**A New Economic Governance Model for Greece in the 21st Century**

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## Introduction

The mission and mandate of economic governance in Greece and its accompanying institutional architecture requires a re-alignment in order to conform to the realities of the new global economy of the 21st century. Two recent events, one foundational and the other cataclysmic, have precipitated the need for a new vision and a new conceptual framework for revitalizing and modernizing Greece's economic governance architecture. These two defining milestones are the emergence of a new global economy and the devastating consequences of the 2008 global financial crisis on the Greek economy.

The new global economy of the 21st century has transformed the economic, social, and political landscape in a profound and indelible manner. The new economy is composed of a trilogy of interactive forces that include globalization, trade liberalization and the information technology and communications revolution. Globalization has melted national borders and redefined economic policy. Free trade has enhanced economic integration and extended the economic architecture. The information and communications revolution has made geography and time irrelevant and enhanced the reach of economic parameters. Furthermore, the new economy is built on a culture of innovation. Indeed, the signature mark of the new global economy is new ideas, new technologies and new initiatives (Passaris, 2006).

The financial crisis of 2008 unravelled with record speed into a devastating economic crisis of global proportions. The recent financial meltdown took everybody by surprise. This was especially true of economists. Indeed, the recent financial crisis had a more devastating effect than simply creating the most significant economic crisis since the Great Depression of the 1930"s. It rocked the very epicentre of the economics profession. More specifically it revealed the fault lines on the economic landscape (Passaris, 2011B). The global financial crisis triggered the Great Recession of the second decade of the 21st century. In Greece, the financial crisis had a particularly devastating effect on the economy and civil society. The financial contagion effect of the global economic crisis impacted severely on the Greek economy, created social tensions in Greece and revealed the limitations of the Greek economic governance architecture vis a vis the European Union and other institutions of international governance.

In consequence, the institutional architecture of economic governance in Greece requires modernization as well as transitional and transformational change. This is particularly true since the existing Greek economic governance architecture was designed for the old economy of the 20th century and has proved ineffective and inadequate for the new economy of the 21st century. Furthermore, the machinery of economic governance in Greece has a domestic orientation rather than an international outreach. This does not allow for the effective realignment of economic and financial policy between Greece and its European Union partners or a purposeful outreach with the new global economy.

In the ensuing pages, I will propose a new conceptual framework for reforming the public administration in Greece that is congruent with the structural changes precipitated by the new global economy of the 21st century. In particular, I will examine the economic governance fault lines that appeared after the May 2010 economic crisis in Greece. The Great Recession and the contemporary jobless recovery provide the contextual narrative for redefining macroeconomic policy with regard to achieving good economic governance.

I will propose a new set of ten interactive and complementary principles for good governance in the 21st century. These governance principles should be accompanied with a modern institutional governance architecture. Furthermore, the structural qualities and resilient infrastructure of a revitalized governance model must be able to withstand the future economic shocks and interface effectively with the new global economy of the 21st century. In this regard, the new institutional governance structure that emerges should embrace the qualities of being streamlined, empowered, responsive, engaged, effective and efficient, to name but a few. In effect, I will articulate an economic governance road map that is congruent with the evolving structural parameters of the new geopolitical landscape. In addition, I will propose a new set of guiding principles for economic governance in the 21st century and also articulate an economic governance road map for achieving full employment that is congruent with the structural parameters of the new global economy.

In essence, this paper will propose a new economic governance agenda and design the supporting governance infrastructure that has the administrative capability and the capacity to meet the challenges and take advantage of the opportunities confronting Greece in the 21st century. All of this, for the purpose of designing a governance infrastructure that interacts more effectively with global institutions; national, regional and local governments; economic, social and political networks; community and grassroots organizations and civil society.

## Economic Globalization

The advent of the new economy has resulted in the fundamental restructuring of economic society. The role of innovation as a catalyst that drives the engine of economic growth has become a fundamental postulate of the new global economy. Furthermore, the pivotal role of a country's human resources and the unique economic value of its human capital endowment which is reflected in the educational attainment, the technical competencies and the special skills of its population is an essential prerequisite for empowering the new economy and facilitating the integration of labour in the knowledge based industries. The knowledge based economy is fuelled by technology, human capital and research and development. In short, the fuel of the new economy is technology and its currency is human capital. The product of the new economy is knowledge and its market is the virtual marketplace of the internet (Passaris, 2001 and 2003).

Economic globalization is not simply a theoretical, qualitative or conceptual construct. The extent of globalization can be determined by the growth of foreign direct investment (FDI), the increase in international trade and the volume of transactions in international financial markets. Also the global outreach and economic integration beyond national borders impacts on numerous economic activities. More specifically, statistical data can serve as economic indicators on the increase in yearly flows of FDI and merchandise trade in relation to gross domestic product, the rate of growth in the stock of FDI, the increase in international financial flows and the international mobility of labour. Multinational and transnational private sector corporations have emerged as a catalyst for globalization. There are also significant qualitative aspects to globalization that should be noted as well. The transformation of the composition of trade from finished products to intermediate and sub-components is a case in point.

In consequence, the full impact of economic globalization should be considered in the context of its quantitative and qualitative dimension. Indeed, the observed acceleration in the pace of economic globalization can be attributed to technological advances and innovations in information technologies and communications, trade liberalization, the growth in incomes, consumption and productivity growth.

With the advent of economic globalization it is imperative that economic governance principles, economic policies and the institutional architecture should be adapted to conform to the realities of contemporary globalization. Globalization impacts directly on a country's domestic economic landscape. In consequence, a global mindset must permeate a country's outward reach in terms of the formulation of its economic policies. In a sense, global economic integration results in diminished national and domestic autonomy. This is further accentuated by the existence of multinational and transnational corporations in the private sector that have embraced the benefits of economic globalization for a very long time. Globalization has enhanced the fluidity and mobility of financial capital and foreign direct investment. The same is true for immigrant receiving countries with respect to the international mobility of labour, especially highly educated and skilled labour. Economic globalization and trade liberalization have accentuated the global competition for export markets.

Clearly national economic policies have been influenced by both of those domestic and international forces and events. The modern rules of economic engagement require the adoption of governance principles of fiscal propriety, enhancing competitive advantage, renewing the economic infrastructure, achieving full employment, embracing the tools of the information and communications technology revolution, reformatting tax policies, revising the regulatory mechanism and promoting a stable political and economic environment for foreign investment. All of this, to underline the fact that enhanced competition on a global scale impacts on the formulation of a country's domestic and international economic policies as well as their governance structures.

All of the above suggests that the contemporary economic landscape is redefining the scope and substance of economic governance. In some cases it has increased the responsibilities of national governments, in other cases it has modified or renewed them. In some cases the existing economic governance institutions and architectures require a refit and renewal and in other cases a modern economic governance institutional architecture needs to be built from the ground up. The management of these new or renewed governance institutions should also reflect the forces of economic globalization as well as economic integration and interdependence. This should allow governments to confront the modern economic challenges and take advantage of the contemporary economic opportunities.

The amalgam of trade liberalization and economic globalization have created global markets with the full significance of that concept. The international integration of production and distribution, enhanced trade activity, global investment and capital flows have defined the modern economic landscape and impacted on the scope and substance of economic governance. In the absence of a truly global framework for economic governance, countries have formed regional economic governance frameworks, associations and trading blocks that are marked by geographical proximity. The European Union, the North America Free Trade Agreement ( NAFTA ) and the Canada and European Union Comprehensive Economic and Trade Agreement (CETA) are a few examples of some recent free trade zones.

It should be noted that globalization has created limitations and reduced the degrees of freedom for governments with respect to economic governance domestically as well as the operational features of the domestic market mechanism. There is no denying that the formulation and implementation of domestic and international economic policies require renewal and adaptation with respect to the contemporary realities of the new global economy. The increase in economic interdependence or conversely the multilateral economic dependence of countries is the wave of the future. No doubt this generates a new environment where national governments are required to manage their respective economies with a diminished level of economic autonomy and sovereignty. One of the most challenging features of the new globalized economic system is the degree of asymmetry that was introduced as a result of economic globalization.

## Good Governance

Good governance has become the gold standard for measuring a government's competence and accomplishments on the economic and political landscape in the 21st century. What exactly is good governance ? Good governance does not have a simple and straightforward definition. The concept of good governance is in many respects multilayered and multidimensional. In fact, we could say that good governance has many different faces. When these faces are combined in an appropriate manner they form the portrait of good governance. One thing is clear, however, civil society is placing a higher premium on ethical, efficient and effective governance than at any time in the past. My list of what constitutes the contemporary principles of good governance includes ten interactive and complementary characteristics: leadership, vision, strategy, accountability, transparency, inclusiveness, participation, equality, consensus building and efficiency.

Leadership is the art of providing direction towards achieving predetermined objectives. It is not finding out which way the crowd is going and moving to the front to lead it. Leadership is about making the right choices for the common good that are in the best long-term interest of the civil society. Vision requires a thoughtful, purposeful and articulate expression of what can be rather than what is. Strategy is the road map of how to get there. Accountability is perhaps the most important ingredient of good governance. It is both a mindset and a goal. The spirit and practice of accountability involves a commitment to announce and defend the actions, policies and legislation of the government so that they can be held up to public scrutiny. In many respects accountability is the very essence of a country's democratic institutions. Transparency in governance does not mean denying privacy and confidentiality. It does mean however, that the process of decision-making is clear, widely known and has earned the public trust. Furthermore, transparency requires that the decisions taken and their implementation are done in a manner that is consistent, predictable and follows established rules, regulations and guidelines. All of this by way of underlining the importance for governments to practice openness and accessibility.

The inclusiveness characteristic of good governance acknowledges that political, social and economic success is contingent upon all the stakeholders in civil society feeling a part of the mainstream without having to contend with overt or covert barriers of exclusion. This requires a governance mindset and an institutional framework that will promote inclusiveness in every aspect of our daily lives. Participation is the cornerstone for the successful operation of democratic institutions and good governance. The eminent Greek philosopher Aristotle pointed this out in the fourth century B.C. by saying, "If liberty and equality, as is thought by some are chiefly to be found in democracy, they will be best attained when all persons alike share in the government to the utmost." (Barnes, 1984, IV.1291b34). A prerequisite of participatory democracy is an institutional framework, an impartial legal system and an inspiring human rights code.

Equality of opportunity is a fundamental condition of good governance. This is essential in any society which is characterized by diversity. It is reflected in our collective commitment to pursue gender equality between men and women, promote the acceptance of religious diversity, to celebrate our multicultural profile, among others. Equality of opportunity ensures that we do not disenfranchise persons with disabilities, visible minorities and those who are marginalized because of their social condition.

Good governance promotes consensus building. This process allows different ideas and varied perspectives to formulate future objectives. Consensus building encourages all citizens to work in harmony rather than in collusion with each other. An efficient, effective and responsive government contributes to good governance. Resulting in a form of government where waste, mismanagement and inefficiency are not tolerated.

On the economic and political landscape, good governance has become the signature mark of the 21st century. It empowers our democratic institutions to respond to the direction set by civil society. It also ensures that our economic, environmental, cultural and social resources are protected and passed on to future generations. The modern institutional architecture must conform to the contemporary standards set by civil society for good governance. In effect, our modern institutional economic governance architecture must embrace and reflect the modern principles of good governance.

## Open Government

The first decade of the 21st century was a defining period for reinventing the modern constructs of open government. The concept of open government has a prominent historical provenance and pedigree. The birth of democracy and western civilization in Ancient Greece embraced open government which was articulated by eminent Greek philosophers such as Plato and Aristotle.

The philosophical foundation for open government is based on the premise that the mission of good governance is enhanced by allocating a bigger role for civil society in the decision making process. In its operational paradigm open government concludes that no government has a monopoly on good ideas. Furthermore, allowing a process that brings to the table for debate a smorgasbord of ideas and perspectives contributes to better decision making and improves the quality of government policies.

Open government requires the active and unhindered engagement of civil society, unfettered access to government information and the empowerment by the innovative use of technology. Indeed, in the modern context the elixir and sustainability of open government rests with the innovative use and adoption of state-of-the-art internet based technologies. All of this translates into making government information more accessible and user-friendly. In addition, using innovative forms of electronic platforms for engaging and consulting with civil society through social media platforms and electronic outreach is a significant advantage. There is no denying that in the modern context, the internet plays an essential role in facilitating the process for a more open, transparent and participatory government in the 21st century.

The information technology and communications revolution has become a significant enabler for open government. It has facilitated the process of transparency, participation and accountability in an indelible manner. The digitalization of government documents, accessibility of data and electronic communication between civil society and the government has reached an unprecedented level of connectivity. Internetization which is empowered by the internet and electronic connectivity has enabled the spectacular technological structural changes of the new global order. The electronic prefix which is attached to e-government, e-participation, e-inclusion and e-democracy is the signature mark of the modern face of open government (Passaris, 2015).

One of the direct beneficiaries of the information era and electronic communication has been the technological empowerment of non-governmental organizations. Their modern mission and mandate has been upgraded to a more important and effective player in the pursuit of open government. Their websites serve as a platform for the critique of government policy in real time. Their ability to organize opposition and public demonstrations against government initiatives through instantaneous electronic messaging has garnered the attention of the mass media and the general public.

Open government can have a positive and constructive impact on economic governance. The element of transparency is vital for economic decisions. This takes the form of the public scrutiny of economic policies, guidelines, directives, data and analysis. It empowers the implementation of evidence based public policy, informed business decisions and visionary entrepreneurial initiatives. All of this for the purpose of promoting enlightened economic policy, business expansion, investment opportunities, employment creation, the adoption of innovative products and services and in the process generating an enhanced rate of economic growth and development.

The emphasis on open government during the recent past has triggered a transformational change in the conduct of economic governance. In particular, the budgetary process has been fundamentally altered as a direct consequence of the requirement for transparency and participation. Both of those characteristics are seminal to the mission of open government. In the old economy, budgetary preparations used to be an intensive and highly secretive process. Indeed, the budgetary preparation process used to be shared by only an elite and small number of individuals that included the Minister of Finance and a few senior public officials. The contents of the budget were considered top secret until the Minister gave his budget speech in the Legislature. Fast forward to the new economy and the budgetary process has become more open and participatory as governments have become more favourably disposed to pre-budget public forums, town hall meetings and electronic submissions. In its modern format, the fear of losing control and the leakage of budget information is balanced by public participation, civil society buy-in and the advantage of an improved quality of collective decision making.

The emergence of participatory budgeting is a tangible illustration of the adoption of open government. The secrecy associated with the budgetary process was until very recently the sole purvey and responsibility of the government in power. The ascendance of open government has infused an element of participatory democracy in what was previously a heavily guarded fortress of economic governance. Participatory budgeting has allowed a process of democratic deliberation and decision making with civil society. Its objective is to build a two way communication and facilitate input from the public in the form of discussion, debate and the prioritization of economic initiatives. The process also allows for collaboration in the setting of economic priorities and policies as well as the implementation of economic measures and time lines. In essence, participatory budgeting harnesses civil society in the allocation of government resources and adds another layer of public spending scrutiny. The importance of this exercise cannot be underestimated at a time when governments are struggling with fiscal deficits and spending constraints. In short, this process has the potential to achieve public consensus and acquiescence for government measures and policies that have been resisted in the past.

The Open Government Partnership was formally launched on September 20, 2011 with eight founding governments – Brazil, Indonesia, Mexico, Norway, the Philippines, South Africa, the United Kingdom and the United States. At the present time the participating countries has grown to 64. Greece joined the international partnership in April 2012.

The mission of this new multilateral initiative is directed to secure concrete commitments from governments to promote transparency and accountability, empower citizens, fight corruption and harness new technologies to enhance governance. All member countries are obliged to sign the Open Government Declaration which succinctly states:

"We commit to promoting increased access to information and disclosure about governmental activities at every level of government….We value public participation of all people, equally and without discrimination, in decision making and policy formulation. Public engagement, including the full participation of women, increases the effectiveness of governments, which benefit from people's knowledge, ideas and ability to provide oversight. We commit to making policy formulation and decision making more transparent, creating and using channels to solicit public feedback, and deepening public participation in developing, monitoring and evaluating government activities…..New technologies offer opportunities for information sharing, public participation, and collaboration. We intend to harness these technologies to make more information public in ways that enable people to both understand what their governments do and to influence decisions. We commit to developing accessible and secure online spaces as platforms for delivering services, engaging the public, and sharing information and ideas" (Open Government Partnership, 2011, p.1-2).

At a time when governments are suffering from a lack of public trust and are identified as being responsible for the Great Recession as a consequence of economic mismanagement, the implementation of open government initiatives is an essential prerequisite for effective economic governance and for transforming the relationship between government and civil society. At the end of the day, the Open Government initiative aims to improve public services, drive economic growth, reduce poverty and corruption, energize and diversify civil society participation and restore public trust in government. Indeed, restoring public trust and public engagement in governance should become a paramount objective in light of the contentious record manifested in the recent past.

**Economic Governance**

There is no denying that civil society has raised the bar and placed higher standards and expectations on the performance of economic governance. In the past economic governance was shrouded in mystery and secrecy. These were the traditional operational features for the conduct of economic governance. The preparation and public announcements of government budgets was a case in point. In the contemporary phase there is a tendency to consult with the public and become increasingly more transparent in the performance of a government's economic responsibilities (Passaris, 2008).

The evolution of economic governance in the 21st century will be shaped by two recent economic events. First, the emergence of the new global economy and second the aftershocks of the financial crisis of 2008. Furthermore, the scope and substance of public policy should be re-examined for the purpose of modernizing its reach and effectiveness. The forces shaping the direction of economic governance in the 21st century will also require a forensic evaluation of the accompanying institutional architecture. This new economic environment will require the renewal of existing economic institutions as well as the birth of new institutions. The reason being that the modern version of our economic institutions should be adept, nimble and equipped with the tools to deal with contemporary issues that are multifaceted in their genetic composition inasmuch as that they intertwine economic, social and environmental issues simultaneously. In consequence, the economic institutions of the 21st century should have the capacity to develop public policy and implement informed solutions in a manner that is holistic and comprehensive. In this manner we can recognize that contemporary challenges and future opportunities will be embedded in economic, social and environmental dimensions.

Economic governance can take different forms and shapes. A simple, direct and operational definition of economic governance is the multidimensional aspects of direction and policy that impact on the economy including the machinery and institutional architecture for the delivery of economic governance initiatives. In this regard, a conventional approach to economic governance includes the traditional private and public sectors, household, financial institutions and labour organizations. More specifically, it is directed to all aspects of economic engagement including production, distribution, consumption and investment of resources. In short, economic governance refers to the formulation and implementation of policies, the institutional economic architecture and the administration and management of the economic landscape.

It should be underlined that economic governance impacts upon individual and collective behaviour and standards. In consequence, the organizational structure must promote the principles of effective and efficient economic governance in compliance with the contemporary legal, statutory and regulatory frameworks. Governance institutions including the machinery of government, the economic and financial markets as well as government agencies, boards and commissions all of whom formulate and implement principles, norms, rules and decision-making protocols that impact upon the economic behaviour of individuals and groups. It goes without saying that the critical analysis of economic governance as well as the design of new organizational structures must include both the governance institutions as well as the institutional environment. Clearly, the specific nature and scope of government intervention in the economy should be aligned with the desired public policy objectives, the formulation of enlightened public policy initiatives and the creation of the most effective and efficient governance institutions.

The recent past has witnessed a reversal in the economic governance mission for most countries. There are several reasons for the retreat of the public sector from its previous level of economic engagement and involvement. These include, declining tax revenues, an increase in the public debt, public displeasure with the government’s management of the economic agenda, a decentralization of government operations, the belt tightening and reduction in government expenditures particularly with respect to social programs and the privatization of government activities. It is worth noting that along with the downsizing, devolution and downloading of government economic initiatives and an increased reliance on the market mechanism, the public sector institutional architecture has been neglected and allowed to atrophy to the point that it has reached a minimalistic state of existence. There is no denying that this weakness in the structural foundation for the formulation and implementation of economic public policy has had a deleterious effect on economic governance. The redirection of influence and leadership on the economic landscape has favoured the market mechanism and the private sector. All of this has generated an adverse effect on macroeconomic stabilization efforts and the role of the public sector in economic governance.

In the modern context, the economic role of government within the framework of a mixed economy has evolved to embrace the following economic functions : a legislated, legal and regulatory framework that is conducive to the protection of property rights, intellectual property and the enforcement of contracts; an agent for investing in physical and human capital infrastructure that permits the private sector to accomplish its mission and contribute to economic growth and development; the role of an overseer and referee with respect to the private sector through economic regulations that promote fair competition and that prevent concentration of economic power with the social addendum of a regulatory outreach in the form of human rights codes that protect the rights of individuals and groups; to provide all those public goods that are not produced by the private sector; to provide collective social security systems that cover basic risks; to promote macroeconomic policies such as monetary and fiscal policies that support a vibrant private sector and contribute to the long term economic goals of sustainable economic growth; and to intervene in order to correct market outcomes that contradict social goals such as the redistribution of wealth.

**Economic Governance Roadmap**

The pursuit of an effective economic governance model in the contemporary context requires a re-examination of the scope and substance of public policy for the purpose of modernizing its thrust and effectiveness. Public policy has a long tradition of separating and compartmentalizing between two foundational arms of public policy; economic policy and social policy. This has resulted in a vacuum with regard to the development of synergies and the creation of a cohesive and holistic approach for good governance. The traditional approach was to formulate economic policy and social policy on two different tracks. However, the financial constraints faced by governments in the 1990's and subsequent decades has resulted in prioritizing economic policy above social policy.

Public policy can no longer be segmented and compartmentalized in this manner. We need to recognize the interdependent nature of the economic and social policy variables. In addition, the modern construct of public policy requires the incorporation of a third dimension that of environmental policy. Furthermore, the modern context requires elevating the mission of public policy to a completely different formulaic structure as well as embracing a three dimensional context for formulating public policy. One that embraces a more holistic and comprehensive mission than anything we have inherited in the recent past. By that I mean the recognition of the complementarity and inter-independence between economic policy, social policy and environmental policy in the 21st century.

Increasingly we will need to build the new economic institutions with the purpose of becoming more proactive and incorporating a longer term horizon in their decision making mandate. This in contrast to the previous genre that was propelled by the electoral cycle which was more suited to a short term and reactive mode. This may take the form of restructuring existing institutions through renewal or institutional innovation or building new ones from the ground up. In addition, technological advances in information and communications have provided a degree of public scrutiny that is unprecedented. They have raised the bar on the interchange between civil society and public institutions. There is no denying that public expectations of government performance are currently held to a higher standard than at any time in the past. The invasive nature of modern technology has resulted in a public demand for government disclosure regarding government's vision, policies, strategies, performance and actions.

Furthermore, the modern institutional architecture of economic governance should have a global mindset. The reason for this preferred option is that on the contemporary landscape, the dividing line between the national domestic context and the international linkages is blurred at best and fluid on most economic issues. This does not negate the need for domestic institutions but simply to recognize and acknowledge that their efficacy in responding to national issues can be constrained and beyond that a global mindset will create a positive environment for taking advantage of international opportunities. Global economic interdependence is a fact of life in the 21st century and our institutions need to adapt and evolve to embrace it rather than ignore its existence. The economic linkages associated with internationalization in the context of the new global economy can emerge as contentious and controversial. More specifically, countries may endorse the process of trade liberalization while at the same time recognizing the existence of irritants such as the linkages between an enhanced trade outreach and labour regulations, environmental standards, or direct and hidden subsidies. In this regard, there is a need to invent a modern mechanism, an effective framework and a purposeful capacity for resolving trade disputes.

Good economic governance is not a static concept. It should evolve in order to accommodate the structural changes on the economic landscape. Clearly it is a concept that is not only time sensitive but also responsive to societal permeations. In this regard Dixit points out "….that different governance institutions are optimal for different societies, for different kinds of economic activity, and at different times. Changes in underlying technologies of production, exchange and communication change the relative merits of different methods of governance". (Dixit, 2008, p. 673). All of this requires redefining the role, functions and modern mission of economic governance. Clearly, business as usual is not an option. There is a need for conceptualizing a new structural framework along with a modern institutional architecture. The structural changes on the economic landscape require a transformational mandate for government. Furthermore, the institutional architecture should be modernized in order to ensure the formulation of enlightened public policy, its strategic implementation as well as an effective and efficient machinery for economic governance that is congruent with the realities of the 21st century.

**Greek Crisis**

The Greek economic crisis made headlines around the world. It was not a good news story. From that instance, Greece was not merely the sick economy of Europe; it was going through a near death experience. Overnight, Greece became the poster boy of the European financial crisis. The Greek economic crisis, like that of many other countries, was triggered by the contagion effect of the global financial crisis of 2008. It created a global economic tsunami in the form of the persistent Great Recession.

The global economic crisis was a made in America financial crisis. The epicentre of the crisis was the sub-prime mortgage crisis that unfolded during 2007 and 2008. Despite the fact that the eye of the financial storm was the asset backed securities which were collateralized with sub-prime mortgages, it was the US housing market that influenced in a profound and indelible manner the adverse economic outcome (Passaris, 2011B) and (Eichengreen, 2014).

The financial contagion effect of the global economic crisis impacted severely on the Greek economy, created social tensions and political instability in Greece. In particular it revealed the limitations of the Greek institutional governance architecture both internally as well as in terms of its external relations with the European Union and other institutions of international governance. Indeed, the advent of the second decade of the $21^{st}$ century has revealed the structural fault lines on the global economic landscape. This was especially true of the Greek economy. Other European countries have also stumbled as a result of the 2008 global financial crises. In Greece, however, the magnitude of the financial contagion effect was particularly severe as a result of an outdated taxation system, a debilitating sovereign debt, a bloated civil service and an anachronistic economic governance landscape.

Greece joined the Eurozone in 2001. By that time, its financial sector was already highly deregulated. It should be noted that prior to the cataclysmic impact of the current economic crisis, the Greek economy experienced high rates of economic growth. However, along with high rates of economic growth, Greece experienced twin deficits in its public sector and current account. This proved to be the Achilles heel of the Greek economy which manifested its vulnerability during the recent global financial crisis. More specifically, the resulting increase in both the public and private debt rendered the Greek economy exposed to potential macroeconomic and financial shocks. This was especially the case in the context of the single currency architecture in the Eurozone.

By 2009, the effects of the economic crisis in Greece became abundantly clear. For example, Greek GDP declined while finances worsened. The policy constraints associated with membership in the Eurozone meant that the economic crisis soon turned into a sovereign debt crisis. At this point in time the Troika composed of the European Commission, the European Central Bank and the International Monetary Fund, proposed a rescue plan that was overwhelmingly directed towards the implementation of an austerity plan and required that Greece adopt and implement prescribed austerity policies. It is worth noting that the Troika's austerity plan was not limited to fiscal contraction measures. It included as well a proposal for wage austerity, labour market deregulation and the extensive privatization of state owned enterprises (Passaris, 2012).

The Greek economic crisis has been extensively studied, analyzed, dissected and put under the microscope. It has endured incisive examination with regard to fiscal deficits, mounting sovereign debt, a bloated public service, the under capitalization of Greek banks and the near collapse of the Greek health care system. Furthermore, the Greek economic crisis revealed the human catastrophe of widespread poverty, the social implosion in Greece's civil society , massive layoffs in the private sector and the public service, the elimination of social programs, the drastic reductions in old age pensions and the unprecedented levels of national and youth unemployment rates. In all of those studies there is one glaring omission. No one has articulated the inadequacy of the Greek economic governance landscape to confront the challenges and take advantage of the opportunities of the new global economy of the $21^{st}$ century.

There is no denying that Greece has experienced the worst case scenario of near economic collapse. It should be pointed out that Greece leads a long list of other countries in Europe and around the world that are likely to experience similar economic, social and political consequences. The Greek economic crisis was a consequence of errors of omission and commission. They included the accumulation of a huge public debt in proportion to the country's Gross Domestic Product (GDP) and an outdated economic governance structure that proved ineffective in confronting the challenges of the new global economy of the 21st century. Greece's national debt was 114.9% of GDP in 2005 by 2012 it had deteriorated to 164.2% of GDP. There is a popular saying among contemporary Greeks who describe their economy as that of a rich country with a poor Treasury.

The Greek economy grew by nearly 4 per cent per year between 2003 and 2007, due partly to infrastructure spending related to the 2004 Athens Olympic Games, and in part to an increased availability of credit, which sustained record levels of consumer spending. By 2009, the Greek economy had plunged into a recession as a result of the world financial crisis, tightening credit conditions and the government's failure to address a growing budget deficit and sovereign debt. Real GDP growth had been 5.5% in 2006, by 2009 it began to shrink to -3.1% and went on a downward spiral subsequently recording -4.9% in 2010, -7.1% in 2011and -7.0% in 2012 (OECD, 2014).

Greece violated the European Union's Growth and Stability Pact budget deficit criterion of no more than 3 per cent of GDP from 2001 to 2006, but finally met that criterion in 2007-08, before exceeding it again in 2009, with the deficit reaching 15 per cent of GDP. Austerity measures reduced the deficit to 11 per cent of GDP in 2010 and about 9 per cent in 2011. Eroding public finances and consistent underperformance on reforms prompted major credit rating agencies in late 2009 to downgrade Greece's international debt rating, which subsequently led the country into a financial crisis.

In May 2010, the International Monetary Fund and Eurozone governments provided Greece with emergency short- and medium-term loans worth $147 billion so that the country could make debt repayments to creditors. In exchange for the largest bailout ever assembled, the Greek government announced additional spending cuts and tax increases on top of the tough austerity measures already taken. European leaders and the International Monetary Fund agreed in February 2012, to provide Greece with a second bailout package of $172 billion. The second deal however, required an agreement with Greece's private sector creditors to write down a significant portion of their Greek government bond holdings. In exchange for the second loan Greece was obliged to introduce additional austerity measures during 2013-15. Furthermore, Greece was under intense pressure to step up efforts to increase tax collection, privatize public enterprises and rein in health spending (Passaris, 2012).

In March 2012, after a tortuous process, the majority of private holders of Greek government bonds agreed to trade in their bonds for new longer-dated ones with less than half the face value of the old ones and a low interest rate. The private sector bondholders in this case were mostly European banks and pension funds. The biggest sovereign-debt restructuring in history allowed Greece to wipe $130 billion from its debts. The private sector debt swap avoided a disorderly default and met the last outstanding issue for meeting the conditions on the second bailout package provided by the European Union and the International Monetary Fund.

The Greek economic crisis and the government's harsh austerity measures have generated widespread economic malaise, political defiance, public demonstrations, public sector strikes, heightened social tension and an exodus of young Greeks to pursue careers in the USA, Canada and Australia. The most vivid expression of the adverse effects of the Greek economic crisis is revealed in the spectacular increase in the unemployment figures. There is no more immediate measure of the magnitude of national economic loss and personal human suffering than the meteoric increase in the unemployment figures. Greece's contemporary astronomical jobless rate was driven by the austerity measures which plunged the economy into a deep and protracted recession. Unemployment rates have persistently deteriorated since 2008 when they were 7.2%. In the first half of 2014, Greece's unemployment rate was recorded at 27%. That means one in four Greeks are unemployed and more than a million people are out of work. The young continued to be the hardest-hit, with the jobless rate in the 15-24 age group reaching 53.1%. In effect, there are more young Greeks unemployed than there are working. Furthermore, in excess of 70% of the unemployed have been without work for more than a year, consequently losing their benefit payments and public health insurance.

The most recent employment outlook for Greece was conducted in 2014 by the OECD. It concludes that:

"Despite moderate signs of recovery across many OECD countries in 2014, the unemployment rate in Greece remains stuck at close to its highest level since the onset of the economic crisis (27.2 % as of May 2014). OECD projections suggest that the expected joblessness rate in Greece will remain high (around 27%) through to the end of 2015……….
Greece experienced one of the largest falls in real wages across OECD countries (more than 5% per year on average since the first quarter of 2009). The private sector was hit hard by wage cuts (-3.4% per year) but these cuts were also experienced in the public sector ( -1.9% per year).
While the sharp decline of wages contributed to partially reverse the gap in unit labour costs with Germany, and restore external competitiveness,
hourly labour productivity growth has remained stubbornly negative since the onset of the crisis…….These wage adjustments may have caused considerable financial hardship among Greek low-paid workers and their families. Further wage adjustments may be difficult to achieve and could increase the number of working poor. Therefore, more should be done to enhance competition in product markets and to promote labour market policies favouring the transition of workers between sectors………….Despite showing levels of earning quality close to the OECD average, Greece poorly performs in terms of labour market security and quality of working environment. The overall risk of being unemployed, and the expected duration of the unemployment spell, are amongst the highest, while unemployment insurance mechanisms (e.g. benefit coverage and generosity of unemployment insurance) are among the weakest across OECD countries" (OECD, 2014, pp.1-2).

The new global economy of the 21st century can be a powerful ally or a formidable adversary. In the case of Greece it turned out to be a catalyst for economic disaster. This is due to the fact that the contemporary Greek economy was reluctant to embrace structural change, invest in innovation and modernize its economic architecture. The old economy of the 20th century was about the resources under our feet. The new economy of the 21st century is about the brain power between our ears. The new global economy has underlined the fact that no country is an economic island immune from the slings and arrows of economic turbulence and financial crises. In a globalized world that has embraced trade liberalization, all countries are exposed to the vagaries of economic mood swings and financial undercurrents in other parts of the world. The integration of our global financial institutions has underlined the fact that the global community of nations is susceptible to the adverse consequences of international economic recessions and global financial failures.

**Greek Economic Governance**

The contemporary Greek institutional economic governance model was designed for domestic governance and reflects an element of institutional isolation. It was not designed for a multi-level economic governance purpose which would have the capability and the capacity to effectively integrate and promote Greece's international relations with the European Union. In consequence, the contemporary economic governance model has revealed a structural weakness in its ability to effectively interface with a multi-country regional union. In short, restructuring Greece's machinery of economic governance is a pre-requisite in order to enhance its effectiveness on the contemporary public policy landscape and to reform its administrative capacity and capability within the multi-level economic governance model and the supra regionalism format of the European Union.

It is abundantly clear that the existing Greek governance infrastructure was designed for the 20th century and has proved inadequate for the new world order of the 21st century. In Greece, the institutional governance fault lines appeared after May 2010 . The machinery of governance was not subjected to the process of modernization as well as transitional and transformational change. In consequence, the mission and mandate of governance and its accompanying institutional architecture did not conform to the realities of the new world economy of the 21st century.

The economic crisis has proved the inadequacy of Greece's economic governance architecture to confront the challenges and take advantage of the opportunities of the new economy of the 21st century. In essence, its economic governance structures are out of sync with the contemporary global environment. The contemporary arsenal of tools and levers that direct economic policy have revealed themselves to be dysfunctional with respect to propelling an effective economic outreach and sustaining employment creation. In addition, our economic governance architecture and accompanying institutional organizational structure require renewal as well as transitional and transformational change. Institutional reforms should enhance a country's trade competiveness, boost employment creation and attract foreign investment. In short, there is an urgent need for a new conceptual framework for reforming the public administration that is congruent with the structural changes precipitated by the new global order of the 21st century and designing a more coherent public policy approach (Passaris, 2012).

In this regard, the new institutional governance structure that emerges should embrace the qualities of being streamlined, accountable, transparent, responsive, effective and efficient, to name but a few principles of good governance. In effect, the new governance architecture should be congruent with the evolving structural parameters of the new geopolitical landscape. All of this, for the purpose of designing a governance infrastructure that interacts more effectively with global institutions; national, regional and local governments; economic, social and political networks; community and grassroots organizations and civil society.

**Policy Paradox**

The advent of the new global economy of the 21st century has revealed the fault lines on the contemporary economic policy landscape. Indeed most countries around the world are acknowledging that their traditional economic policy tool kit is proving inadequate, insufficient and ineffective in dealing with the current economic challenges. These economic challenges include mounting fiscal deficits, high unemployment levels and the failure of traditional economic initiatives to grow the economy.

The fact of the matter is that the policies that were effective in dealing with the old economy of the 20th century are proving to be ineffective, unresponsive and unreliable in dealing with the problems associated with the structural changes that have taken place in the new economy of the 21st century. Indeed, our arsenal of traditional economic policy tools is obsolete in the face of the modern economic issues, challenges and opportunities of the new millennium. In consequence, economic policy requires a new direction, a new orientation and a novel approach in order to respond to the contemporary hot button issues of the new global economy of the 21st century.

Governments are understandably perplexed by the existing disconnect between their contemporary economic policies and the desired economic outcomes. Furthermore, governments of all political stripes are bewildered by the lack of a satisfactory implementation and positive outcomes as a result of the application of conventional economic policy initiatives.

Simply put old ideas and the traditional economic policy initiatives of the past are not working in the new economy. We need to recognize that the contemporary institutions of economic governance are no longer effective and are unable to deliver positive economic outcomes. In effect there is a lack of efficacy in contemporary economic policy and its accompanying economic governance institutions in the context of the new global economy of the 21st century. We are in dire need of new directions in economic policy and novel institutions of economic governance.

Institutions of economic governance come in two sizes. Those that are nimble, agile and can take advantage of new opportunities. The rest are monolithic, solidly entrenched in the past and unable to embrace change and move with the times. Austrian economist Joseph Schumpeter coined the term creative destruction to describe the vital role of innovation for business enterprises (Passaris, 2003). Moving forward, innovation in economic governance must a desirable objective if we are to achieve economic growth and a more prosperous future.

At the end of the day, the pursuit of an effective economic governance model in the contemporary context requires a re-examination of the scope and substance of public policy for the purpose of modernizing its thrust and effectiveness. In consequence, we need to design new economic institutions with the purpose of becoming more proactive and incorporating a longer term horizon in their decision making mandate. This may take the form of restructuring existing institutions of economic governance through renewal and institutional innovation or building new ones from the ground up.

**Growth versus Austerity**

Since time immemorial, philosophical debates about political, social and economic issues have taken place in Ancient Greece. At the present time, Greece finds itself at the epicentre of a contemporary debate about economic philosophy, public policy and economic theory. The global financial crisis of 2008 and the Great Recession that followed in its wake have triggered an epic economic debate on economic doctrine. On one side are the proponents of fiscal austerity and punitive measures to reduce run away fiscal deficits. On the other side are the advocates of a program for stimulative economic growth and growing the economy.

The austerity paradigm rests on the diagnosis that the economic crisis was essentially caused by consecutive fiscal deficits and excessive public debt. In this context, restrictive and contractionary fiscal policy is the appropriate solution for the excesses of the past. Understandably, the economic medicine is hard to swallow, but it is presented as the only solution if the patient will survive (Blyth, 2013).

Those on the other side of the debate advocate a growth agenda through a stimulus program, infrastructure renewal, private sector investment, an emphasis on job creation and a focus on economic growth. This is the school of economic thought that emphasizes economic growth as a means of ameliorating the economic malaise that has erupted as a consequence of the Great Recession. In short, this school has embraced the Keynesian approach on fiscal deficits to kick start and grow the economy. Advocates of the growth model are maligned and criticized for being fiscally irresponsible. They are held up to ridicule for promoting economic stimulus programs at a time when the public treasury is bare. They are admonished for promoting a plan of action that got us in this economic mess in the first place (Griffith-Jones, 2014).

In my opinion, there are aspects of the austerity camp that make a compelling argument. It is in the application of the solution that we part company. More specifically, advocates of austerity measures are determined to reign in fiscal disparity within the shortest period of time and inflict consecutive punitive measures of a very strong dose.

My prescription differs in the sense that I am in favour of a longer time line, a more protracted implementation scenario and a smaller spoon-full of the bitter medicine. In essence what is required is to stretch out austerity programs over a longer timeframe. Furthermore, I believe that relying singularly on fiscal constraints is wrong. I am a strong proponent of advocating a public sector agenda that embraces efficiencies, raises productivity and promotes innovation. In short, a growth oriented strategy that emphasizes a new economic governance architecture and supply side reforms.

In particular, the public sector must do a better job with realigning our human resources with the emerging opportunities of the new global economy. At a time when our human capital, comprised of the education, skills and competencies of our workforce, is a country's most valuable economic asset and resource, we cannot sit idly by and languish in excessively high rates of unemployment. Nor is the loss of our best and brightest young men and women to other parts of the world a recipe for sustained economic development into the future.

No one of the two warring schools of thought has a monopoly on the right answer for our challenging economic times. I believe that the appropriate course of action lies in an economic compromise and a theoretical blend. It will take a combined and comprehensive effort to bring government finances under control while at the same time investing in strategic economic initiates that will grow the economy. Recognizing that unemployment is a debilitating cost on our future potential. We need to emphasize the need to nurture our human capital assets in order to best align our youth with the new job opportunities of the new global economy of the 21st century.

The contemporary Greek economy offers a pertinent backdrop for an incisive analysis for the economic merits and efficacy of the two opposing schools of thought; the austerity plan of action and the economic growth alternative. In Greece, the austerity option with its single minded fixation on reducing the role, the size and the cost of government has ingrained a perpetual condition of economic malaise, created an adverse side effect of a socio-economic nature and triggered serious and systematic economic turbulence.

During a protracted period of economic recession and a fragile record of economic activity, harsh fiscal austerity measures are a recipe for economic decimation. In a mixed economy, economic growth should be a collaborative effort and an effective partnership between the public sector and the private sector. In particular, faced with fiscal constraints the public sector must increasingly rely on the private sector in order to spearhead investment and job creation. In this regard, the public sector has a vital role to play in promoting economic growth through facilitating foreign investment, promoting innovation and concluding new bilateral and multilateral trade agreements.

It should be noted that the implementation of austerity policies over an extended period are likely to create a circuitous economic environment. This undesirable scenario reflects that austerity measures will create larger deficits even if they succeed at reducing government spending. In short, there is sufficient evidence that austerity has a tendency to undermine itself. The argument for austerity is based on the principle that large government expenditures lead to large deficits. In consequence, large deficits crowd out private investment, add to the public debt and burden future generations, all of this resulting in the specter of increased interest rates culminating in an unsustainable fiscal outcome.

In the Eurozone, the member countries relied on the European Central Bank which was prohibited from implementing a policy of monetary easing and therefore could not avoid a credit crunch. In consequence, the more the European governments attempted to reduce their fiscal deficits, the higher their public debt soared as a percentage of national income. Using the analogy of the medical sciences, the wrong diagnosis is leading governments to adopt the wrong prescription for its cure. That is to say the cure (austerity measures) is worse than the disease (fiscal deficit). Instead of pursuing a single minded austerity strategy, I propose a combination of public sector initiative that embrace fiscal prudence, public sector enhanced productivity, eliminating the duplication in government services, modernizing economic governance, regulations and legislation, creating a more effective and efficient machinery of economic governance, introducing the principles of public sector entrepreneurship, innovation and state of the art technology.

Six years after implementing the Troika requested austerity policies in Greece, the designated targets set by the austerity program have not been achieved. The Greek economy is mired in a deep recession which is more severe than the Great Depression of the 1930's. The unsustainability of the public debt has been made worse, the fiscal deficit has been reduced but at a much slower pace than originally planned, the current account deficit has declined as a result of a weak demand for imports that are directly linked to a decline in consumer demand and falling disposable incomes. The financial system and banking liquidity remain fragile and the unemployment rate has climbed to unprecedented highs. Furthermore, Greece has recorded higher poverty rates, increasing inequality, civil disobedience, social unrest, suicides triggered by financial distress and the emergence of an extreme right political party.

In Greece, the devastating consequences of the austerity program are swinging the debate regarding austerity versus growth in the other direction. A more concerted effort is starting to emerge along with a renewed emphasis on focusing on economic growth policies. It is therefore an opportune time to re-examine the Greek economic governance landscape with a view to its transformation and modernization as well as building new institutions of economic governance from the ground up.

The failure of the austerity measures in Greece is a pertinent reference point for reopening the debate regarding austerity versus growth. This is an opportune time to discuss a different economic governance model, a new institutional economic governance architecture and a different public policy orientation for addressing the Greek economic crisis in an effective and purposeful manner. In particular this is an opportunity to prescribe an alternative course of action and a more effective public policy approach instead of the continuation of single minded concentration on austerity measures and policies. Otherwise, in the absence of an alternative economic option there is the possibility of a prolonged period of economic malaise, social unrest and political instability in Greece. Indeed, this economic and financial instability will not be confined to Greece but will spread to the other member countries of the European Union and the rest of Europe. In the context of the contemporary application of austerity policies in a large number of countries around the world, the lessons and consequences of the austerity measures imposed on Greece are especially pertinent as a test case regarding the merits and demerits of this course of action.

In conclusion, the prolonged economic recession in Greece accompanied by astronomical unemployment rates was triggered by the harsh austerity measures aimed at bringing government expenditures under control. These measures were implemented without due diligence in developing a strategic plan to simultaneously grow the economy and create new employment opportunities. The Greek scenario should serve as an economic lesson to the international community of nations. In this regard, it reinforces the conventional rule that incurring fiscal deficits during boom times is a bad idea. However, it also underlines a variance to this rule in the form that attempts to curtail the deficit forcefully within a short period of time is a recipe for economic catastrophe that will result in a deep and prolonged economic recession. The moral of this story is that balance and perspective should be applied in developing economic strategies that are appropriate to the new global economy of the 21st century. In effect, the dangers of trying to reduce deficits too quickly, while the economy is still deeply depressed will produce adverse results. Heavy handed austerity measures and cost cutting of government programs without any corresponding investment from the private or public sectors in growing the economy are unlikely to result in positive outcomes. In short, applying austerity measures during an economic slump is self-defeating even in purely fiscal terms, as the combination of falling revenues due to a depressed economy and worsened long-term prospects actually reduces market confidence and makes the future debt burden harder to handle. In addition, it makes it more difficult to attract foreign investment and create a favourable economic climate for employment creation.

**Unemployment Conundrum**

On a global scale, the improvement in economic conditions in the aftermath of the financial crisis of 2008 and the Great Recession has not produced a sustained and significant level of employment creation. Unlike previous economic recessions there does not appear to be a rebound in employment opportunities. The reasons for the jobless recovery are quite simple. The combination of the fiscal deficits, declining tax revenues and the burden of a huge public debt have forced governments to do less with less. Moreover, the protracted recession has forced the private sector to adopt a more cautious business strategy and to get the job done with an absolute minimum of workers. This modus operandi for the private sector is that if a minimalistic work force is good for the lean years and hard economic times it is even better for the good times. Maintaining a threadbare payroll during times of economic recovery generates the elixir for business success in the form of higher profits (Passaris, 2008).

Unemployed human resources are the singular most important loss of economic endeavour for any country. We usually think of the economic costs associated with unemployment but there are also significant social and political costs that are equally important. The economic costs are multifaceted, they include a loss of income and livelihood as well as the loss of output, productivity and the goods and services to the economy as a whole. The social costs of unemployment have been identified as a loss of self-esteem and self-worth, a lack of purpose all of that leading to family break up, psychological breakdowns and many types of health consequences. The political costs which are exclusively borne by the government in power is the stigma of economic failure and a tarnished record of economic accomplishment leading to a lack of success at the ballot box and a failing attempt at re-election (Passaris, 2011A).

At first glance, the contemporary employment horizon is dotted with what appears to be insurmountable problems. The private sector is downsizing and contributing to massive layoffs. Government is restructuring and shedding jobs in order to be more fiscally prudent. The exodus of young people from Greece in search of employment opportunities and more lucrative careers elsewhere will contribute to adverse long term economic consequences. All of this does not paint a rosy picture for economic decision makers and the economy at large. Furthermore, at a time when human resources are a country's most important economic asset, the economic recovery that is slowly unfolding is showing signs of becoming a jobless recovery.

The contemporary economic recession has made employment creation the principal objective of governments at all levels. It is also the major concern of the public at large. In the aftermath of the financial crisis of 2008, the economic recovery will depend largely on the economy's ability to create employment opportunities and meet the labour requirements of the new jobs that are being created.

There is no denying that the employment landscape is going through profound, significant and pervasive structural change. This happens at rare intervals. In fact the last time it happened was more than 200 years ago and it was called the Industrial Revolution. The contemporary transformational change is called the Information Technology (IT) Revolution. It has impacted not only on the economy but every aspect of our daily lives including how we bank, travel, access to health care, entertain ourselves, educate ourselves and much, much more (Passaris, 2015).

On the employment front, there is one significant difference between the IT Revolution and the Industrial Revolution. The introduction of machinery into the production process which was the signature mark of the Industrial Revolution took a leisurely one hundred years to complete. The required adjustments and corrections were less hurried and more protracted. In addition, workers who were laid off due to the introduction of the new machines found alternative employment in the factories making the machines. The process of worker redeployment was quick, seamless and without a significant loss to the strategic utilization of the full labour force complement.

Fast forward to the introduction of the new information and communications technologies on the economic landscape and we notice that structural change is taking place at a faster clip and more abruptly. The bad news is that the IT revolution is not showing any signs of repeating the smooth labour absorption that was experienced during the Industrial Revolution. That is primarily due to the entry level requirements for the new jobs that are being created in the wake of the introduction in the workplace of the information and communications technologies of the 21st century. The new jobs require an unprecedented higher level of academic qualifications, specialized skills and new competencies. All of this is creating new barriers for the absorption of workers who are laid off because of the introduction of the new and highly sophisticated technology.

Nevertheless change is happening and it is happening very fast. This is particularly the case on the employment front. Some jobs are becoming obsolete and disappearing altogether. New jobs are being created. All of that is the signature mark of transformational change. It should be noted however, that job obsolescence brings about unemployed workers. The duration of the costs of structural and technological unemployment on the economy will depend on the speed with which remedial measures are introduced. The problem is that at the present time the transition of the workforce from the old jobs to the new jobs is neither easy, smooth or without personal pain and hardship. Indeed, the contemporary challenge is that the education levels and skill set that was required for the old jobs is significantly different from those required by the new jobs. Information technology relies on higher levels of education and a top tier of skill proficiencies. This results in a mismatch between the labour profile of the unemployed and the job requirements of the new economy. In short, this is the classic depiction of structural unemployment.

Unless we are prepared to live with a lengthy and protracted recession, we need to come to grips with the fact that the old model of matching the unemployed with the existing job opportunities is not going to work in the new economy. We need a new employment model that is responsive to the structural parameters and the institutional architecture of the new economy. In a sense this will require working backwards. We should start with taking stock of the human capital requirements and the employment profile of the new economy. Second, we should identify the appropriate mix for the educational levels and skill composition of those new jobs. Third, we should identify the institutions that are best equipped to empower the workers of the 21st century with human capital assets that are appropriate for the new economy. Finally, a novel component of a comprehensive strategy towards full employment should develop a new institution that will be directed at human capital engagement and absorption. This will take the form of a more innovative approach towards harnessing the human capacity of a country's labour supply.

**Hellenic Employment Commission**

The pursuit of good economic governance will require the creation of a new institution whose singular mission is to promote full employment. A new institution whose overarching mandate will be to promote an economic environment that is conducive to the efficient absorption of a country's human resources and their effective integration in the new economy.

The first step towards resolving the full employment quagmire must recognize the need for a new model and new tools. Indeed, that new model should lay the foundations for developing a new institutional architecture. In short, I propose a new economic governance institution to be added to the existing economic architectural skyline of the new economy.

The conceptual framework for this new institution will rely on the template of a central bank. This would be more conducive to embracing a long term decision making horizon and removing the politics from the vital area of human resource management. This new institution will be mandated to achieve full employment.

I propose the launch of a national Hellenic Employment Commission. The structure of this new commission should be non-political, at arm's length of government and devoid of any government interference. An independent agency will ensure that in the pursuit of full employment, politics and policy are kept far apart. The commission should report to the national Parliament and submit an annual report. It will be governed by a board of directors that will include representatives of government, the private sector, professional experts as well as

representatives from the social economy and the not for profit sector. An Employment Commission that is capable of making the long term economic and human resources decisions rather than focusing on the short term electoral cycle.
A national Employment Commission is an essential machinery of institutional engineering that we need to put in place in order to come to grips with a new model that is congruent with the challenges and opportunities of the new global economy of the 21st century.

The broad purpose of this institution is to serve as an economic intelligence gathering, labour force forecasting unit and a catalyst for full employment. There is no denying that forecasting labour market requirements is no easy task, however doing nothing to predict the changing economic landscape at a time of a rapidly changing environment is not an option. The global economy is going through a process of renewal and transformational change. Old economy jobs are becoming obsolete and disappearing. New economy jobs are emerging that require new skills, talents and educational competencies. The Hellenic Employment Commission will also be tasked with co-ordinating the efficient and effective deployment of a country's human resources. This means taking into account the quantitative and qualitative demands of the private, public and social sectors. All of this for the purpose of achieving full employment.

More specifically, the mission and mandate of this Commission will involve monitoring the evolution of the employment landscape and serving as a catalyst for new economic and employment policy initiatives; assessing the educational and training priorities of the new economy and recommending remedial action in terms of absorbing the unemployed; undertaking labour forecasting, human resource planning and management; correcting for labour supply shortages and production bottlenecks; facilitating the economic integration of immigrants; co-ordinating an ongoing labour market dialogue with the public, private and social sectors; enhancing curriculum planning with post-secondary institutions, universities, polytechnics and community colleges; promoting the acquisition of human capital through enhanced levels of education, skills and competencies and anticipating structural changes to the economic landscape. In the final analysis, the umbrella mandate of such a body would be to ensure the strategic, efficient and effective deployment of a country's human resources in order to achieve the maximum economic and social benefits.

This new institution must earn the respect and confidence of its constituents as well as the general public. It should do so by being accountable, transparent and embrace the highest standards of operational efficiency and effectiveness. The undeniable benefit of an Hellenic Employment Commission is to serve as a catalyst for optimizing the contribution of a country's human capital assets in the most effective and efficient manner in order to maximize a country's productive capacity and standard of living. The creation of a new commission with a mandate to promote full employment will undoubtedly involve an additional operational cost. Those costs will be offset by the direct and indirect benefits that will accrue to the economy and society by pursuing and achieving full employment. It should be emphasized that inaction with regard to unemployment also incurs significant costs. Indeed, the most persuasive argument for full employment is the importance of human capital in the engineering and structure of the new global economy. No country can achieve its full economic potential in the absence of the total utilization and optimization of its human resources. In short, it is not a matter that society cannot afford the allocation of resources in the pursuit of full employment but that we cannot afford the economic and social costs of unemployment. Furthermore, a full employment program will decrease the economic costs of unemployment and enhance the aggregate economic benefits of the effective utilization of a country's human resources. At the end of the day, the realities of the new global economy and the pursuit of full employment require the re-engineering of our inherited economic and social institutional architecture and the introduction of a new set of economic architecture that is more conducive to meeting the challenges and taking advantage of the opportunities of the 21st century.

The time has come to propose the foundation of a new institution of economic governance dedicated to the most effective utilization of Greece's human resources. The Hellenic Employment Commission will be directed to promote full employment, support the efficient disposition of the labour market, make recommendations for the adoption of human resource management best practices, propose legislation for the licensing of professions and skilled-trade associations, regularize remuneration in the public and private sector commensurate with productivity, work tasks and responsibilities and determine the appropriate retirement age and pension benefits. The overarching mandate of the Commission will be to ensure the effective and efficient integration of the Greek workforce in the new economy of the 21st century and promote economic growth and prosperity.

**Conclusion**

On the global landscape, good governance has become the gold standard for public administration. Economic globalization has precipitated the need for a renewal of our governance principles, our inherited institutional architecture and a country's economic policies in order to conform to the realities of the contemporary landscape. An operational definition of economic governance is the multidimensional aspects of direction and policy that impact on the economy including the machinery and institutional architecture for the delivery of economic governance initiatives.

The mission and mandate of economic governance and its accompanying institutional architecture requires realignment to conform to the realities of the new global economy. Two recent economic events, the emergence of the new global economy and the financial crisis of 2008, have precipitated the need for a renewal of our governance principles, our inherited institutional architecture and a country's economic policies in order to conform to the realities of the contemporary landscape. The modern rules of economic engagement require the adoption of governance principles of fiscal propriety, enhancing competitive advantage, renewing the economic infrastructure, achieving full employment, embracing the tools of the IT revolution, reformatting tax policies, revising the regulatory mechanism and promoting a stable economic environment for domestic and foreign investment.

The modern institutional architecture of economic governance should reflect the complementarity and inter-independence between economic policy, social policy and environmental policy. Indeed, there is room for new economic institutions that are targeted towards specific economic challenges, embrace a proactive approach and incorporate a longer term horizon in their decision making mandate.

Unemployed human resources are the singular most important loss of economic endeavour for any country. At a time when human resources are a country's most important economic asset, a jobless recovery requires employment creation to become the principal priority for governments at all levels. The pursuit of good economic governance will require the creation of a new institution whose singular mission is to promote full employment with an overarching mandate to ensure an economic environment that is conducive to the efficient absorption of a country's human resources and their effective integration in the new economy.

The Greek economic crisis has proved the inadequacy of its economic governance architecture to confront the challenges and take advantage of the opportunities of the new economy of the 21$^{st}$ century. The contemporary Greek institutional economic governance model was designed for domestic governance and reflects an element of institutional isolation. Indeed, the existing Greek governance infrastructure was designed for the 20$^{th}$ century and has proved inadequate for the new world order of the 21$^{st}$ century. The establishment of a Hellenic Employment Commission whose mandate is to promote and achieve full employment is a good example of a new economic governance institution that is urgently required on the contemporary economic landscape. Its mission should become the efficient absorption of Greece's human resources and their effective integration in the new economy. This organization should be at arm's length from government influence and direction and serve as a catalyst for achieving full employment.

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