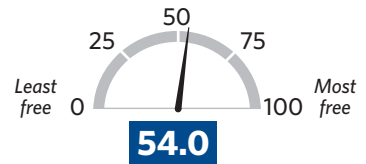


# GREECE

## Economic Freedom Score



World Rank: **130** Regional Rank: **40**

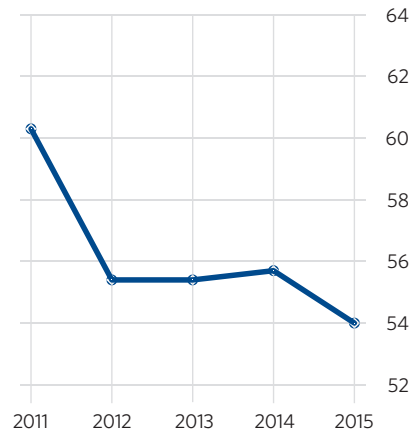
**G**reece's economic freedom score is 54.0, making its economy the 130th freest in the 2015 *Index*. Its score has declined by 1.7 points since last year due to a substantial deterioration in the control of government spending and smaller declines in business freedom, labor freedom, and fiscal freedom. Greece is ranked 40th out of 43 countries in the Europe region, and its overall score is below the world and regional averages.

Since 2011, Greece's economic freedom has declined by 6.3 points, with scores falling in seven of the 10 measured categories. Once ranked in the "moderately free" category, Greece is now considered "mostly unfree." With the 10th largest score decline in the 2015 *Index*, Greece has recorded its lowest economic freedom score ever this year.

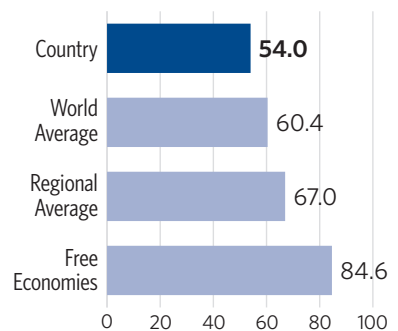
Large continued declines in the management of government spending bode ill for a government still reeling from a sovereign debt crisis and multiple international bailouts. The rule of law remains problematic, with property rights weakly enforced, tax evasion on the rise, and corruption pervasive. Despite efforts to create a more business-friendly regulatory environment, the labor market remains rigid and slow to adjust to market realities.

**BACKGROUND:** Greece joined NATO in 1952 and the European Union in 1981. It adopted the euro in 2002. In response to a Greek sovereign debt crisis in 2010, the European Central Bank and the International Monetary Fund provided emergency loans in exchange for austerity measures. Elections in June 2012 led to formation of a "pro-Euro" coalition led by Antonis Samaras and his center-right New Democracy party. In June 2013, the Democratic Left Party left the coalition, forcing a reshuffle that gave the center-left Pan-Hellenic Socialist Movement an expanded role in the government. Greece's economy, which depends heavily on shipping, tourism, and services, has been in recession for six years. International creditors expected it to expand slightly in 2014. Greek unemployment is among the highest in the eurozone.

## Freedom Trend



## Country Comparisons



## Quick Facts

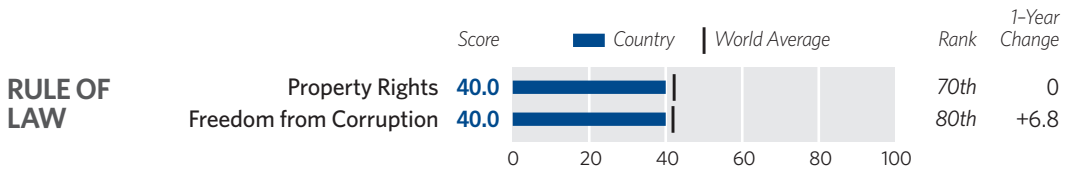
- Population:** 11.1 million
- GDP (PPP):** \$265.6 billion
- 3.9% growth in 2013
- 5-year compound annual growth -5.2%
- \$24,012 per capita
- Unemployment:** 27.6%
- Inflation (CPI):** -0.9%
- FDI Inflow:** \$2.6 billion
- Public Debt:** 173.8% of GDP

### How Do We Measure Economic Freedom?

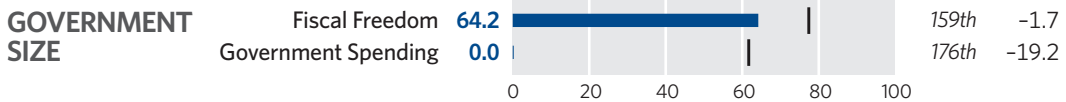
See page 475 for an explanation of the methodology or visit the *Index* Web site at [heritage.org/index](http://heritage.org/index).

2013 data unless otherwise noted.  
Data compiled as of September 2014.

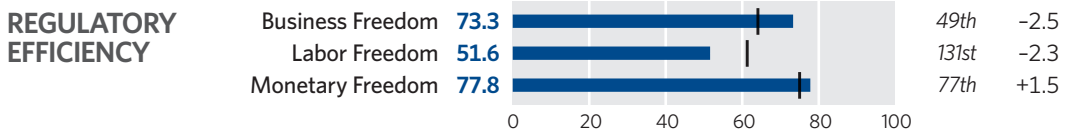
**THE TEN ECONOMIC FREEDOMS**



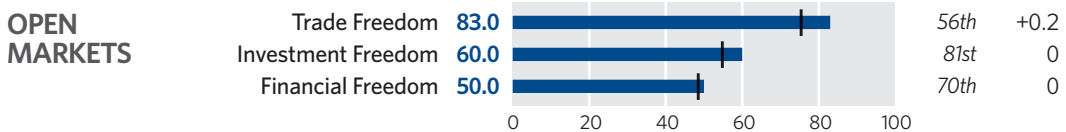
Successive governments have made election promises to root out deeply entrenched corruption in Greece, but progress has been very slow. Ninety percent of households surveyed in 2013 consider Greece’s political parties to be corrupt or extremely corrupt. Nevertheless, the judiciary is independent, and the constitution provides for public trials. Protection of property rights is not strongly enforced.



Greece’s top individual income tax rate is 42 percent, and its top corporate tax rate is 26 percent. Other taxes include a value-added tax and a real estate tax. Overall tax revenue amounts to 33.8 percent of gross domestic product, and public expenditures equal 58.5 percent of domestic output. Public debt is equivalent to over 170 percent of gross domestic product.



The overall pace of regulatory reform lags behind other countries. With no minimum capital required, launching a business takes five procedures and 13 days. However, completing licensing requirements still takes about four months on average. Despite reform efforts, the labor market remains rigid and stagnant. Monetary stability is weak, and Greece is receiving substantial subsidies from the European Union.



EU members have a 1.0 percent average tariff rate. Although some non-tariff barriers exist, the EU is relatively open to external trade. Greece maintains additional barriers to the provision of some professional services. Foreign investment in some sectors is capped. The financial system remains under strain. In the banking sector, nonperforming loans account for over 30 percent of total loans.

**Long-Term Score Change (since 1995)**

| RULE OF LAW             |       | GOVERNMENT SIZE     |       | REGULATORY EFFICIENCY |       | OPEN MARKETS       |       |
|-------------------------|-------|---------------------|-------|-----------------------|-------|--------------------|-------|
| Property Rights         | -30.0 | Fiscal Freedom      | +1.7  | Business Freedom      | +3.3  | Trade Freedom      | +5.2  |
| Freedom from Corruption | -10.0 | Government Spending | -55.3 | Labor Freedom         | -4.5  | Investment Freedom | -10.0 |
|                         |       |                     |       | Monetary Freedom      | +12.5 | Financial Freedom  | +20.0 |