

Greek crisis



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The Greek Crisis

Opportunity for Greek to rebirth The dubious distinction of history's first recorded sovereign default belongs to Greece—the same nation at the forefront of the world's second major financial crisis in five years. The crisis raised a question: Whether the crisis is a tragedy or opportunity for Greek? I believe even Greek have taken measures to reform, this crisis would continue until Greek government come up with solutions which are not created by other countries and international institutions to protect their benefits.

Trouble in Public Finance Greece faced deep economic problems.

Most notorious was public-sector deficit. (See Exhibit 1) The debt-to-GDP ratio measures a country's ability to pay off the entire debt with one year's income, regardless of the nation's wealth or total debt outstanding. Exhibit 4 shows the possibility that Greek default is increasing. Two most outsized component of government expenditure were employee compensation and pensions. Greek government has taken austerity measures to reduce the deficit and meet the request of the international institutions who provide financial aid to Greece. The weaknesses of the economic model

The global economic crisis of 2008 has found the Greek economy with several fundamental weaknesses:

- Reliance on 'easy money' (such as from the stock market or property), as well as on over-inflated private consumption, which has in turn relied on loans in recent years.
- The disproportionately central role of construction as the 'driving force of the economy' dating back to the 1960s.

- Particularly high public debt, which remains undiminished despite the widespread privatisations of the last 20 years.
- Over-reliance on sectors directly affected by the international crisis, such as tourism and shipping. Excessive dependence on oil consumption, an energy-wasting, pollution-generating energy model and the prospect of high-cost 'emissions rights' from 2012 onwards.
- Abandonment of mountainous and disadvantaged regions, which represent two thirds of the country, and overcrowding and overuse in the remaining third.

An absence of genuine protection of natural resources in sectors such as water, forest land, fisheries resources and the countryside and biodiversity. proposals to exit the crisis A fundamental priority is To Simultaneously Invest in the Exit From All Three Aspects of the Crisis: the economic, the social and the environmental.

We focus on three basic priorities in parallel with the efforts for fiscal viability and the fight against corruption and tax evasion:

Sustainable revitalisation of the countryside, with emphasis in the production of biological agricultural goods, and resurgence of the local and regional level economy, including the abandoned mountainous and disadvantaged areas.

Promotion and upgrade of collective goods and services as compensation for the loss of purchasing power of people, in order for quality of life to become again a right for everyone as a kind of 'parallel social wage'. Urgent turn in the energy sector to eliminate the dependence on oil and lignite, promotion of solutions alternative to car use, but also investments in energy saving and <https://assignbuster.com/greek-crisis/>

in renewable energy sources, drawn so that they offer additional incomes for the maximum possible number of households. Specific policies having these priorities need to be developed and applied in order to create funds and engage creative social forces:

- A just tax reform that will use the taxes as tools for encouragement or not of activities depending on their repercussions on the environment and the society. Measures for transparency and fight against corruption and tax evasion should aim at the re-establishment of a sense of social justice.
- Reduction of military spending and negotiations with Turkey for even larger mutual reductions. Given the Turkish candidacy for integration into the EU, it is logical to assume that the EU should become more involved in the efforts to resolve Greek-Turkish differences.
- The promotion of a social and solidarity economy is of central importance to us. The reconnection with the tradition of the 'ecology of the poor' becomes again particularly relevant.