



## DEVIL'S ADVOCATE by John Risley

# Greek tragedy offers lessons for us all

**A**nxious to curry favor with voters, Greece's political leaders have essentially perpetrated a fraud upon their citizens by allowing them to believe that Greece could enjoy benefits not available in other countries, without cost. These ranged from retirement benefits that began at age 55, and in some cases after 20 years of service, through to a host of state-owned enterprises whose primary distinguishing feature was their union-inspired cost structure and money-losing ways. It was common practice to avoid paying income tax or under-report income thanks to lax enforcement procedures and a cultural acceptance that it was alright to do so. Further, and just as damning, the country's institutions were not suited to a modern economy. For example, the country still has no land registry establishment, making simple procedures like selling or mortgaging property very difficult and mired in long and expensive title perfecting exercises. And many professional occupations (such as

pharmacy) have restricted access – only a limited number are allowed to practice.

The point is that the Greek economy, over time and successive governments, came to be very inefficient, dependent on debt and competitive in virtually no area. And so it went, until the lenders finally woke up and said we won't loan you any more money to support a lifestyle which is not consistent with your income. Germans will not work till they can retire at age 67 so Greeks can do so at age 55.

The media battle in Europe and Greece by politicians on both sides has been inherently dishonest. European taxpayers are being told Greece can and should repay its debts, when there is no prospect this can happen. And Greeks need to understand that their economy must reform immediately. Absent growth, austerity measures will only continue to inflict greater pain on those least able to withstand it. Absent reform, there is little prospect for growth and no reason why anyone would want to invest in Greece, other than for a vacation home. But this is not the political discourse. Rather, Greece's politicians have bitterly charged the International Monetary Fund, the European Central Bank and the European Union's governing council with a form of terrorism at worst and at best, imposing unfair and unreasonable demands on their country.

Imagine appearing on the doorsteps of your bank, having lost money in your business for years and years and expecting your

bank to continue to finance such losses – without you changing your business plan. Any reasonable person would expect to have conditions imposed on them that are designed to help bring the person, company or country back to growth, back to having income which it could then use to improve social services. Instead, Greece's leaders have taken the view that reforming the economy should be the subject of negotiation with its lenders rather than their responsibility. As a result the vast majority of the Greek population thinks they are being unfairly done by and the vast majority of Europeans don't understand the true nature of the situation and why their help, and the legitimate conditions attached to it, are warranted.

Voters have the right to expect honesty from their leaders. Here in Canada, I worry we are entering what the polls suggest will be a tight election race and there are already examples of intellectual dishonesty. The NDP have decided they are opposed to the Energy East Pipeline for environmental reasons. That's fine, but in making this statement the country has a right to understand both the real versus perceived environmental risks and most importantly, the economic costs of refusing to allow western oil to reach eastern refineries and markets beyond. Imagine if Nova Scotia had waters it controlled through which all Newfoundland's oil had to travel, and Nova Scotia said no, "too much environmental risk." That is obviously a ridiculous position but hopefully you get my point.

Let's impose some discipline on policy makers here and abroad, forcing them to stop the political games, deal in facts and be honest about the consequences of their various promises. Let's understand the art of compromise and the need to have economic growth. Be engaged, ask hard questions and think through issues. Our country, as well as Europe and Greece, deserve no less.

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### FEEDBACK

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