WORLD RANK: **106** | REGIONAL RANK: **43**

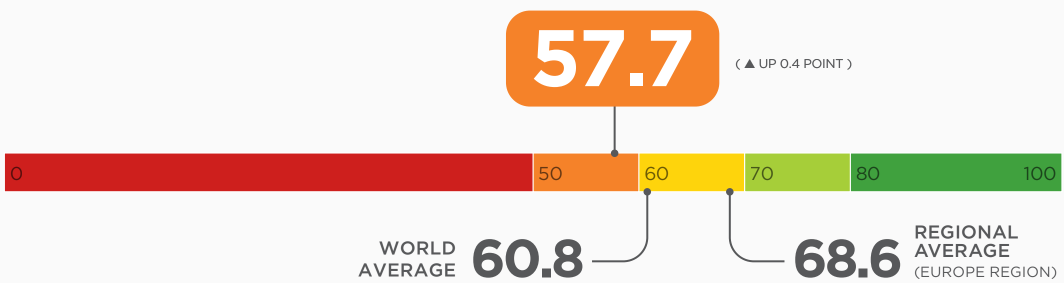
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

GREECE

Greece's economic freedom score is 57.7, making its economy the 106th freest in the 2019 *Index*. Its overall score has increased by 0.4 point, with strong improvements in **financial freedom** and **fiscal health** exceeding a significant decline in **judicial effectiveness**. Greece is ranked 43rd among 44 countries in the Europe region, and its overall score remains below the regional and world averages.

Despite exiting its latest economic adjustment program in 2018, the government is subject to huge policy constraints and faces an enormous level of general government debt. Competitiveness has been severely eroded. Greece has made progress in restoring macroeconomic stability and implementing much-needed initial fiscal adjustments, but the public sector still consumes too much GDP, and a rigid labor market impedes productivity and job growth. Corruption remains a problem. The economy is hostage to powerful public unions, and the government's statist model undermines entrepreneurs.

ECONOMIC FREEDOM SCORE

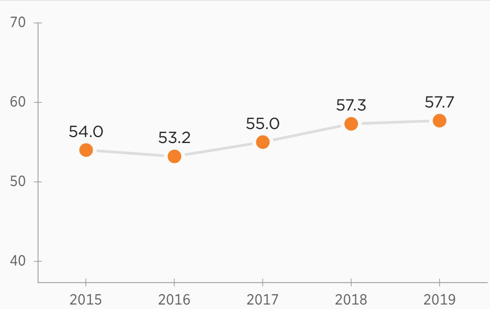


RELATIVE STRENGTHS:
Trade Freedom and Monetary Freedom

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995):
–3.5

CONCERNS:
Government Spending and Government Integrity

FREEDOM TREND



QUICK FACTS

POPULATION:
10.8 million

GDP (PPP):
$298.7 billion
1.4% growth in 2017
5-year compound annual growth –0.3%
$27,737 per capita

UNEMPLOYMENT:
21.5%

INFLATION (CPI):
1.1%

FDI INFLOW:
$4.0 billion

PUBLIC DEBT:
181.9% of GDP

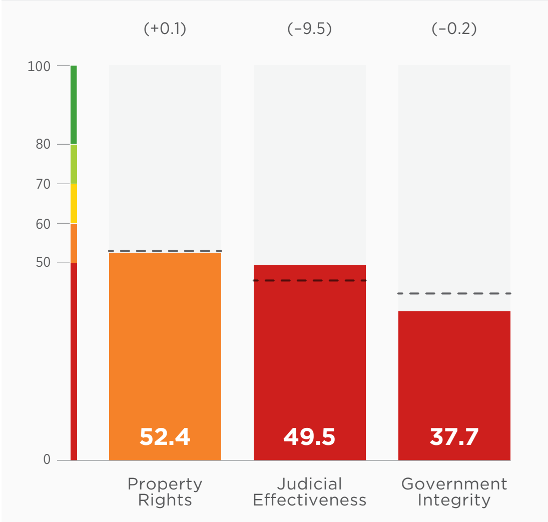
2017 data unless otherwise noted. Data compiled as of September 2018

BACKGROUND: Independent from the Ottoman Empire since 1830, Greece joined NATO in 1952 and the European Union in 1981 and entered the eurozone in 2002. Prime Minister Alexis Tsipras of the Coalition of the Radical Left (Syriza) forged another coalition government following snap elections in 2015. Greece exited an eight-year bailout program in August 2018 after a $370 billion international rescue package conditioned on economic reforms and deeply unpopular austerity measures. Economic growth has resumed, led by shipping and tourism, but unemployment and public debt remain high. Significant Chinese investment is exemplified by state-owned COSCO's controlling stake in the port of Piraeus. The government has alleged Russian interference in negotiations that would permit neighboring Macedonia to join the EU.

– – WORLD AVERAGE | ONE-YEAR SCORE CHANGE IN PARENTHESES

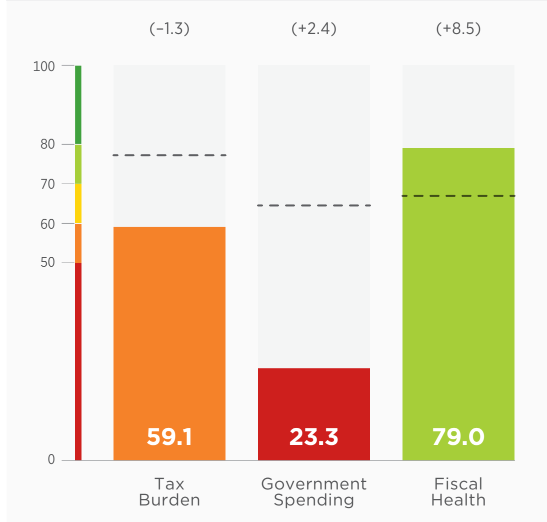
12 ECONOMIC FREEDOMS | GREECE

RULE OF LAW



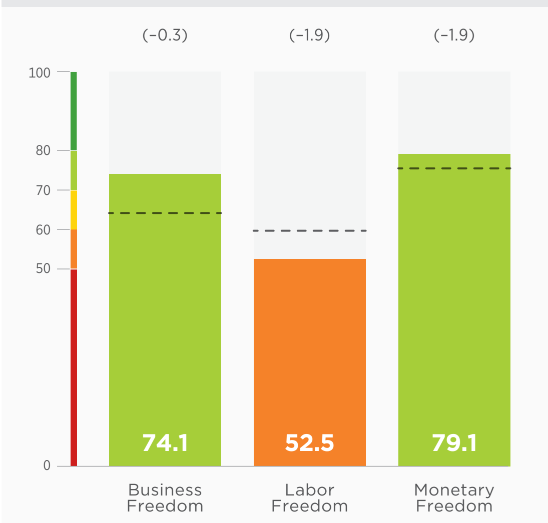
Greek laws extend protection of property rights to both foreign and Greek nationals, but enforcement is inadequate because of delays in the judicial system. Although independent, the judiciary is inefficient, slow, and understaffed. Corruption remains a problem in Greece. While tax enforcement efforts have become more robust in recent years, authorities have largely failed to prosecute tax evasion by economic elites.

GOVERNMENT SIZE



The top personal income tax rate is 42 percent. The top corporate tax rate is 29 percent. The overall tax burden equals 38.6 percent of total domestic income. Over the past three years, government spending has amounted to 50.6 percent of the country's output (GDP), and budget deficits have averaged 0.8 percent of GDP. Public debt is equivalent to 181.9 percent of GDP.

REGULATORY EFFICIENCY



Sporadic efforts to enhance the business environment have been undermined by insufficient political commitment. Labor regulations are restrictive, and the economy lacks labor mobility. The eight-year Greek debt crisis formally ended in 2018, but much more progress is needed to privatize heavily subsidized and loss-making state-owned enterprises that cover everything from ports to oil-producing companies and electricity-generation utilities.

OPEN MARKETS

The combined value of exports and imports is equal to 67.5 percent of GDP. The average applied tariff rate is 2.0 percent. Greece implements a number of EU-directed nontariff trade barriers including technical and product-specific regulations, subsidies, and quotas. Foreign and domestic investors are generally treated equally, but bureaucratic barriers may discourage investment. The banking sector has the highest ratio of bad loans in Europe.