Greece economics essay

Economics

Tax evasion rampant in Greece that translated added to government's budget deficit. After Joining Euro Zone (EX) in 2001 , Investment capital and government loan increased based on the strength of Euro. To retain Grace's membership in EX, government paid International investment institutes in billions of dollar to hide its actual debts levels and spending. In 2010, Global economic crisis revealed that since it's Joining EX Greece has never met the required stability criteria. The debt crisis was further worsened when the government issued more bonds for sale in March 2010 (" The Rezone Debt Crisis" 1).

Later it was disclosed that foreign banks and investors held 70% of Greek public bonds. As reported by B. B. C in Mid-2010, EX. and MIFF provided Greek with ?¬110 billion loan which was followed by ?¬130 billion bailout loan in October 2011. These bailout endeavors came with conditions like austerity measures, prevarication of government assets and structural reforms. The country also fear an exit from the Euro Zone with it current debt at 180% of the GAP. The government in order to benefit from bailouts and keep itself from defaulting has agreed to abide by the austerity measures.

Some recent economic facts furnished below reveal the effect of Greece Economics By absence As aftermath of economic crisis and austerity measures IN (APP) has decreased from 27640 in 2010 to 26040 in 2011, according to World Bank report 2012 (see fig. 1). This indicates that purchasing power and income of population in Greece is declining. Fig. 1. IN per capita; APP (US dollar) in Greece. Trading Economics. Trading Economics 2012.. Web. 02 Par. 2013. Since October 2011, inflation in Greece is on a downward trend reaching as low as 0. 8 in January 2013. See fig. 2). Fig. 2. Greece Inflation Rate. Trading Economics. Trading Economics 2013.. Web. 02 Par. 2013. In reality this deflation is fueled by decrease in wages and pensions. Moreover, majority of companies still keep selling their goods at higher prices, despite government's orders According to Reuters one out of five citizens in Greece is unemployed (Egregiously). This unemployment is resulting inpovertyand inequality in the entry. Year 2012 closed at an unemployment rate of 26. 6, with a 6. 4 increase from a rate of to 20. 8 in December 2011.

Fig. 3. Greece Unemployment Rate. Trading Economics. Trading Economics 2013.. Web. 02 Par. 2013. BUSINESS PERSPECTIVE Generally business sector is adding to theadversityof people of Greece. There's a serious lack of competition and a few large players in the market which are extracting majority of the profits in the market. As reported in Reuters, these large players constitute a monopoly that enables them to fix high prices and evade taxation by a variety of ways. It will require significant political pressure to break these cartels.

Report shows that " small business suffers a downturn, with profits reducing to one- fifth of what they were at the beginning of crisis" (Whitley and Tigris). The austerity measures require Greece to lower its labor wages, increasing taxes and control inflation. In contrast, prevarication of public sector will reduce tax revenues. The apparent decrease in inflation combined with decrease in wages and pensions, high level of unemployment and increased taxes, is making it difficult for the Greece population to survive.

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