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**Ex-Post Analysis for National Economic Adjustment Programs:
Lesson Learned and Outcomes**



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Ex-Post Analysis for National Economic Adjustment Programs: Lesson

Learned and Outcomes

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Abstract

Purpose: This paper examines the macroeconomic and social effects of economic adjustment programs through a comparative and policy-oriented analytical framework, with particular emphasis on the Greek experience.

Methodology: The study adopts a comparative analytical approach, drawing on cross-regional evidence from Latin America, Africa, Asia, and Europe. It integrates insights from applied macroeconomics and comparative political economy to evaluate adjustment outcomes across multiple dimensions.

Findings: The analysis identifies a persistent asymmetry in adjustment outcomes. Economic adjustment programs are generally effective in achieving nominal stabilization, particularly inflation control and fiscal consolidation. However, their impact on growth, employment, and social outcomes is far more uneven. In many cases, especially in Europe and Latin America, adjustment is associated with significant short-term output losses, rising unemployment, and increased inequality. Regions with stronger institutions and growth-oriented policy frameworks, notably in parts of Asia, exhibit more rapid recovery and more contained social costs. The Greek case exemplifies the limits of front-loaded fiscal consolidation in a low-growth environment, where deep recession, weak investment, and high social costs undermined the sustainability of adjustment despite substantial fiscal effort.

Unique Contribution to Theory, Practice and Policy: The paper contributes to the literature by offering an integrated assessment of economic adjustment that explicitly links macroeconomic stabilization to social and institutional outcomes. It advances a conditional view of adjustment effectiveness, emphasizing the central role of institutional capacity, policy sequencing, and social protection. For policy, the findings underscore the need for adjustment frameworks that combine fiscal responsibility with growth-enhancing measures and robust social safeguards, particularly in highly indebted economies such as Greece.

Keywords: *Economic Adjustment Programs, Economic Recovery, Social Outcomes, Institutional Capacity*

1. INTRODUCTION

Economic adjustment programs have been a mainstay of crisis management at the global level for quite some time, especially in situations of macroeconomic imbalances and/or restrictions in access to external funds. Usually implemented in situations of balance of payments crisis situations, sovereign debt crisis situations, or financial crisis situations in the economy, the main thrust of economic adjustment programs is towards regaining macroeconomic stability through measures of fiscal consolidation, monetary policy tightening, and structural change. However, the long-term implications of economic adjustment programs remain a matter of considerable research analysis.

Indeed, a broad literature has examined the macroeconomic outcomes of countries in the process of adjustment, including the management of inflation, fiscal positions, sustainability of public debt, and external competitiveness (Apeti and Gomado, 2025). However, the results are hardly consistent. On one side, the adjustment process has been associated with improvements in macroeconomic credibility and the re-opening of markets; on the other side, it has been linked to persistent recessions, low investment, and high public debts (Arnold et al., 2018). These results suggest that the assessment of the macroeconomic performance of countries in the process of adjustment cannot constitute the sole criterion for the evaluation of the effectiveness of the programs.

In addition to the macro-economic impacts, the programs initiated under the process of adjustment have also led to important social effects, especially in the area of labor markets, cuts in public expenditure, and changes in the system of social protection. An important literature exists that finds that adverse effects in the short and medium terms include increases in unemployment, increases in income inequality, and increases in the incidence of poverty, especially in less institutionalized environments and in the absence of strong social protection mechanisms (Baldwin and Giavazzi, 2015; Blyth, 2013). By contrast, other studies find that, in specific circumstances, the process of adjustment can lead to improved social outcomes in the long term, especially through institutional development and improved governance (Jose et al., 2022).

An important strand in the literature underlines the context-dependent character of adjustment outcomes. Differences in initial economic, political, administrative, and social structures are highly significant for macroeconomic and social outcomes (Kopits, 2013). The cross-regional comparisons in Latin America, Africa, Asia, and Europe show that the same policies can be associated with highly different outcomes in different regions, casting doubt on the desirability of policy uniformity and the trade-off between stabilization policies and social factors (Mabbett &

Schelkle, 2015; Bacao et al., 2012).

It is against this background that this paper aims to contribute to the literature on economic policies in a comparative analysis of the social and macroeconomic impact of economic adjustment programs. Instead of focusing on success in terms of macroeconomic criteria only, this analysis takes a more comprehensive approach in its focus on success in terms of its impact on the labor market, poverty rates, and distributional consequences in addition to the more commonly used criteria. The research question is whether economic adjustment programs strike a sustainable balance between macroeconomic stabilization and social cohesion. Through the incorporation of insights from both comparative political economy as well as macroeconomic analysis, this paper seeks to contribute towards informing debates on adjustment frameworks that are both economically effective as well as socially sustainable. The structure of the paper is as follows. Section 2 presents the conceptual framework as well as the literature review. Section 3 presents the methodology as well as data used for the paper. Section 4 analyzes the macroeconomic as well as social implications of adjustment programs, respectively.

2. LITERATURE BACKGROUND

This section develops the analytical framework used to assess the macroeconomic and social effects of economic adjustment programs and situates the analysis within the relevant strands of the economic policy literature. It first outlines the conceptual rationale and core components of adjustment programs, then examines the principal macroeconomic transmission mechanisms, and finally reviews the literature on social and distributional effects.

2.1 Rationale and Core Components of Economic Adjustment Programs

The economic adjustment programs are usually implemented as a consequence of severe disequilibria within a country's macroeconomic system, for example, fiscal deficits, unsustainable public debt levels, inflation, and difficulties associated with accessing finance from outside countries (Dreher and Vreeland, 2015). The main idea behind economic adjustment programs is to ensure that a country attains a stable economic system by implementing measures that ensure correction of balance-of-payments problems and re-establishing economic credibility (Dreher and Vreeland, 2015). In a policy context, economic adjustment is based on a premise that a stable economic system is a key factor for economic growth and that any short-run cost can be compensated by a medium- to long-run efficiency advantage (Evrensel et al., 2023).

The policy package that typically underlies adjustment programs includes fiscal adjustment,

monetary policy, and structural policies. Fiscal policies are focused on closing budget deficits by reducing spending, increasing revenues, or a combination of both. Monetary policies are generally focused on maintaining prices and controlling inflation, often by reducing liquidity. Structural policies are designed to correct perceived weaknesses in the labor markets, public sector, and financial sectors, with the goal of enhancing competitiveness and productivity (Eichengreen, 2012). While these are typical components of adjustment programs, the degree to which they are pursued can differ significantly from country to country.

2.2 Macroeconomic Transmission Mechanisms

Macroeconomic implications of adjustment programs rely on several interrelated transmission channels. Fiscal consolidation directly affects the aggregate demand, thus impacting the output, employment, and investment in the short term. Although the contractionary policies have negative impacts in the initial stages, enhancing the fiscal credibility can reduce the premia, hence increasing the investment in the medium term (Arnold et al., 2018). However, the empirical evidence related to the contractionary or expansionary impact of the fiscal adjustments is controversial.

Monetary tightening affects inflation and current account balances through credit constraint and exchange rate credibility. In countries where there is high inflation or exchange rate instability, monetary tightening could help to achieve price stability and enhance exchange rate competitiveness. However, tight monetary conditions could worsen output losses and financial difficulties, especially in countries with less developed financial structures (Bacao et al., 2012).

Structural changes are a longer-term transmission channel. Changes in the areas of flexibility in the labor market, the efficiency of the public sector, and the regulation of the financial sector are supposed to increase productivity and resilience. Their impact crucially depends on the institutional capacity and the political economy (Kopits, 2013).

2.3 Social and Distributional Impact Channels

Social implications of adjustment programs are also important, especially in relation to employment, income distribution, and public services. Fiscal adjustment will mean cuts in public expenditures, public sector wages, or employment, which will mainly affect low-income households (Pan et al., 2026). The labor market reforms, although designed to improve labor flexibility and competitiveness, will initially lead to unemployment or insecurity in labor markets, especially in economies without strong social protection arrangements.

The literature emphasizes the trade-off between the social costs of adjustment in the short term and the possible gains in the longer term. There are studies that have found an increase in poverty and inequality during the time of adjustment, particularly in developing countries (Tsiaousi et al., 2026; Gnanon, 2014). However, other studies have found that if social policies are used in conjunction with adjustment, the negative social implications of adjustment may be offset in the longer term (Pan et al., 2026).

2.4 Contextual Factors and Cross-Regional Evidence

One of the most common findings in this area of research is that adjustment outcome results are highly context-driven. Initial economic and political structures influence not only adjustment measures but also their success (Mabbett & Schelkle, 2015). Comparative studies show significant divergences in regions. While there are indications that rapid adjustment and recovery are possible through effective adjustment measures in certain regions of Asia, there are indications of severe social costs and slower adjustment processes in Latin America, Africa, and Europe (Eichengreen, 2012; Arnold et al., 2018).

Such differences emphasize the limits of generic policy advice and the need to adapt the approach to suit the characteristics of each economy. In this light, the conceptual framework used in this paper does not view economic adjustment programs as generic policies. Instead, it views economic adjustment programs as a group of policies in which the macroeconomic outcome differs depending on institutional features.

3. METHODOLOGY FRAMEWORK

This section presents the methodological framework and data strategy adopted to analyze the social and macroeconomic effects of economic adjustment programs. Given the multidimensional nature of adjustment and the heterogeneity of national experiences, the analysis is structured to capture both aggregate macroeconomic outcomes and distributional social effects within a coherent comparative framework. The methodological choices reflect the paper's objective to move beyond single-indicator evaluations and to assess adjustment as a complex policy process embedded in specific institutional and economic contexts.

3.1 Research Design and Analytical Framework

In this regard, the research design used in the study combines elements of applied macroeconomic research with the study of comparative political economy. Unlike the conventional econometric studies that ignore institutional and social diversities, the research seeks to identify systematic

patterns in the outcomes for different regional and institutional contexts (Sartzetaki et al., 2025). The research design used in the study suits the assessment of economic adjustment programs that involve multi-layered interventions and non-linear transmission processes.

The analytical structure is based on the interaction between three basic dimensions:

- (i) initial economic conditions, including fiscal and external imbalances;
- (ii) the policy mix and sequencing of adjustment policies; and
- (iii) Note the macro-economic and social effects that were observed over time.

In this manner, the research aims to distinguish between the outcome of primarily stabilization-driven processes and those that have been influenced by pre-existing structural features (Dimitriou, 2017). Furthermore, this approach enables the researcher to identify trade-offs between short-term stabilization goals and long-term social results, which is a crucial aspect of economic literature (Bhaduri, 2011; Dimitriou and Sartzetaki, 2022).

3.2 Comparative Strategy and Case Selection Logic

In terms of its comparative aspect, the research is cross-regional, not country-specific. The cases come from Latin America, Africa, Asia, and Europe, and each region has undergone adjustment in a different economic and institutional context. The reason for choosing cases in this manner is that there is considerable variability between regions in terms of income, labor markets, welfare systems, and state capacities, which are considered important mediating factors in adjustment outcomes (Mabbett & Schelkle, 2015; Kopits, 2013).

Selection of cases is based on three factors. First, the presence of a distinct identifiable episode of adjustment that is traceable to severe macroeconomic conditions. Secondly, the presence of a sufficient time series that allows observation of conditions prior to the adjustment as well as post-adjustment dynamics. Thirdly, the case should be of a nature that is representative of regional phenomena as opposed to national events.

3.2.1 Measurement of Macroeconomic Outcomes

Macro-economic performance is measured using a number of core indicators that are broadly used in assessing the performance of stabilization policies. These indicators include real GDP growth rates, inflation rates, fiscal balances, public debt-GDP ratios, as well as current accounts. The analysis will focus on level comparisons as well as trend analysis, with special emphasis being placed on distinctions between phases of adjustment in the short term and in the medium term.

Contrary to the approach that views these indicators separately, the analysis will examine the interaction between these indicators. For instance, the improvement in the fiscal balances will be assessed together with growth performance as well as employment performance to see whether the fiscal consolidation is achieved at the expense of economic contraction. This approach addresses the criticisms that have been emphasized in the literature concerning the single objective stabilization indicators (Dullien et al., 2019).

3.2.2 Measurement of Social and Distributional Outcomes

The social effects are analyzed using indicators that relate to the labor market, distribution of income, and poverty. Unemployment and underemployment rates are used as proxies for labor market adjustment, while poverty headcount ratios and measures of inequality capture the effects of distribution. When possible, additional indicators that relate to changes in social expenditure and coverage capture the effects of social policies during the adjustment process.

In light of the established shortcomings of social data in cross-country studies, and specifically for countries with developing economies, this study focuses on relative rather than absolute measures and highlights direction rather than magnitude. Such an approach is in line with previous comparative studies, which aim to find a balance between analytical rigor and data limitations (Dreher, 2009; Dimitriou and Sartzetaki, 2022; Sartzetaki et al., 2025). Notably, this study analyzes social data in relation to macroeconomic developments, which is grounded in the assumption that social performance is not only a by-product but rather an integral part of adjustment performance.

3.3 Temporal Structure and Analytical Horizon

The temporal structure of the analysis is based on three stages: the pre-adjustment phase, the phase of adjustment, and the post-adjustment phase. By using these stages, it becomes possible to trace the effects of stabilization in the short term as well as in the medium term. The duration of the stages may vary depending on the country being analyzed, but the medium term is the focal point of the analysis.

This temporal ordering is essential in remedying the prevailing issue in the assessment of adjustment programs in general, that of judging outcomes prematurely, before the structural changes and the compensatory measures in society can make their impact (Blanchard and Leigh, 2013). With this broader focus in time, the research endeavors to offer a fair judgment of both the costs and benefits.

3.4 Methodological Limitations and Robustness Considerations

However, in spite of its analytical rigor, there are several methodological limitations to this study. First, there is no counterfactual, which affects its ability to test causality, since what is being observed could actually be due to external shocks or world economic trends rather than adjustment policies. Secondly, there are limitations to its ability to make cross-regional comparisons.

In an attempt to overcome these shortcomings, this analysis employs the technique of triangulation in arriving at conclusions through indicators, regions, as well as time durations, in addition to utilizing knowledge derived from the literature. This helps in arriving at more robust results. On a broader level, it can be said that the approach used in this paper helps to ensure a well-structured framework for analysis of economic adjustment program impacts, as is required in this paper.

4. KEY OUTCOMES: MACROECONOMIC AND SOCIAL EFFECTS OF ECONOMIC ADJUSTMENT PROGRAMS

This section provides a systematic and theory-informed assessment of the macroeconomic and social outcomes associated with economic adjustment programs. Moving beyond descriptive comparison, the analysis focuses on identifying recurrent empirical regularities, explaining regional heterogeneity, and evaluating the conditions under which adjustment strategies contribute to sustainable economic performance. The section integrates macroeconomic and social dimensions in order to reflect the multidimensional nature of adjustment and to assess outcomes against both efficiency and equity criteria.

4.1 Stabilization Outcomes and the Limits of Nominal Adjustment

One of the key findings that emerges in the context of adjustment programs is the relative success of these programs in terms of nominal stabilization. The findings suggest that the reduction of inflation and fiscal adjustment are the strongest and earliest results that emerge as a result of the contractionary monetary and fiscal policies. From a theoretical basis, these findings are consistent with the standard models of stabilization.

However, the empirical findings indicate that nominal stabilization does not necessarily mean real economic stabilization. Table 1 below shows an analytical classification of macroeconomic outcomes in regions based on nominal indicators and real economic outcomes.

Table 1: Analytical Classification of Macroeconomic Outcomes

<i>Region</i>	<i>Nominal Stabilization</i>	<i>Real Output Response</i>	<i>Investment Response</i>	<i>Debt Dynamics</i>
Latin America	Strong	Contractionary	Weak	Often adverse
Africa	Moderate	Mixed	Limited	Mixed
Asia	Strong	Mild contraction → recovery	Strong	Improved
Europe	Strong	Sharp contraction	Weak	Adverse initially

This table reveals the asymmetry in the adjustment of inflation and fiscal variables compared with output and investment variables. In countries where total investment is unable to offset the decline in public demand, the adjustment of the fiscal policy results in a prolonged period of output contraction. This asymmetry reveals the main constraint of adjustment policies that involve strong compression of demand without corresponding policies for encouraging investments.

4.2 Growth Dynamics and Adjustment Sequencing

Results of growth are highly sensitive to sequencing and composition of adjustment policies. Theoretically, adjustment policies are based on the assumption that short-run contraction can be compensated by medium-run supply-side effects. This assumption is true under certain conditions. Asian examples of adjustment experiences have been often mentioned as examples where contractionary effects were smaller and recovery was faster. These examples have a number of common characteristics such as export-oriented growth strategies, financial sector stabilization, and sectoral and trade policies. In contrast, other regions such as Latin America and Europe have a delayed or incomplete recovery.

Table 2: Growth Responses and Policy Sequencing

<i>Region</i>	<i>Short-Run Effect</i>	<i>Growth</i>	<i>Medium-Run Growth</i>	<i>Dominant Channel</i>	<i>Adjustment</i>
Latin America	Strongly negative		Volatile	Fiscal contraction	
Africa	Mild / mixed		Gradual	External financing & aid	
Asia	Mild		Strong	Export-led recovery	
Europe	Strongly negative		Weak / delayed	Fiscal austerity & deleveraging	

These patterns suggest that growth recovery is not an automatic consequence of stabilization but depends on complementary policies and external conditions. Adjustment programs that prioritize rapid fiscal consolidation in low-growth environments risk reinforcing recessionary dynamics and undermining long-term debt sustainability.

4.3 Labor-Market Adjustment and Employment Effects

The labor markets represent the main transmission channel through which the impact of adjustment policies is felt in society. The employment outcome is influenced by wage control, public sector reduction, as well as deregulation of the labor market. Although these policies are geared toward improving competitiveness and flexibility in the economy, in the short run, they are contractionary.

Table 3: Analytical Assessment of Labor-Market Effects

<i>Region</i>	<i>Employment Impact</i>	<i>Wage Dynamics</i>	<i>Labor-Market Absorption Capacity</i>
Africa	Mixed	Weak	Informal sector absorption
Asia	Mild	Stable	High
Europe	Strongly negative	Rigid	Low (short run)

Where the labor absorption capacity is low, job losses immediately correspond to an increase in unemployment and informal employment. In Africa, informal employment mitigates job losses, but in Europe, rigid labor markets increase unemployment. The Asian economies enjoy flexibility in employment structure and quick allocation of employment into tradable sectors.

4.4 Distributional Effects, Poverty, and Inequality

Distributional effects represent the most politically sensitive aspect of adjustment. The contractionary effects of fiscal consolidation fall most heavily on lower-income groups, especially in the case of cuts in social expenditures. Theoretically, this can be seen as the regressive incidence of expenditure reductions and indirect taxes.

Table 4: Distributional Effects of Adjustment

<i>Region</i>	<i>Poverty Impact</i>	<i>Inequality Impact</i>	<i>Effectiveness of Mitigation</i>
Latin America	Strongly adverse	Worsening	Weak
Africa	Mixed	Limited change	Moderate
Asia	Limited	Stable / improving	Strong
Europe	Adverse (short run)	Worsening (short run)	Strong

The table indicates that social protection systems play a critical mediating role. Where safety nets are robust, as in Europe, distributional deterioration is often temporary. Where they are weak, as in parts of Latin America, adjustment exacerbates existing inequalities and undermines social cohesion.

4.5 Institutional Mediation and Outcome Sustainability

The sustainability of the outcome of adjustment policies is based on institutional capacity and quality and the level of political legitimacy. Adjustment policies place high demands on the administrative and political system of a country, and low institutional capacity can adversely affect the process and acceptance of these policies in society.

This evidence lends support to the argument that the effectiveness of adjustment is conditional rather than universal. The strength of institutions makes it possible for the government to handle the trade-offs between reforms so that the stabilization that follows can lead to sustained economic gains. Taken cumulatively, the results suggest that there is a certain asymmetry in economic adjustment programs as a whole. Nominal stabilization is relatively feasible, but real economic recovery and social viability are much more condition-dependent. Fiscal contraction and wage control as primarily relied-upon adjustment policies are likely to entail considerable short-term costs and highly uncertain longer-term benefits.

Analytically, the findings call into question the sufficiency of conventional stabilization approaches and emphasize the need for taking institutional and social factors into account in the design of the adjustment process. Adjustment policies in the economy can no longer be viewed as a template or blueprint but rather as a conditional approach whose effectiveness depends on context and the interplay of macroeconomic policies and social factors.

5. DISCUSSION AND POLICY IMPLICATIONS: THE GREEK CASE IN COMPARATIVE PERSPECTIVE

This section presents the results of the analysis carried out in the previous section and draws policy implications with a special focus on Greece, which is a paradigmatic case of prolonged and socially intensive economic adjustment. Greece provides a very instructive experience due to the magnitude of the macroeconomic imbalances it had to correct, the length of the adjustment procedure, and the combination of exogenous constraints with the domestic institutional vulnerabilities (Dimitriou et al., 2022). The Greek experience can help put into context the results of adjustment in other countries by shedding more light into the factors behind the heterogeneity of adjustment outcomes.

5.1 Interpreting Adjustment Outcomes: Greece in the Comparative Framework

As discussed in Section 4, the findings of the analysis clearly establish that nominal stability is possible under adjustment programs, while economic recovery and stability, as well as social stability, remain much more doubtful. The Greek case clearly illustrates this point. The adjustment program brought significant fiscal adjustment with a large improvement in primary balances, but this was accompanied by one of the most severe and prolonged recessions recorded in a peacetime advanced economy (Eichengreen, 2012, Kopits, 2013).

From a comparative analysis perspective, it is noted that Greece is similar to other European countries in terms of high fiscal adjustment efforts accompanied by large short-run output losses. Nevertheless, the size of the output contraction and the duration of unemployment spells Greece apart from countries such as Ireland and Portugal in terms of the rapidity of the economic turnaround. Greece faced significant challenges in terms of export capabilities, industrial diversification, and a domestic demand-driven economy that made it difficult for the economy to support the contraction in aggregate demand through exports (IMF, 2012; IMF, 2013; Karagkouni & Dimitriou, 2025).

5.2 Fiscal Consolidation, Growth, and Debt Dynamics in Greece

One of the most significant issues that have come into focus through the Greek experience is the relation between fiscal adjustment and growth. The logic of adjustment suggests that fiscal rectitude helps re-establish confidence, reduces interest rates, and subsequently promotes growth. The magnitude of fiscal adjustment, which was front loaded, along with the collapse of investment, affected this process for Greece in the short to medium term.

This had a direct bearing on the dynamics of the debt. Fiscal effort made no progress in reducing the debt-to-GDP ratio in the initial stages of the adjustment process. This is an important point in the broader analysis that is supported by the evidence that has been collected. Fiscal adjustment in a contracting economy may have self-defeating effects if the adjustment process accentuates the contraction and thereby the recovery (Bhaduri, 2011). The Greek experience, in this regard, is a case in point.

5.3 Institutional Capacity, Ownership, and Policy Effectiveness

Institution-building capacity is seen to be an important mediator in determining the outcome of adjustments. In the Greek case, institutional weaknesses in public administration, tax administration, judicial efficiency, and regulatory effectiveness limited the effectiveness of implemented reforms. These institutional weaknesses have had the dual effect of undermining the effectiveness of the implemented adjustments in addition to causing frequent changes in the program. (Kopits, 2013)

Related to institutional capacity is the question of ownership of policies. It has been found that adjustment policies work better if national authorities view them as consistent with their national priorities rather than as conditions externally imposed on them (Worrell, 1993). In the Greek case, there was little ownership and political support for the reforms, which slowed the reform process and strengthened social opposition against them. This is different from the Irish experience, for instance, where there was greater institutional coordination and political support for the reforms, which made their implementation easier (Mabbett & Schelkle, 2015).

5.4 Social Costs, Distributional Effects, and Political Economy Constraints

The Greek adjustment experience provides a clear case study on the significance of social outcome variables for the sustainability of economic interventions. Unemployment soared to record heights, particularly for youth and low-skilled workers, with poverty and inequality rising substantially during the adjustment period. While Greece had a fairly developed welfare system compared with other developing countries, the severity of the crisis overpowered the existing welfare system, particularly during the initial adjustment stage (Dreher et al., 2015).

From a political economy point of view, such social costs had significant feedback effects. Unemployment and lower living standards contributed to a lack of trust in institutions and polarization of politics, which made it difficult to implement policies. In fact, the Greek experience confirms a crucial finding of a broader literature. It is that social and distributional effects do not

only have a side effect in the process of economic adjustment, as suggested by traditional economic analysis, but rather that such effects are crucial factors of its political feasibility and success (Blyth, 2013).

5.5 Policy Sequencing and the Design of Adjustment Strategies

Another implication of the analysis is related to policy sequencing. In Greece, fiscal adjustment was pursued very quickly and in a very large size, whereas structural change in favor of economic growth was implemented gradually. According to cross-country analysis, policy sequencing can increase the amplitude of output losses in countries already in deep recession (Apeti and Gomado, 2025).

A different approach to sequencing—the initial focus on institutional reforms, tax administration, and investment/export support—could have mitigated the severity of the crisis and enhanced compliance. Although results in counterfactual analysis are necessarily speculative, the Greek case supports the more general result that the timing of the composition of the scale of adjustment is as important as the scale itself.

5.6 Broader Implications for Economic Policy in Greece and Beyond

The Greek experience also has some lessons for economic adjustment policies for advanced countries with high debt and external constraints. Fiscal adjustment should be designed with more flexibility during periods of severe recession and more emphasis should be placed on capacity-building as a means of increasing effectiveness and credibility. Growth measures that focus on investment and innovation should also be used as a complement to economic adjustment policies.

In general, the above discussion serves to emphasize the importance of viewing economic adjustment programs as complex processes, rather than viewing them as purely technical exercises. The Greek experience suggests that the institutional and social aspects can have serious consequences in terms of economic hardship, even when nominal stabilization goals have been met. In conclusion, the importance of finding the right balance between discipline, growth, and cohesion is highlighted as the key determinant of success in economic adjustments in general and in the case of Greece in particular, as well as in other economies that find themselves in similar situations.

6. CONCLUSION

In this paper, key goal was to examine the macroeconomic and social impacts of economic

adjustment policies in a comparative analytical approach, giving special focus to the Greek experience. In this way, the combination of evidence coming from various regions, as well as the nominal stabilization achievements and the economic and social realities, would help to transcend the assessments based only on financial or monetary criteria.

These results confirm the core asymmetry that defines economic adjustment programs. On the one hand, adjustment programs are highly effective in achieving nominal stabilization, specifically in terms of controlling inflation and improving fiscal outcomes. On the other hand, the effectiveness of adjustment programs in promoting economic growth, employment, and social cohesion is highly asymmetrical. Often, adjustment programs are associated with significant short-run costs in terms of economic output, specifically when fiscal adjustment is pursued in a contractionary manner in an environment characterized by weak demand and institutional constraints.

The comparative analysis underlines the role of context in determining outcomes of adjustment policies. Economies with more advanced institutional and administrative capacity and more developed social safety nets seem to have a better track record of securing lasting economic recovery as a result of their adjustment policies. Where institutional weaknesses and social frailties are more apparent, adjustment policies can have a negative effect by worsening inherent structural weaknesses and hindering economic recovery. The Greek experience is a clear example of such a scenario, as fiscal consolidation and improvements in primary balances have been less effective due to weak growth performance and institutional and social costs associated with the adjustment process.

Some general results can be derived from the above analysis. Firstly, nominal stabilization should be treated as a necessary but insufficient condition for successful adjustment. Otherwise, fiscal consolidation cannot lead to sustainable economic outcomes by itself. Secondly, the sequence and composition of adjustment policies play a crucial role in determining the economic outcomes of the adjustment process. Aiming for fast deficit consolidation in the initial phase of the adjustment process may reinforce recessionary pressures and lead to adverse outcomes for public debts in heavily indebted economies. Finally, social and distributional implications should be treated as basic elements of the adjustment design process rather than as non-essential issues.

In terms of policy, the results indicate that the next generation of adjustment programs, within the European or other similar contexts, must move towards a more balanced and flexible strategy that combines fiscal responsibility with institutional development, growth strategies, and strong mechanisms of social protection. For Greece, in particular, the legacy of the adjustment process

must shape the strategy that will look towards the future and concentrate on improving institutions, productivity, and social cohesion.

Economic adjustment programs are very complex policy interventions in which the results are very sensitive to the institutional framework in which they operate. The evaluation of adjustment policy should thus adopt a multidimensional approach in which the accomplishments and shortcomings of the stability measures are considered. Only when there is a balance between macroeconomic restraint and development can adjustment strategies reach their final objective of sustained economic recovery.

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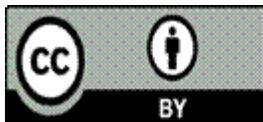
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