

# One wedding and two funerals

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After many centuries Greece has again captured the attention of the world. This time is not about the innovations that Greeks have provided in mathematics, philosophy and arts. However, this note is not about the past but the future. I will not make any comments about the current situation or what has brought us here. I will only make three statements about what can take us out of the dire straits. For the latter to take place we, the Greeks, need to participate in one wedding and two funerals.

The first funeral we have to attend is the productivity of both the public and private sector. The current myth is that the private sector is characterized by high productivity compared to the low productivity of the public sector. Both of them are doing worse compared to the EU average. Most of the countries that are characterized by high productivity are doing well in terms of exports and have an efficient public sector. An increase in productivity needs to also be accompanied with an increase in exports and decrease in imports (with partial substitution).

The second funeral we have to attend is that of high rates of dis-savings. Post-war Greece had a very good record of household savings. The latter was reversed in the more recent decades. Households have to increase their savings. This is particularly difficult as disposable income and consumption is decreasing. However without savings we cannot have investment and without the latter we cannot have growth.

I left the wedding for the end. It represents a fine part of our tradition: education. Greeks always valued education. We keep on forgetting that Greece is still one of the richest nations in the world and if additional criteria are taken into account (see for instance the Human Development Index of the United Nations that also factors in life expectancy, inequality, education etc) ranks 22<sup>nd</sup> in the world. For this high ranking many variables played an important role. However education is one of the most important factors for determining long-run growth (see [here](#) for more evidence). We need to stick to our tradition of having education at the very top of our agenda. Attending these three social events would guarantee that the next generation is not going to face a default.