p> <p>Central Bank focuses on inflation targeting, with no mechanism for supporting liquidity during crises.</p>	<p>Essential role of the government as the foundation of the socioeconomic system with intervention through fiscal stimulus to initiate effective demand and achieve full employment.</p> <p>A Keynesian institutional response to the Greek crisis should focus on sustainable development while adapting to current constraints.</p> <p>Well-organized institutions that harness human potential, ensure economic security, and promote balanced, moderate growth with social, and environmental dimensions.</p> <p>Institutional reforms should focus on building strong institutions to stabilize the system, reduce uncertainty, and foster development.</p> <p>Keynesian theory opposes widespread privatization, emphasizing the social role of public enterprises.</p> <p>Prioritizes a distributive regime, advocating coordinated collective bargaining and fair wage adjustments to boost demand and move toward full employment.</p> <p>The Central Bank should shift its role toward injecting liquidity and act as a lender of last resort to aim at income recovery, boost of employment and driver of consumption.</p>
Initial Conditions	<p>‘Shock therapy’ as a frontloaded approach with limited consideration of domestic economic and social context.</p> <p>‘One size fits all’.</p> <p>Uniform application of typical measures. Reforms do not take into account the initial conditions of the country.</p> <p>Troika overlooked the initial conditions of the Greek economy—characterized by low savings, a demand-led structure, and underdeveloped productive and export sectors.</p> <p>The rapid fiscal consolidation, driven by an underestimated fiscal multiplier, caused a sharp decline in aggregate demand and income.</p> <p>The EAPs conditionalities placed a significant burden requiring swift implementation from the start in a short timeframe.</p>	<p>Gradual reforms process considering the unique domestic framework and country-specific characteristics.</p> <p>Initial conditions matter, thus ‘one size does not fit all’.</p> <p>Reforms need to take into account the domestic demand regime of Greece, which is wage-led and needs policies aimed at stimulating demand.</p> <p>The reform process should consider the Keynesian fiscal multiplier to avoid a sharp decline of aggregate demand and a contraction in income.</p> <p>Path dependence to the reform process of the Greek EAPs and gradual pace of adjustment programs prioritizing country-specific characteristics.</p>

Conclusion

The GFC exposed the limitations of the neoclassical framework embedded in the EAPs implemented by the Troika. By emphasizing austerity, deregulation, and privatization, these programs deepened Greece’s economic and social challenges rather than providing a sustainable path to recovery. The shortcomings of these policies highlight the need for an alternative approach that considers the unique political, economic, and institutional conditions of Greece.

This paper presented a comprehensive Keynesian alternative to the GFC, proposing a framework grounded in demand-side management, active government intervention, and a focus on full employment. By prioritizing wage growth, fiscal stimulus, and public investment, the Keynesian

model offers a more effective strategy for stimulating economic activity, reducing inequality, and restoring stability. The key political economy components analyzed – ranging from economic theory to political framework, institutional and ideological structures, and initial conditions – underscore the importance of tailored, country-specific reform strategies that reflect the realities of the affected economy.

This study contributes to the literature on the GFC in three main ways. First, it advances a political economy framework that integrates economic theory, political framework, ideological structure, institutional structure, and initial conditions, offering a holistic analytical lens that moves beyond purely macroeconomic or policy-focused accounts. Second, by applying this framework symmetrically to both the neoclassical logic of the EAPs and a Keynesian alternative, the paper provides a structured and internally consistent comparison of competing crisis-management strategies. Third, by examining the full duration of the adjustment period, the analysis highlights the medium-term economic and social consequences of austerity-based stabilization within the EMU, underscoring the relevance of demand-led and institutionally grounded alternatives.

In conclusion, the ineffectiveness of the austerity-focused neoclassical policies in Greece demonstrates the suitability of adopting a Keynesian approach. A policy framework that emphasizes demand-led growth, equitable income distribution, and strong public institutions can pave the way for a more resilient and socially cohesive economic recovery. The Greek case serves as a reminder that one-size-fits-all solutions, which overlook country-specific conditions, are questionable for addressing complex financial crises. Keynesian principles present a viable path forward, focusing on balanced growth and long-term stability in the Eurozone. The path not taken underscores the missed opportunity to apply a Keynesian approach that could have mitigated the impact of the crisis and paved the way for a sustainable recovery.

Notes on authors

Dr. John Marangos is a Professor of Comparative Economic Systems at the Department of Balkan, Slavic, and Oriental Studies at the University of Macedonia. The focal points of John's research are the transition processes in Russia, Eastern Europe, the former Soviet Union, and Asia; international development; the Global Financial Crisis; and innovative methodologies for teaching economics. The publications or in the process of publication are 12 books 19 book chapters, 78 refereed journal articles. He was awarded the 2018 Clarence E. Ayres Scholar Award by AFEE for his contribution to Institutional Economics. Website: www.johnmarangos.eu.

Dr. Themis Anthrakidis is a Postdoctoral Research Fellow in Economics at the University of Macedonia, Thessaloniki, Greece. He received a PhD in Economics from the University of Macedonia, a Master's degree in Economics from the University of Amsterdam, the Netherlands, a Bachelor's degree in Economics from the University of Macedonia in Thessaloniki and a Bachelor's degree in Laws from the Democritus University of Thrace, Greece. He has published several articles in refereed journals, book chapters, conference presentations and conference proceedings. His research interest is in Political Economy, Comparative Political Economy, Economic Theory and Policy, Economic and Financial Crises.

References

- Alcidi, Cinzia / Angela Capolongo, and Daniel Gros. 2020. *Sovereign debt sustainability in Greece during the economic adjustment programmes: 2010-2018*. Directorate-General for Economic and Financial Affairs. Luxemburg: Publications Office of the European Union.
- Anthrakidis, Themistoklis. 2024. *The Greek and the Cypriot financial crises: A comparative political economy approach*. Thessaloniki: University of Macedonia.
- Bank of Greece. 2010. *Governor's report for 2009*. Athens: Bank of Greece.
- . 2012. *Report on the recapitalisation and restructuring on the Greek banking sector*. Athens: Bank of Greece.
- Bénétrix, Agustín S., and Philip R. Lane. 2015. International differences in fiscal outcomes during

- the global crisis. *Fiscal Studies* 36(1), 1–27.
- Bieler, Andreas / Jordan, Jamie, and Adam David Morton. 2019. EU aggregate demand as a way out of crisis? Engaging the Post-Keynesian critique. *Journal of Common Market Studies* 57(4), 1–27.
- Blanchard, Olivier J, and Daniel Leigh. 2013. *Growth forecast errors and fiscal multipliers*. NBER Working Paper Series, February 2013.
- Botta, Alberto. 2016. *The theoretical weaknesses of the expansionary austerity doctrine*. Working Paper. University of Greenwich, Greenwich Political Economy Research Centre.
- Clifton, Judith / Diaz-Fuentes, Daniel, and Ana Lara Gómez. 2018. The crisis as opportunity? On the role of the Troika in constructing the European consolidation state. *Cambridge Journal of Regions, Economy and Society* 11(3), 587–608.
- Copelovitch, Mark / Jeffrey Frieden, and Stefanie Walter. 2016. The political economy of the euro crisis. *Comparative Political Studies* 49(7), 811–840.
- Davidson, Greg, and Paul Davidson. 1988. *Economics for a civilized society*. London: The Macmillan Press LTD.
- De Grauwe, Paul. 2010. The return of Keynes. *International Finance* 13(1), 157–163.
- Domenico, Lorenzo Di / Gahn Jose, Santiago, and Davide Romaniello. 2023. *Hysteresis in good times? Autonomous demand shocks' effects on inflation, capital and labor in the US economy (1970–2021)*. Working Paper. Hans-Böckler-Stiftung.
- European Commission. 2010. *The economic adjustment programme for Greece*. Occasional papers. Luxembourg: Directorate-General for Economic and Financial Affairs.
- Featherstone, Kevin. 2015. External conditionality and the debt crisis: The ‘Troika’ and public administration reform in Greece. *Journal of European Public Policy* 22(3), 295–314.
- Ferrari-Filho, Fernando, and Octavio Augusto Camargo Conceição. 2005. The concept of uncertainty in Post Keynesian theory and in Institutional Economics. *Journal of Economic Issues* 39(3), 579–594.
- Frangakis, Marica. 2015. Public debt crisis, austerity and deflation: The case of Greece. *Review of Keynesian Economics* 3(3), 295–313.
- Galbraith, James K. 2018. *Backwater economics and new pragmatism: Crises and evolution of economics*. Working Paper Series No. 138. Warsaw: TIGER.
- Gkasis, Pavlos. 2018. *Greece and European monetary union: The road to the demise of the Greek economy*, in *Crisis in the Eurozone periphery: The political economies of Greece, Spain, Ireland and Portugal*, edited by Parker, Owen, and Dimitris Tsarouhas. Cham: Palgrave Macmillan, 93–110.
- Hamouda, Omar, F., and Harcourt, Geof, C. 1988. *Post-Keynesianism, from criticism to coherence?*, in *On political economists and modern political economy*, edited by Sardoni, Claudio. London: Routledge Library Editions, 209–234.
- Hein, Eckhard / Truger, Achim, and Till van Treeck. 2011. *The European financial and economic crisis: Alternative solutions from a (Post-) Keynesian perspective*. Working Paper. Düsseldorf: IMK, Hans-Böckler-Stiftung.
- Herr, Hansjörg. 2013. *An analytical framework for the post-Keynesian macroeconomic paradigm*. Working Paper No. 23/2013. Hochschule für Wirtschaft und Recht Berlin, Institute for International Political Economy (IPE).
- IMF. 2018. *Greece: 2018 Article IV consultation and proposal for post-program monitoring*. IMF Country Report 18/248. Washington, D.C.: International Monetary Fund.
- . 2013. *Greece: Ex post evaluation of exceptional access under the 2010 stand-by arrangement*. IMF Country Report No. 13/156. Washington, D.C.: International Monetary Fund.
- Kalecki, Michal. 1943. Political aspects of full employment. *Political Quarterly* 14(4), 322–331.
- Keynes, John Maynard. 1926. *The end of laissez-faire. Essays in persuasion*. London: Palgrave Macmillan.
- . 1936. *The general theory of employment, interest and money*. London: Macmillan.
- Koll, Willi, and Andrew Watt. 2017. *A feasible conceptual and institutional reform agenda for macroeconomic coordination and convergence in the euro area*, in *Macroeconomic imbalances in Europe: A mistaken concept?*, edited by Herr, Hansjörg / Priewe, Jan, and Andrew Watt. Berlin: SE Publishing, 335–348.
- Kotios, Angelos, and George Galanos. 2012. The international economic crisis and the crisis of economics. *World Economy* 35(7), 869–885.

- Koukiadaki, Aristeia, and Chara Kokkinou. 2016. *The Greek system of collective bargaining in (the) crisis*, in *Joint regulation and labour market policy in Europe during the crisis*, edited by Isabel Tavora and Miguel Martinez-Lucio. Manchester: European Trade Union Institute, 135–205.
- Krugman, Paul. 2013. Revenge of the optimum currency area. *NBER Macroeconomics Annual* 27(1), 439–448.
- Krugman, Paul. 2009. How did economists get it so wrong? *New York Times*, 6 September 2009.
- Laidler, David. 2009. *Lucas, Keynes, and the crisis*. Research Report No. 2009-2. University of Western Ontario, Department of Economics.
- Lavoie, Marc. 2006. *Introduction to Post-Keynesian economics*. London: Palgrave Macmillan.
- Lavoie, Marc, and Engelbert Stockhammer. 2012. *Wage-led growth: Concept, theories and policies*. International Labour Office, Conditions of Work and Employment Branch. Geneva.
- Marangos, John. 2004. A Post-Keynesian approach to the transition process. *Eastern Economic Journal* 30(3), 441–465.
- . 2006. Developing a civilised society in transition economies: The Post Keynesian paradigm. *Journal of Socio-Economics* 35(4), 660–681.
- . 2025. What's left of the left? The third Greek economic adjustment program, the Troika's conditionalities, and the Washington Consensus. *Journal of Modern Greek Studies* 43(1), 135–173.
- Marangos, John / Astroulakis, Nikos / Anthrakidis, Themis / Nestoroudi, Angeliki, and Paraskevi Kyrilla. 2024. *The role of the European Central Bank during the Greek financial crisis*, in *Central banking and monetary policy in the G20*, edited by Kalaycı, Irfan. Wilmington: Vernon Press, 63–92.
- Matsaganis, Manos. 2013. *The Greek crisis: Social impact and policy responses*. Berlin: Friedrich-Ebert-Stiftung.
- Mavridis, Symeon. 2018. Greece's economic and social transformation 2008-2017. *Social Sciences* 7(1), 9-14.
- Minsky, Hyman P. 1996. Uncertainty and the institutional structure of capitalist economies. *Journal of Economic Issues* 30(2), 357–368.
- Myrdal, Gunnar. 1975. *The unity of the social sciences*, in *The dynamics of applied anthropology in the twentieth century: The Malinowski award papers*, edited by Weaver, Thomas. Amsterdam: Society for Applied Anthropology, 62–69.
- Nelson, Rebecca M. / Derek Belkins, and James K Jackson. 2017. *The Greek debt crisis: Overview and implications for the United States*. Washington: Congressional Research Service.
- North, Douglass C. 1987. Institutions, transaction costs and economic growth. *Economic Inquiry* 25(3), 419–428.
- OECD. 2011. *OECD Economic Surveys: Greece 2011*. Paris: OECD Publishing.
- Onaran, Özlem. 2016. Wage- versus profit-led growth in the context of globalization and public spending: The political aspects of wage-led recovery. *Review of Keynesian Economics* 4(4), 458–474.
- Pagoulatos, George, and Panagiotis Vlachos. 2016. *Mission impossible or an absolute beginner? SYRIZA's European policy choices on the way to Greece's 3rd bailout programme*. Barcelona: Centre for International Affairs, 9–20.
- Papadimitriou, Dimitri B. / Michalis Nikiforos, and Gennaro Zezza. 2013. *The Greek economic crisis and the experience of austerity: A strategic analysis*. Levy Institute Strategic Analysis. Annandale-on-Hudson: Levy Economics Institute.
- Parker, Owen, and Dimitris Tsarouhas (eds.). 2018. *Crisis in the Eurozone periphery: The political economies of Greece, Spain, Ireland and Portugal*. Cham: Palgrave Macmillan.
- Patomäki, Heikki. 2009. Neoliberalism and the global financial crisis. *New Political Science* 31(4), 431–442.
- Petrakos, George. 2014. Economic crisis in Greece. European and domestic market and policy failures. *Region et Development* 39, 9–33.
- Popov, Vladimir. 2000. Shock therapy versus gradualism: The end of the debate (Explaining the magnitude of transformational recession). *Comparative Economic Studies* 42(1), 1–57.
- Rapanos, Vassilis T, and Georgia Kaplanoglou. 2014. Governance, growth and the recent economic crisis: The case of Greece and Cyprus. *Cyprus Economic Policy Review* 8(1), 3–34.
- Revuelta, Julio. 2021. The effects of the economic adjustment programmes for Greece: A quasi-

- experimental approach. *Sustainability (Switzerland)* 13(4970), 1–15.
- Riedl, Aleksandra / Silgoner, Maria, and Angelika Knollmayer. 2015. The mixed success of EU-IMF adjustment programs in Europe – Why Greece was different. *Focus on European Economic Integration, Oesterreichische Nationalbank (Austrian Central Bank)* 4, 52–70.
- Vienna Rodríguez, Francisco. 2005. *Does one size fit all in policy reform? Cross-national evidence and its implications for Latin America*. Conference Paper. Conference on Democratic Governability in Latin America. 7–8 October 2005, Notre Dame, Indiana.
- Ross, Don. 2012. *Economic theory, anti-economics, and political ideology*, in *Handbook of the philosophy of science: Philosophy of economics*, edited by Maki, Uskali. Amsterdam: Elsevier, 241–285.
- Sapir, André / Wolff, Guntram Carlos de Sousa, and Alessio Terzi. 2014. *The Troika and financial assistance in the euro area: Successes and failures*. Brussels: European Parliament, Directorate-General for Internal Policies (EGOV).
- Schiaffino, Pablo. 2013. A comment on the European Central Bank solution vs. the Keynes solution. *Journal of Post Keynesian Economics* 35(3), 457–462.
- Schmidt, Vivien A. 2009. Putting the political back into political economy by bringing the state back in yet again. *World Politics* 61(3), 516–546.
- Schulten, Thorsten, and Torsten Müller. 2013. *A new European interventionism? The impact of the new European economic governance on wages and collective bargaining*, in *Social developments in the European Union 2012*, edited by Natali, David, and Vanhercke Bart. Brussels: ETUI, 181–213.
- Skalkos, Dimitris. 2018. Studying the political economy of reforms: The Greek case, 2010-2017. *Theoretical and Applied Economics* 25(2), 163–186.
- Skidelsky, Robert. 2009. *Keynes: The return of the master*. New York: Public Affairs.
- Spanou, Calliope. 2015. Administrative reform and policy conditionality in Greece. *Revista de Administração e Emprego Público (RAEP)* 1(1), 31–54.
- Stiglitz, Joseph E. 2013. Stable growth in an era of crises : Learning from economic theory and history. *Ekonomi-Tek* 2, 1–39.
- . 2007. *The Post-Washington Consensus consensus*. Conference Paper. Conference on From the Washington Consensus towards a new Global Governance. Foundation CIDOB and the Initiative for Policy Dialogue. September 2004, Barcelona.
- c. 2021. *Hilferding, Woytinsky and the fiscal orthodoxy of interwar social democracy*. Working Paper N. 2118. Post-Keynesian Economic Society.
- . 2016. Neoliberal growth models, monetary union and the Euro crisis. A Post-Keynesian perspective. *New Political Economy* 21(4), 1–36.
- . 2021. Post-Keynesian macroeconomic foundations for comparative political economy. *Politics and Society*, 1–32.
- . 2013. *The Euro crisis and contradictions of neoliberalism in Europe*. Economics Discussion Papers. Kingston University London.
- Tsoukis, Christopher / Bournakis, Ioannis / Christopoulos, Dimitris K, and Theodore Palivos. 2017. *Political economy perspectives on the Greek crisis: Debt, austerity and unemployment*. Cham: Palgrave Macmillan.
- Wai-chung Yeung, Henry. 2000. State intervention and neoliberalism in the globalizing world economy: Lessons from Singapore's regionalization programme. *Pacific Review* 13(1), 133–62.
- Whalen, Charles J. 2013. Post-Keynesian institutionalism after the Great Recession. *European Journal of Economics and Economic Policies* 10(1), 12–27.
- Wyplosz, Charles. 2014. The Eurozone crisis: A near-perfect case of mismanagement. *Journal of Applied Economics* XXXIII(1), 1–13.
- Zettelmeyer, Jeromin / Trebesch, Christoph, and Mitu Gulati. 2013. The Greek debt restructuring: An autopsy. *Economic Policy* 28(75), 513–563.