Bryan Guner

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Greece’s Last Evasion

What I learned: In order to start a canned olive company in Greece, Fotis Antonopoulos had to be authorized by the tax office, local municipalities, the local fire department and his bank. Before this process was complete, his company could not begin production in any capacity, which had the potential to cause crippling losses. Even stranger, the bank he used insisted that the company website be only in Greek despite Fotis’s desire to market internationally. Stranger still, was the Greek department of health requiring that all of the company’s shareholders provide chest x-rays and stool samples. All in all, this process took 10 months, as apposed to the 24 hours it took to clear the U.S. Food and Drug Administration. The opening anecdote made it clear that the way Greece does business is flawed, but unfortunately, business regulations are only a part of the problem. This article details the bureaucracy of a nation in which the only way to accomplish anything legally, is to pay an illegal bribe under the table. Greece has been reliant on loans from larger economies since 1947 when the Truman Doctrine was enacted. Unfortunately for Greece, Germany has decided to end the parasitic relationship, thus forcing Greece to face the error of its ways. I was shocked to find that Greece’s debt is equivalent to 174.9% of it’s GDP a ratio that speaks volumes about the magnitude of unfunded liability’s a country will accumulate if it is not held accountable.

What was unclear: How is it possible that the department of health can require shareholders to provide chest x-rays and stool samples? The concept seems preposterous, considering they are not part of the food handling process and therefore, their health does not concern the product’s consumer. It’s even more absurd when you contemplate the fact that shareholders are required to endure radiation exposure and the indignity of collecting one’s own stool. The other thing I found unclear was how Greece ended up in such dire straits. While there history of borrowing compounded by they’re bureaucratic government explains much of their predicament, it does not clarify why they failed to fulfill structured bailout loans. Plenty of countries end up in debt and recession, but most try, and secede, to avoid total bankruptcy, especially when wealthier countries lend a helping hand. Greece’s debt is truly puzzling, not in existence but in sheer scope.

How it ties into Micro: In this article we encounter the argument associated with a free market economy, championing capitalism as the only cure for corruption. The principle is that there will be no bribes if an honest profit can be turned instead. This article also illustrates the connections between micro and macroeconomics. It features a single business owner who suffers the wild inefficiency of Greek authorization and the bureaucracy from which it came. This anecdote allows us some context for why the country as a whole is failing. Another economic feature of this article is international-political rent-seeking on the part of Alexis Tsipras who has attempted in vain to convince foreign countries to bail Greece out once more, despite a lack of incentive or trust in Greece’s ability to recover.