

Calamos is Cautiously Optimistic

By Yannis Sofianos

ATHENS – John Calamos, the noted Greek-American money manager and investor, is guardedly optimistic about Greece. The chairman and chief executive officer of Calamos Investments said questions remain regarding Greece as a destination for international investment when he spoke at a conference that is part of the Economist magazine's Europe Unbound conference series. In a conversation with TNH, he pointed out that although Greece is changing, it is happening slowly and stressed the need for the state to make important changes, for it not to be so intrusive, and to implement the laws that have already been passed.

The conference was titled "Overcoming Stagnation: Reigniting Greece's Potential" and he participated on the panel that addressed the question of whether faith can be restored in Europe, the Eurozone, and Greece. He posed a series of critical questions on the panel and to the TNH. "My father was born in Greece; he went to the United States and lived the American dream of social mobility. We see the middle class rising all around the world. How can this be done here? How can we see mobility and innovation? How can we capitalize on opportunities and refashion and re-allocate these vast resources we have here? These are the things we constantly examine as global investors."



Financial expert John Calamos expressed guarded optimism and raised tough questions about Greece at a conference hosted by the Economist magazine in Athens this week.

He added that "Greece has potential in many areas. Tourism could be developed much further. Also, shipping and agriculture. All these areas present significant opportunities. How can Greece be helped to realize its potential? Can someone [easily] start a business here? Also, what can be done about the brain drain that is taking place?"

"As global investors," Calamos continued, "we look for economic freedoms and those countries which offer the most economic freedom, where businesses and markets are doing better financially. Greece is in 40th place out of the top 43 in terms of economic freedoms." He said there are four principal areas of concern: "property rights, protection of property, limited government interference - unfortunately I did not hear anything concrete about that, and the reorganization of government (Editor's note: He was referring to the earlier speech of the Minister of Finance, John Stournaras). The reorganization of the Government will make possible more effective regulation and empower people to set up new businesses."

"We heard about innovation. How do you create more innovation? If you cannot start a business how can you leverage any advantages you possess? They must open their markets. It is very important to have open and free markets," he said. And referring to the previous discussion between Stournaras and Poul M. Thomsen, Deputy Director of the IMF's European Department, he said "We heard that one and a half years ago they came up with the idea of stabilizing income rates as a means of stopping tax evasion. This was successfully implemented in other European countries."

Calamos said the "The Greek stock market has recovered. This is due to investors like us, who see it as an emerging market. There was a recovery of around 30 percent last year, but it is still down 83 percent from the highs of 2007."

Another positive note, he said, is that "there are many good companies. The issue for global markets is not whether or not to invest in Greece. That is how it works with other

countries also. We look at the company...For Greece, we are guardedly optimistic, but it need capital, greater competitiveness and higher productivity. These I believe will come. Growth and productivity will come from the private sector and the privatization program.”

He said “another big factor is that local banks alone cannot finance development. Markets must have capital for there to be growth. Capital markets are better judges of conditions than the banks which are controlled by the state.”

He said a key criterion for global investors: is there progress in these areas? He himself remains guardedly optimistic.

“I see progress here. So in this regard we will continue to seek opportunities in Greece and we hope the country will remain on track.”

He admits that a casual observer in the United States would say that Greece is a “lost cause” but added that “investors are always on the lookout, always searching for opportunities and the basic principle is that if everything were perfect, there would be no opportunities for investment.”

“Turbulence creates opportunity,” and while “someone encountered at random on the street would recommend that we be careful,” he is not deterred. He admitted, however, that while a positive outlook for the Greek stock market presented on the panel, “We have had experiences where many rising markets get bogged down...So what I want to emphasize is that I would like to see major changes occur which will make Greece worthy of investments.”

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