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PRESS RELEASE

Date: Athens, November 8, 2011

Subject: Research Fellow at KEPE, Dr. Yannis Monogios, participated as an invited speaker in the 15th International Conference 'From Crisis to Growth? The challenge of imbalances, debt, and limited resources', which took place in Berlin, Germany on October 28–29, 2011.

Dr. Yannis Monogios, Researcher at KEPE presented a study entitled: *'The 'Tax-gap' as an indicator of fiscal sustainability: Analysis and policy proposals for the case of Greece'*, in the 15th International Conference *'From Crisis to Growth? The Challenge of imbalances, debt and limited resources'*, organized by the Macroeconomic Policy Institute (IMK) - Hans Böckler Foundation, in Berlin, Germany from 28 to 29 October 2011.

The study investigates the sustainability of Greek public debt utilizing the short-and medium-term 'tax gap' criterion, based on the fiscal performance in 2010 and on the projected course of real GDP, interest rates and the expenditure-to-GDP ratio from 2011-2015, as stipulated in the Medium Term Financial Strategy.

On the basis of the assumptions adopted, the results of the technical analysis (i.e. the estimated size of the 'tax-gap' for the period 2012-2015), suggest that the goal of medium-term sustainability of public debt in Greece cannot be achieved.

Ceteris paribus, the aim of keeping public debt at sustainable levels, requires a broad -albeit gradually declining- adjustment (a structural overhaul) of tax policy in the next five-years. A direct consequence of failing/delaying to bridge the observed 'tax-gap' will be the perpetual increase in public debt; a fact that will fuel debt dynamics even further and will render debt management even more challenging in the future.

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