

**Be first to use FT.com's new prototype site. Opt in here (you can opt out at any time).**

June 5, 2015 12:49 am

# In the final hour, a plea for economic sanity and humanity

[Share](#) [Author alerts](#) [Print](#) [Clip](#) [Gift Article](#)

[Comments](#)

Sir, The future of the EU is at stake in the negotiations between Greece and its creditor institutions, now close to a climax. To avoid failure, concessions will be needed from both sides. From the EU, forbearance and finance to promote structural reform and economic recovery, and to preserve the integrity of the Eurozone. From Greece, credible commitment to show that, while it is against austerity, it is in favour of reform and wants to play a positive role in the EU.

In a letter to the FT in January, several of us said: "We believe it is important to distinguish austerity from reforms; to condemn austerity does not entail being anti-reform." Six months on, we are dismayed that austerity is *undermining* Syriza's key reforms, on which EU leaders should surely have been collaborating with the Greek government: most notably to overcome tax evasion and corruption. Austerity drastically reduces revenue from tax reform, and restricts the space for change to make public administration accountable and socially efficient. And the constant concessions required by the government mean that Syriza is in danger of losing political support and thus its ability to carry out a reform programme that will bring Greece out of the crisis. It is wrong to ask Greece to commit itself to an old programme that has demonstrably failed, been rejected by Greek voters, and which large numbers of economists (including ourselves) believe was misguided from the start.

Clearly a revised, longer-term agreement with the creditor institutions is necessary: otherwise default is inevitable, imposing great risks on the economies of Europe and the world, and even for the European project that the eurozone was supposed to strengthen.

Syriza is the only hope for legitimacy in Greece. Failure to reach a compromise would undermine democracy in and result in much more radical and dysfunctional challenges, fundamentally hostile to the EU.

Consider, on the other hand, a rapid move to a positive programme for recovery in Greece (and in the EU as a whole), using the massive financial strength of the Eurozone to promote investment, rescuing young Europeans from mass unemployment with measures that would increase employment today and growth in the future. This could both transform the economic performance of the EU and make it once more a source of pride for European citizens.

How Greece is treated will send a message to all its eurozone partners. Like the Marshall plan, let it be one of hope not despair.

**Prof Joseph Stiglitz**

*Columbia University; Nobel Prize winner of Economics*

**Prof Thomas Piketty**

*Paris School of Economics*

**Massimo D'Alema**

*Former prime minister of Italy; president of FEPS (Foundation of European Progressive Studies)*

**Prof Stephany Griffith-Jones**

*IPD Columbia University*

**Prof Mary Kaldor**

*London School of Economics*

**Hilary Wainwright**

*Transnational Institute, Amsterdam*

**Prof Marcus Miller**

*Warwick University*

**Prof John Grahl**

*Middlesex University, London*

**Michael Burke**

*Economists Against Austerity*

**Prof Panicos Demetriadis**

*University of Leicester*

**Prof Trevor Evans**

*Berlin School of Economics and Law*

**Prof Jamie Galbraith**

*Dept of Government, University of Texas*

**Prof Gustav A Horn**

*Macroeconomic Policy Institute (IMK)*

**Prof Andras Inotai**

*Emeritus and former Director, Institute for World Economics, Budapest*

**Sir Richard Jolly**

*Honorary Professor, IDS, Sussex University*

**Prof Inge Kaul**

*Adjunct professor, Hertie School of Governance, Berlin*

**Neil MacKinnon**

*VTB Capital*

**Prof Jacques Mazier**

*University of Paris*

**Dr Robin Murray**

*London School of Economics*

**Prof Jose Antonio Ocampo**

*Columbia University*

**Prof Dominique Plihon**

*University of Paris*

**Avinash Persaud**

*Peterson Institute for International Economics*

**Prof Mario Pianta**

*University of Urbino*

**Helmut Reisen**

*Shifting Wealth Consultancy*

**Dr Ernst Stetter**

*Secretary General, FEPS (Foundation fro European Progressive Studies)*

**Prof Simon Wren-Lewis**

*Merton College Oxford*

 Share  Author alerts  Print  Clip  Gift Article

 Comments

**Printed from:** <http://www.ft.com/cms/s/0/a8e1e728-0b05-11e5-98d3-00144feabdc0.html>

Print a single copy of this article for personal use. Contact us if you wish to print more to distribute to others.

---

© THE FINANCIAL TIMES LTD 2015 FT and 'Financial Times' are trademarks of The Financial Times Ltd.