Greece, before - during - after Euro zone: The Complexity of Challenges and Implications for Healthcare Governance (the research proposal).

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Abstract: This study aims to describe and explain the rationale of performing the specific research as well as how this is planned to be implemented. First, it is intended to investigate and compare the economic conditions in Greece during the period 2000-2010, where the country experienced the transition from drachma to euro under a strong growth. Second, the purpose is to identify how economy was affected by the euro adoption and the country's economic behavioral path towards the continuous economic recession of 2009-2012, probably the longer that an advanced economy has experienced after World War II. Last, there is an attempt to examine the complexity of the challenges and implications for health governance, in case of monetary change. The overall challenge for health sector would be to prepare and reposition in the new economic framework, keeping healthcare provisioning in top priority and trying to proactively adjust the health economics and health logistics aspects. The effective transition of the sector could be a paradigm for other sectors and could operate as a lock-in, in the new complex adaptive system of the country. Nevertheless, the challenge implied is whether health governance could introduce policies that would make the sector a leader in change. Moreover this study is the last of a three-studies devoted to health care governance topics.

Greece is experiencing a strong and violent set of pro-cyclical and counter-cyclical economic conditions which stem from the continuous recession. On the other hand, due to its specialties - oligopolistic market structure, small market size, and paternalistic mindset - the local economy experiences distortions such as an increased inflation in an aggravated downturn situation. Moreover, the bulk of loans that borrowed the country from external creditors, in combination with the policies for internal devaluation as imposed by them through memorandums, have created an explosive mix. The country, after almost three years of economic isolation has started to demonstrate signs of social decay. During the last two years, a number of global think tanks, researchers and politicians are posing the issue of monetary change as a mean for the country to return into sustainability and growth. Nevertheless, views and explanations of various experts differ and are contradicted. Therefore, the challenge for this research is to make a concrete and thorough survey and examine the impact of monetary change specifically for healthcare and health sector in overall.

The research by itself could be defined mostly as a combination of literature review and case study. The first part of the topic related to the historic description of economic conditions in Greece, will be based on literature review. The second part, related to the implications of euro adoption will be done through literature review as well. The third part, regarding the issue of monetary change is planned to be based in relative literature review and studies as well as the use of questionnaires addressed to experts through web-questionnaires. In terms of the accommodating literature, it will be adopted the literature taxonomy as the method for comparing and synthesizing similar and different views and results. Regarding the process of extracting conclusions on the questionnaires, there will be applied a statistical analysis through the use of relevant software in order to present valuable results.

This study gives the research plan as intended to be implemented. Moreover, it demonstrates a number of thoughts and findings as revealed during each phase of the research. In the background the present research aims to tackle with another emerging issue, currently stating inactive but with most importance: the limits to growth.

Keywords: governance, healthcare, geopolitics, geo-economy, growth

1. Introduction

This section aims to describe and provide the backbone thoughts and motives for the proposed study. Every research starts from a problem which needs solution or further analysis. In this case, the problem focuses in the Greek healthcare sector and how this is expected to be affected by a possible monetary change in the country. Moreover, the intention is to bring forth some possible practices to enable any proactive measures that could keep the sector viable. On the other hand, it is intended to demonstrate some economic historical data on country's progress to identify whether current situation has been confronted in the past.

The background of the study demonstrates a sequence of thoughts which are considered relevant and interrelated. Starting from the issue of growth and ending to geopolitics, geo-economy and governance, there is an attempt to link these with healthcare and the current impacts in the country through the framework of crisis situations and how these are experienced within a society. The challenge of this research is to prove that such essences synthesize a path-dependence and form the common ground in the crisis puzzle.

1.1 The background of the proposed study

The background incorporates the roadmap which stands behind the research proposal. Actually, the primary motive is to investigate the link between the essences, as these are described towards healthcare.

1.1.1 The limits to growth

What Greece experiences is possibly a small part of a wide change, proportionately to its size and standing contribution, to the global community. This is how the country confronts, within its microcosm, to a bulk of consequences stemmed from the change of bigger strategies incorporating certain global aspects. Yet, we could dare to say that the motives are planetary wise, implying the ultimate humankind's sustainability.

Donella Meadows (1995) defined as sustainability the equilibrium of co-existence between humanity and the planet. Such target incorporates the essence of the "complete vision", as she claimed, which besides that, it necessitates the components of spirituality, of community, of decentralization, of a complete rethinking in the ways humankind is accustomed to do things. One could also say that there is a missing component in the above; this is solidarity, historically a common link especially in tough periods.

To be more precise, *Meadows (1995)* clarified what sustainability means, by providing the following explication:

1. Renewable resources shall not be used faster than they can regenerate.
2. Pollution and wastes shall not be put into the environment faster than the environment can recycle them or render them harmless.
3. Non-renewable resources shall not be used faster than renewable substitutes (used sustainably) can be developed.
4. The human population and the physical capital plant have to be kept at levels low enough to allow the first 3 conditions to be met.
5. The previous 4 conditions have to be met through processes that are democratic and equitable enough that people will stand for them.

Years earlier, a scientific team delivered a report to the Club of Rome *(Meadows et al, 1972)* which briefly concluded that if humanity would maintain the same growth trends in a series of resultants, the limits to growth on this planet will be reached sometime within the next hundred years. This report was submitted on 1972 and it was the first time identified, that, infinite creativity has to confront with finite resources. This perception coincided years later, with the recently emerged green policies and the popular discussions on ecological footprints. Nevertheless, there is a global challenge that, humanity follows an exponential growth in a finite and complex system.

Furthermore, *Meadows et al* were not restrained in identifications rather than recommendations. They have concluded that if growth trends were altered and were stagnated in a state of global equilibrium, probably this could rebound sustainability. As *Maskin (1983)* highlighted, according to the concept of Nash equilibrium, each player is expected to decide on his social choice rule taking into account the decisions of other players. This brings equilibrium in a game where all powers find their position.

The rapid population growth, the industrialisation, the depletion of non-renewable resources and the deteriorating environment, constitute an explosive mix which obviously jeopardises human evolution and raises increasing entropy just like the ice-melting in a warm room. Entropy appears when an entity starts to lose its cohesive attributes towards elimination.

1.1.2 The essence of de-growth

De-growth, non-growth or even a-growthism are not newly introduced ideas. The bottom line of cultivating future expectations for a society may be to remind the local powers the meaning of their existence. It is true that most of the times fear, greed and wishful thinking were hidden behind the modern practice of grasping opportunities for the sake of growth. *Newman (2011)* presented his thoughts on the sarcastic question if finally “we live too many on this planet”, implying that may have come the time to reconsider our population models. The issue of the population bombing and the link with the environment is not recent *(Ehrlich, 1966)*. *Ehrlich (1966)* introduced the famous IPAT Model in his effort to simplify the understanding of the humanity’s impact to the planet. Much discussion is raised since then, even nowadays, about whether such approach is adequate and scientifically valuable. Nevertheless, it is well-admitted that he, at least, tried to establish a set of measures in the perception of impact *(Figure 1).*

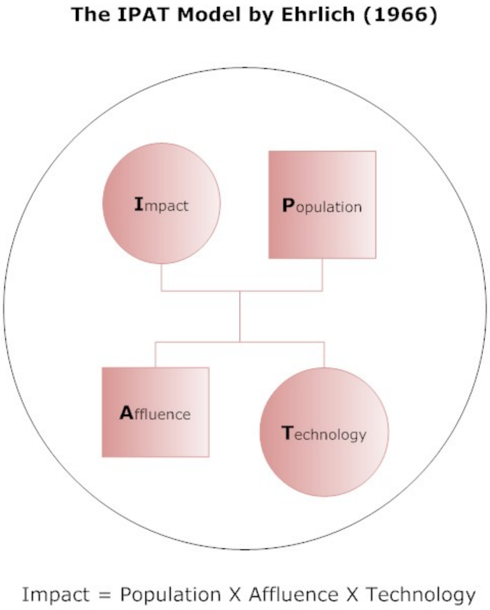

Figure 1. The IPAT Model

It is interesting that Ehrlich, well early had identified that the derivative of affluence and technology as means used by the population, had direct environmental impact in a measurable way.

Either following growth or de-growth models, it is imperative for any power to develop a set of relationships within these parameters, in order to promote its given policies. It is notable that the model was introduced in early ‘60s where technology had not penetrated yet in global terms.

De-growth is not a policy rather than the mediatory situation between recession and growth. As *Georgescu-Roegen (1971)* claimed in his study on entropy law and economic process, de-growth is inescapable. Many years later*, Latouche (2004)* brought forth the issue again using the term contraction economics, to describe as de-growth the deconstruction of the matter of development. De-growth is not a practice rather than a guiding principle, which contradicts to growth being one of the doctrines of modern economics. It aims to present an alternative path which directs to self-sufficient and materially responsible societies.

1.1.3 Geopolitics

According to *Ciprian (2009)* geopolitics is the analysis of geographical influences upon power relationships in international politics. Furthermore, geopolitics incorporates the components of geostrategies and technologies for managing the environment (both physically and strategically). This practice has been proved a valuable asset for states that aimed to increase their wealth, their power and ultimately protect their citizens. As *Headey (2008)* claimed, a bilateral aid policy among a powerful and a weak state was a biased method hiding geopolitical motivations. For example the emergent concept of market environmentalism is used as a mean from more progressed states to create new geopolitical conditions, probably in the same way that green accumulation and ecological footprint were recently introduced as well *(McMichael, 2009)*. The environmental colonialism is hard to be left aside while on the contrary a strong philosophy could be built on it. In the same manner energy, water and accompanied physical resources are geopolitical targets for acquisition.

Consequently, geopolitics implies political decisions stemmed mostly from the distribution of power. The control of resources, especially in a finite planet, brings power and guarantees sustainability for the acquiring group.

On the other hand, a socially and politically destabilised country with a seemingly diminished geopolitical role, obviously, demonstrates lots of vulnerabilities. In such case, it is more probable for the country-state to seek for external help and exchange its sovereign dependence.

As *Strayer (1970)* highlighted, the state is a social group which acquires a certain territory and endures through time. Since time and space are two crucial factors, jeopardizing any of the two, may raise questions of existence creating a loose-jointed community. Therefore, geopolitics could be also considered as a mean for manipulating globalisation powers.

1.1.4 Geo-economy or the new economic geography

The transition of spatial thinking to international trade theory defines the framework of the new economic geography *(Ciegis, et al, 2011)*. Geo-economy incorporates the essences of globalization, the relationship between the environment and the economy, taking into consideration the dynamics of regional growth. In the same manner that, economies of scale are identified as effective managerial practices, the high concentration of people in regions-cities creates economic conditions for trade. In simple terms, geographical advantages affect a certain interaction among economical factors and cultivate a fertile ground for region-central places in the globe. Therefore, the geographical landscape meets in a sense the economic landscape and nations as unified enterprises are obliged to cope with the business valuation financial technique.

According to *Storper (2011)* the new economic geography, deals with innovation-driven agglomeration and specialisation as well as the development of regions in emerging economies. In order to implement such plans, there is a need for strong and well prepared governance.

1.1.5 Governance

Governance is the set of values, the principles and the cooperative models which define the social framework where people decide to experience their lifecycle. Governance is not government and is not politics, although is strongly linked to both of them. *Rosenau (1992)* has defined governance as the group of functions that have to be performed in any viable human system in order to sustain. Such functions deal mostly with external challenges, internal conflicts as well as the procurement of resources. *Stoker (1998)* defined as governance the concern of creating the conditions for ordered rule and collective action. It is interesting though to mention that according to him, the essence of governance states on structured governing mechanisms which cannot be externally imposed but are the result of the interaction and influence among the societal members.

Among others, this can be applied in the healthcare concern of a society. The adopted healthcare model defines the wealth and the health capital of a region.

1.1.6 The connection with health and healthcare governance

Healthcare and education are considered the two pillars for a society to sustain and progress in the global terrain. Since human capital and human intelligence are accommodated through these two, any external or internal shocks that generate times of crisis usually have a direct impact on both. From industrial age to knowledge era humanity have experienced various cohesion and survival shocks. According to *Naomi Klein (2011)* there are three ways for a society to change. These are: due to natural disasters, wars, and economic burdens.

Nevertheless, there is an emerging issue which remains still untouched in terms of decisive actions. Societies have not yet seriously confronted with the diminishing health value of their inhabitants. Growth, de-growth, geopolitics, geo-economy and their interrelation enable a straight effect in health and healthcare of a society. Further to knowledge era, the next challenge is expected to be the one of the welfare epoch. Regions that will keep the healthiness of their human capital in high levels will acquire a unique advantage and opportunity for further progress. Therefore, health would be an asset to escalate competition and create new conditions.

In a continuous changing global environment, health governance plays the role of trustee who undertakes the responsibility to protect the rules of progress.

Adopting *Walters (2001)*, there is a suggestion to embed the mindset of building blocks health innovation. The building blocks of health governance could aim to raise the powers of survival through certain practices such as:

- Implementing national welfare reforms
- Using information technology
- Pursuing process improvement
- Enlisting the help of both public and private sector
- Empowering communities (citizens)

Current research aims to proceed and accommodate further knowledge on this specific area given the case of Greece and the experiencing recession having impacted strongly its healthcare sector.

1.2 Describing the problem

Greece was always a geopolitical target for many reasons *(Stratfor, 2010)*. The long-historical and cultural connection with the East in contrast to its geographical placement in the Western civilisation was always a source of conflict. It was primarily a country-region that belonged to different empires through time, had accommodated different people, and had absorbed mixed affections from different cultures. Besides that, although it had faced various challenges the country -in its different forms- managed to survive through certain practices. One of them, possibly generated due to circumstances, was that inhabitants tried to innovate in order to differentiate and keep track with any changes. As a result, the risen natives developed similar skills through time.

However, for once more the country experiences tough conditions and remains in the centre of interest as a unique experiment; the case of a country which faces the dilemma of exiting from a strong monetary consortium in the 21st century.

Although the economic crisis has global characteristics the country lives the consequences through its own specialties. A number of scientists have tried to discuss and present their findings on what crisis means and who is responsible for it. *Schneider and Kirchgassner (2009)* identified that global community is currently observing one of the most severe and deep world financial and economic crises in history. They both argued that the origin is USA. *Lang and Jagtiani (2010)*, as well as *Wallison (2010)* aligned in the same conclusion. On the other side, *Gross and Alcidi (2009)* highlighted that Europe had already internal weaknesses to cover and it was a matter of time for them to be revealed. In contrast, there were a number of scientists who argued that current crisis has antecedents in earlier crises, including the "Great Depression" of '30s *(Gaffney, 2009; Wheelock, 2010).* Nevertheless, a quick glance in the past demonstrates that humanity experienced economic crises even from the 12th century, when Europeans established their states.

Back to Greece, the global situation in combination with internal imbalances and distortions, directed the country in facing a multilevel economic recession, consisted of the following characteristics *(Provopoulos, Bank of Greece Annual Report, 2010):*

- A negative environment (both economic and social) due to: (a) the lasting structural weaknesses and distortions, (b) the macroeconomic imbalances, and (c) the non-sustainable development, as proved to be a-posterior, the growth during the years 1996-2007.
- The high risk for the country loosing the opportunity, to get advantage of the global recovery.
- The luck of confidence in country's prospects to overcome its problems and return to development and prosperity.
- The inability to get external financing due to the above characteristics.

The result was for the country to enter in 08 May 2010, officially under the economic supervision of the troika consisted of: (a) the International Monetary Fund (IMF), (b) the European Central Bank (ECB), and (c) the European Commission (EC). Practically this was done through a memorandum of recovery (Memorandum of Understanding of Specific Economic Policy and Conditionality) accompanied by a trilateral agreement (contract) which provided an enormous loan of 110 billion euro. It is interesting to point though, that Greece was represented separately in the agreement by: (a) the Greek government, and (b) the Bank of Greece.

Since the country could not secure external funds, it was unable to borrow through regular global financial channels of income. International funds were not willing to purchase Greek state bonds, requesting interest rates that were over 6%. On the other side, Greece is a member of the euro zone, the European Monetary Union (EMU), using the euro currency. The country asked for the help of its euro partners who finally considered the economic custody as an inevitable solution. The memorandum imposed a series of structural reforms that the country was obliged to perform in a very short time, three years (2013), while it undertook the responsibility to pay back the loan within five years time (2015). The government (Socialist Party with G. Papandreou as Prime Minister) under the pressure and the panic of the situation directed the country into an agreement with no actual prior negotiation with the partners.

Therefore, after two years of implementation of the First Economic Adjustment Programme (Memorandum), the results are disappointing and catastrophic. The measures and reforms in the way that these applied or not applied have raised a series of negative consequences for the country instead of ensuring the opposite. The practice demonstrated that neither of the local political forces proved to be eligible to undertake the responsibility to perform the reformation plan in a visionary way.

Instead, on 09 February 2012, the country, after a series of negative evaluations of the troika, adopted the Second Economic Adjustment Programme, under a new, more strict and dangerous for its sovereignty contract. This has duration of three years (till 2015) and is accompanied with extra 130 billion euro. Since the current proposal is written during the summer of 2012, there are no final conclusions yet, although the negative situation remains, especially in terms of experiencing a kind of death-spiral effects like, increasing unemployment (approx. 24%) with increasing taxation, devaluation of labour cost, inflation and zero investments. Furthermore, current reformative implementations in combination with the imposed practice of internal economic devaluation which is the backbone of the whole change plan, creates an explosive social mix, with unexpected reactions.

Anyway, the reformation scheme has a direct impact primarily in devaluating cost of life but remaining in same currency, incorporating the cost cutting among others in health and education.

The Greek health sector, starting from 2011, experiences a deep restructuring aiming: (a) to decrease the number of hospitals and clinic units in operation, until the end of 2012, (b) to decrease the working hours of medical staff, especially the ones appeared as overtimes and (c) to decrease the number of employees in the sector. Another measure is to cut-off budgets regarding the whole health supply-chain. Such changes are addressed to the public sector which represents the big percentage of healthcare services in the country. Moreover, the imposed health care reforms include the radical decrease of pharmaceutical spending both for in-hospital and out-hospital cases.

First consequences of cut-off policies, as expected, resulted in inadequate healthcare service provisioning with multiple social effects. During 2012, the sector faces an enormous instability and uncertainty since planned actions and reforms do not bring the desired results.

1.3 The rationale and the need for the study

It is crucial to identify which will be the implications for healthcare sector in the country in case of a monetary change. Current situation, of remaining in euro zone and adopting the specific reform scheme may appear to have sincere motives and development perspectives, but it seems that before reaching the level zero for progress, the sector will be exhausted.

Therefore, the social partners have to decide first, what kind of healthcare they want to provide in the country; a purely privatised sector, controlled by the markets' rules, where the health capital could be the object of trading negotiations; or a balanced sector, following certain governance rules under the respect of health as a national asset of a country based on reciprocity and solidarity.

1.4 The structure of the research proposal

In the next section 2, there is an attempt to analyse the aims and objectives starting from the overall aim and giving the research objectives and research questions. In section 3, is given a first approach in the literature review to accommodate. Literature taxonomy is planned to be used as the study tool. In section 4, there is a very brief description of the methodology to be followed in the proposed study. In section 5, it is raised the issue of ethics, which is considered crucial especially for the present study under the given circumstances. In section 6, it is aimed to configure the expected outcomes of the study while in section 7, there are described the implications for the study. Finally in section 8, it was considered necessary to include in the present proposal a timescale planning for the research as expected to be implemented. The small paragraph of conclusions in the end of the proposal reflects more some anticipated findings rather than concluded remarks.

2. Aims and Objectives

2.1 The overall aim

The overall aim of the research is to identify the challenges and implications for the health sector through their complexity, in case the country decides to leave euro zone. In order to achieve this, it is necessary to focus in the comparison between the impacts of euro adoption and euro abortion, taking into consideration that the country still lies within.

2.2 The research objectives

In order to achieve the aim, it is suggested to break it into smaller measurable objectives that their investigation is expected to help us creating the big picture.

The first objective is to describe and compare the economic conditions in Greece during the last decade (2000-2012). This incorporates the transition period from drachma to euro and the consequences for the local economy in terms of being an equal member of the European Monetary Union. In addition, it would be beneficial to bring forth some economic data of past decades.

The second objective is to specify the impact of euro adoption in the local healthcare sector and how this affected the governance principles. It is crucial to register and discuss the real situation and implications for health economics, health logistics and health provision in general for the local society.

The third objective actually is a derivative of the priors' two combination. This is to investigate, identify and discuss the advantages and disadvantages of the potential euro exit, for the health sector of the country. Moreover, this incorporates any proactive measures that an effective health governor could take in order to mitigate risks and minimise exposures to potential damages. This research objective is expected to be rather a recommendation of what could be done, not to avoid, but to embrace the transition and turn any seeming weaknesses to advantages for the country to rebound sustainability at first.

2.3 The research questions

Following the research objectives the study aims to extract conclusions using corresponded questions which will be included in the research questionnaire. Each objective is reflected in a relevant group of questions. Below is given the categorisation of questions as planned to be performed.

- <u>Group A:</u> Get feedback on the monetary transition period of Greece (2000-2012) and how citizens perceive each phase (before-during euro adoption).

- <u>Group B:</u> Get information on the impact of euro adoption and the accompanied governance policies applied to healthcare sector.

- <u>Group C:</u> Get information on implications and challenges of a potential change of currency from experts and non-experts in the sector.

The study tends to measure attitudes and opinions so it will be a descriptive one.

3. Literature Review

Literature review is planned to follow a three-pronged research; (a) to identify the characteristics of Greek recession, (b) to outline the relation with important societal issues, and (c) to discuss the impacts on healthcare governance for sustaining healthcare provision and services. Therefore, literature will be mostly focused in revealing attributes and essences as stemmed from the situation for the country. Moreover, it will try to link them through time.

After ten-years of strong growth, Greece started to experience the effects of the global downturn in early 2009. The large fiscal deficit and external imbalances have revealed the chronic vulnerabilities of the national economy *(IMF, Executive Board, 2009)*.

Greece is a country member of the European Monetary Union (EMU) - officially adopted since 2001 - with approximately 11 million inhabitants but 5 million of labour force, although this number has declined during 2011-2012 to less than 4 million. A significant percentage of this force is consisted of immigrants. Less than half of the registered population belongs to what-so-called economic active population. Regarding the domestic product and the labour force, 65% is occupied in services, 23% in industry and the rest 12% in agriculture. Although the country in early 50s had been characterised by the increasing development of agricultural and industrial sectors, the gradual incorporation in European Economic Community (EEC) towards 1981 (year of official entry) *(European Union, 2012)* was the main reason that switched its orientation primarily to services, experiencing a de-industrialisation and an emphasis in non-intensive agricultural products.

Not to overlook that the country experienced an enormous growth in the period of 1953-1973, hitting the upmost performance in the decade of 1951-1961 *(Bowles, 1966; Delipetrou, 2012)*. In *Appendix A* is given a comparative table registering the country's GDP growth rate on that period, placing the country in the second place in the post-war advanced economies. Maintaining a growth rate of 6.1%, Greece was, with Italy and Germany the drive-wheel of Europe's reconstruction. In *Appendix B* is given the distribution of the country's growth rates per sector. Energy, construction and mining were the driving forces of country's rebound.

On 1961, Greece reached the enormous 11.15% GDP growth rate. The years later and until 1973, the growth rate was ranged from 5.5% to 10% *(Indexmundi, 2012)*. It is true that the positive tension was kept until 1980 (0.68%) with the exception of 1974 (-6.44) the year of the regime's change. Nevertheless, starting from 1981 the country was experiencing low growth rates (around 3%) or even negatives until 1999. The year of 2000 was linked with the euro zone enter. The growth rates from 2000 to 2007 were positive, ranging approximately from 2% to 6% standing very close to other economies. Suddenly, since 2008, the growth rates were negative following a sharp decline reaching the surprising -7%, probably the highest de-growth rate in the Greek economic history for the last 60 years.

In the same manner, unemployment followed the same pathway with GDP growth rates. In *Appendix C, Demekas and Kontolemis (1997)* present the unemployment rates in Greece which were considered the lowest in OECD countries especially prior to 1970, and the period until 1980. The foreign direct investments during the whole period were kept in high percentages since the state had demonstrated a clear will to support the capital and distribute the agglomerated premium both to investors through returns and to the labour force through social policies. Therefore, investments brought capitals which cultivated in extent social relationships in the country and established the framework for future social concerns.

The development had been based primarily in the external economic help mostly from USA and other European countries (such as the Marshall Plan) as well as an internal 4-pillar source of financing which were: (a) remittances, (b) maritime exchange, (c) tourism, and (d) export of agricultural products.

Greek economic history has demonstrated that the country always based a significant part of its progress in external loans. In addition, there were always groups of local industries and sectors which supported development plans; this, in combination with the independent monetary policy and economic tools that the government had, were used from time to time either to absorb any fiscal pressures or to boost the economy.

Further to the euro zone enter, and rather gradually, the country experienced a loss of competitiveness, as at least was identified by its EU partners (*Memorandum of Understanding of Specific Economic Policy and Conditionality, 2010; Memorandum of Understanding of Specific Economic Policy and Conditionality, 2012)*. Thus, the real exchange rate is significantly overvalued relative to fundamentals. Labour markets are relatively weak. The employment rate is low and the unemployment duration is among the highest among peers. Long-term unemployment turns to inactivity. Structural impediments hinder product market performance such as: limited liberalisation of utilities, insufficient internal competition due to high regulation, low ICT penetration, and high barriers to entry in the market especially in services.

The country has one of the highest disparities between the number of public servants, as percentage of the workforce, and their compensation as percentage of total compensation. The compensation of civil servants in Greece is relatively high *(OECD, 2010)*.

In terms of budget for 2009 that estimated revenues of 109 billion dollars and expenditures of 145 billion dollars. Exports were estimated in 21.3 billion dollars and imports around 64.2 billion dollars *(CIA, 2010)*. The fiscal deficit reached 13% of GDP in 2009 *(OECD, 2010)*. Public debt was about 100% of GDP in 2008 and 113.4% of GDP in 2009 ranking the country in the 8th place globally. Defence spending was estimated at 4.25% of the GDP in the mid-2000s.

The country was considered as less developed than any other euro zone country. At the same time, it showed greater rates of growth and higher rates of inflation than other member countries. This was due to "a structural expensiveness" in the Greek market which mostly has an oligopolistic nature, with almost the unique exception of the telecommunications sector *(Pelagidis and Toay, 2007)*. The product market rigidities may be considered as the impact derived from excessive regulations, complicated hiring burdens and mediating costs that are keeping bended any free-will for investments. Moreover, there are serious obstacles in business activities due to bureaucratic issues. Such cases encourage money laundering and financial crimes.

According to Global Corruption Report 2009 *(Transparency International, 2009),* Greece was placed in the 57th out of 180 countries for the year 2008. According to a national survey presented by the Transparency International Greek branch, for the year 2009 it was estimated that the size of the total corruption (both public and private sectors) was increased at approximately 787 million euro, than the estimation of 748 million euro of 2008 *(Transparency International-Greece, 2009)*.

Levels of foreign investing are low comparing to other OECD countries, since Greece is ranked in the 28th out of 30 countries *(Political Risk Services, 2009).* Openness to foreign investment could be considered rather restricted. Foreign and domestic investors face almost the same screening criteria. Foreign firms are not subject to discriminatory taxation. There is though the "Invest in Greece Agency" which operates as a one-stop shop for assisting investments in the country but this is not enough since it is a single attempt.

Besides that, it is difficult to measure productivity especially in the public sector where there is no clear image of what is the value of produced goods or services, since there isn't an evaluation framework.

Greece's economy has been and continues to be subject to intense governmental regulation *(Political Risk Yearbook, 2009)*. Greek labour laws are restrictive in terms of working hours' limits, flexible employment (part-time, on demand etc) as well as hiring and dismissal of personnel *(Political Risk Services, 2009)*. The tax regime lacks stability, predictability and transparency. The government often makes small adjustments to tax levels and imposes retroactive taxation.

Greece had more or less a fiscal deficit of fifteen percent (15%) during 2010. The Greek government had to finance this deficit, in other words find ways to ensure that accounts will be paid and cash flow will not stop. So far, growth has been financed by a private sector borrowing and a public sector spending. A significant income channel came from the absorption of EU structural adjustment funds *(Political Risk Services, 2009)*.

Over the last fifteen years the country has exhibited a remarkable record of economic growth and monetary convergence with the euro zone which finally could not exploit. Economic expansion has been largely based in (a) the liberalisation of the financial sector (provide cheap credits to households), (b) the reduction of interest rates due to EMU, (c) the migration inflows, (d) the pervasion to the southeast European markets, (e) the growth in public investments, (f) the inflows from EU programmes and (g) the consumption.

However, this growth was neither balanced nor in relation to labour productivity, employment participation and technology adoption.

Actually the financial sector's liberalization and lower interest rates after euro adoption caused a demand boom. Nevertheless, inflation and labour cost growth exceeded that of trading partners and eroded competitiveness *(IMF, Country Report, 2009)*. Imbalances persisted and in combination with the global financial crisis, that have weakened sentiment and sent spreads soaring, causing a financial scare. In addition, the lack of political consensus hampers policy making *(IMF, Country Report, 2009)*. Revenue shortfalls and rising expenditure are widening the fiscal deficit. Moreover, country felt the downturn with some delay. Euro area is still experiencing a sharp recession but Greece is expected to further decouple.

Main forces are lower investments and exports, destocking and a decline in private consumption because confidence and employment have dropped *(IMF, Country Report, 2009)*. Inflation remains high with unemployment rate reaching over 24 percent within 2012. Uncertainty and high risks remain. The recent economic turbulence has proved that Greek economy is still suffers of structural problems and weak fundamentals *(Monastiriotis, 2009)*.

Public debt, lack of international competitiveness, unemployment, eroding public finances and a credibility gap stemmed from inaccurate and misreported statistics are forming current Greek mix which directed to economic instability *(CIA, 2010)*. The falling state revenues and the increased government expenditures are two more ingredients of this unstable mix which moreover accommodates: tax evasion, inelastic government expenditures, an ageing population and an unsustainable pension system. Structural problems driving to low export penetration, unemployment and inactivity, low labour mobility and wage flexibility, low technological absorption, low educational performance *(Monastiriotis, 2009)*.

Above all there is an economic duality which creates a framework; a given status-quo consisted of (a) a large shadow economy and (b) a disproportionately protected public sector *(Monastiriotis, 2009)*, which still the country cannot administer effectively due to the political cost and the probable social explosion.

The fiscal position is further challenged from (a) the programmed reduction of European Union structural funds and (b) the cost pressures from rapid ageing. The consistent underperformance on applying the necessary structural reforms throughout the years will continue to lead in low productivity. The imbalances of the Greek public sector are driven by multiple structural factors. The dramatic rise of public expenditure and the inadequate control of government spending were the main cause of the widening fiscal deficit *(OECD, 2010)*.

The International Political Economy "think tank" has issued an article on the devaluation of the Greek euro, where it is clearly presented the country's exit scenario of the Euro zone, although temporarily (*Aliber, 2010)*. The Greek "product" is considered expensive, since costs are too high. As a result it cannot stand in the globalized markets; it is less competitive and provides no sustainable future. If there is no competitiveness there is no growth, according to the growth models of globalised markets.

On the other hand, high costs lead to a massive current account deficit and among others contribute to high levels of unemployment *(Aliber, 2010)*. Unemployment directs to low level of fiscal revenues. A bigger economy makes it easier to absorb aging costs and improves the standard of living for all Greeks. Revenues need to increase and expenditures need to be cut. Greece will face incremental difficulties in placing additional debt not because the past debt, which has already been absorbed by the market, but because of the pressures from implicit future debt under current policies *(IMF, Country Report, 2009)*. The longer the government waits to adjust the comprehensive net worth gap, the more difficult it gets, because the shortfall is projected to get deeper every year.

Under this evolvement, healthcare sector was the first impacted. Various reports from global organisations have concluded that Greek healthcare system demonstrated specialties and monopolistic patterns which resulted in raising burdens to the country's deficit *(Davaki & Mosialos, 2005; IMF, Country Report, 2009; Memorandum of Understanding of Specific Economic Policy and Conditionality, 2010; Memorandum of Understanding of Specific Economic Policy and Conditionality, 2012).*

It is the aim of the proposed study to demonstrate a detailed scrutiny of what the current literature and practice highlights and offers in terms of healthcare provisioning in recession.

4. Methodology

The methodology to follow is designed to help achieving the research objectives and find answers in the research questions. The study will adopt quantitative research and more specific a cross-sectional survey using the questionnaire research tool. Use of technology will be exploited and the questionnaire will be on-line implementing actually a web survey. This increases the potential of a more successful data collection.

Such method is expected to ensure accessibility, time efficiency, money saving and will give the respondents the convenience to study on the subject. Furthermore, the use of web survey usually gives the impression of being interactive and impressive.

Regarding the population and sampling, based on the research objectives, it is selected to use the non-probability sampling. The intention is to give equal chance to citizens of being included in the population. Nevertheless, the aim is to include in the sample medical experts, academics, as well as professionals from related sectors to healthcare. There will be another target to address participants from other countries, who relate to healthcare. The expected sample will be not less than 100 questionnaires.

The survey duration is defined to be one month.

5. Ethics

The part of ethics mostly concerns the quantitative analysis and the involvement of the experts that will be requested to complete the on-line web questionnaire. It is realised that the subject of this proposal, in the specific period to be performed, demonstrates additional ethical sensitivities. It is indented that collection and analysis on data will be performed following strict ethical rules such as respect of privacy, information security, and the highest possible objective data extraction.

6. Expected Outcomes

This study aims to identify and describe the new pragmatic conditions as to be stemmed both from literature review and statistical analysis. This is expected to provide useful information for the country and the healthcare sector.

Furthermore, it is expected to be able to provide answers in the research questions and raise further issues on the complex adaptive system of healthcare. Since Greece remains in the danger zone of possible exit, healthcare, among others will be the first to confront with difficulties. Nevertheless, studying on implications and identifying challenges could be a useful compass for future use. Therefore, this is not a research for the research but research for immediate action even as an alternative.

7. Implications of the study

It is considered that the recommended study may be out of the question for a number of scientists, politicians and other people. Especially, this regards the part related to the possible exit of Greece from the euro zone and the corresponding consequences. Nevertheless, the study does not intend to spread beyond its research objectives while is planned to focus in the research questions as described earlier. The investigation of any impact and the outcomes are expected to contribute for future reference, further study and for any additional consideration.

The case of Greece is unique globally, at least until current times where this paper is in process, since there was no prior example of a country leaving a monetary consortium, in recent economic history. The intention of the research is to analyse, discuss and bring forth any issues related to health governance stemmed from the difficult situation that country experiences.

8. Timescale of Research Planning

The first part of the research is consisted by the research proposal. The topic proposed is stemmed from the combination of current recession and the healthcare issues as discussed and studied in the last two modules of the Executive MBA course. As mentioned earlier, this study is the third and last in a row of three which aims to combine health with economic disruptions. Research proposal will be submitted in middle August 2012. The literature review will continue until late October. The data collection is planned to be done during November 2012. The process of results and the discussion on the raised issues is expected to be performed during December 2012. The study is planned to complete on January 2013.

Conclusions

Economy is the propeller of society. For more than a hundred years, the expansion of GDP was the ultimate goal of economic policy *(Levallois, 2010)*. Nevertheless, the constant growth that Greece experienced, during last decade, among others, ended with corruption, confusion and structural disorders. Such effects were mostly derived from the cultivation of inequalities and imbalances of wealth distribution. Growth was synonymous to distortions and to an increasing paternalism, although that was kept hidden behind economic liberalism. Current situation proved that the country dealt with an unaffordable modernity all these years, which created needs and dependencies difficult to disentangle.

On the other side, geopolitical and geo-economical powers have demonstrated an increasing interference in the Mediterranean area due to energy reserves. The repositioning of global players has started and the whole area, from Turkey to Tunis and from Portugal to Greece, including Spain and Italy, seems that live political and economical shocks. Greece is positioned in the middle. Since nothing yet provides the big picture, the country is obliged to develop a contingency plan towards sustainability and rebound no matter the cost. Healthcare is considered a crucial factor for the survival of a country. This study aims to give a contribution on how the sector should prepare to react in defining a resilient scheme in terms of keeping health provisioning stable and untouched.

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APPENDIX A

GREECE: GDP in the decade 1951-1961 (growth rates)
Comparison with other OECD countries

GROWTH RATES OF GDP FOR SELECTED
COUNTRIES,a/ 1951-1961

	Growth Rate*
Austria	5.5
Denmark	3.5
Germany	7.5
GREECE	6.1
Iceland	4.9
Italy	6.1
Netherlands	4.6
Norway	3.8
Portugal	4.7
United Kingdom	2.4
United States	3.2

a/ Similar data for the remaining OECD countries were not available.

* Calculated at constant (1954) prices

Source: OECD, Statistics of National Accounts, 1951-61.

(Source: Bowles, Samuel (1966) Sources of growth in the Greek Economy, 1951-1961. *Harvard Economic Development Report*, No. 27, p. 9).

APPENDIX B

GREECE: GDP in the decade 1951-1961
Distribution of growth rates per sector

RATES OF GROWTH OF GDP BY SECTOR
IN THE GREEK ECONOMY, 1951-61

	Rate of Growth*
Agriculture, Forestry, Fishing	4.8
Mining	11.3
Manufacturing	7.3
Construction	13.5
Electricity, Gas, and Water	12.1
Transportation and Communication	5.4
Wholesale and Retail Trade	5.6
Banking, Insurance, Real Estate	6.6
Ownership of Dwellings	9.6
Public Administration, Defense	1.1
Health and Education	4.1
Miscellaneous	5.2

* Calculated at constant (1954) prices

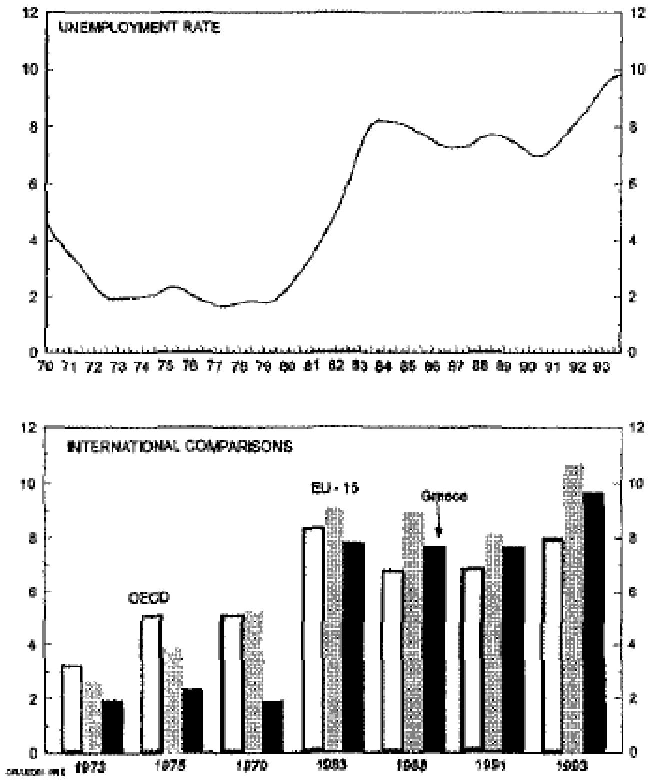
Source: OECD, Statistics of National Accounts, 1951-61, p. 107, Table 2B.

(Source: Bowles, Samuel (1966) Sources of growth in the Greek Economy, 1951-1961. *Harvard Economic Development Report*, No. 27, p. 10).

APPENDIX C

GREECE: Unemployment 1970-1993

UNEMPLOYMENT IN GREECE AS A PERCENTAGE OF THE LABOUR FORCE



Source: OECD Labour Force Statistics; and European Economy No. 60, 1995

(Source: Demekas, Dimitris and Kontolemis, Zenon (1997) Labour Market Performance and Institutions in Greece. *Journal of South European Society and Politics*, 2(2), p. 79).