

Greek Financial Crisis

Name

Institution Affiliation

writeanypapers.com

Greek Financial Crisis

Greece's economy has experienced financial and management crisis since 2009. While concerns concentrate on the sustainability of the country's debt, the crisis has resulted in the collapse of the Greek economy and adverse effects on the rest of Europe. The nation's debt level has increased to 170% of GDP, unemployment has tripled to 25%, and the economy contracted to 25%. Despite interventions from other European governments, the Greece continues to experience serious economic challenges.

The Greece economic crisis has caused significant political upheavals in Europe. The collapse of the economy has evolved into a political crisis affecting the European integration. Analysts believe that a debate between European government representatives about the appropriate crisis response in Greece has caused increased political tensions (Ardagna & Caselli, 2014). Other European countries publicly oppose economic reforms viewed as an unjust imposition by other governments, which fuel political differences, and growing concern about the democratic legitimacy of European institutions. For example, the political tension between Germany and France has a negative impact on EU countries. Additionally, the Greek crisis has exposed different issues with the institutional structure of the Eurozone whose members use common currency and monetary policy (Selvaraj, 2015).

The Greek crisis has led to a strained relationship between Europe and the United States. Since the beginning of interventions to solve the Greek economic crisis, European countries have shown less concentration on key US-European policy priorities. European governments show less focus on the policies such as cooperation on Russia sanctions and talks about the planned Transatlantic Trade and Investment Partnership (T-TIP) and the ongoing post-Ukraine conflict recovery (Ardagna & Caselli, 2014). The Greek crisis has also constrained Europe's

effectiveness as a partner for the United States. Europe has been an important economic and political partner of the United States for many years. Issues regarding the Greek crisis have resulted in extensive efforts to save the nation thus jeopardizing the economic and strategic importance to its partners, especially the US (Selvaraj, 2015).

The ongoing Greece debt crisis has directly affected the economic performance of other European countries. Even though different countries in Europe have experienced different levels of economic performance, the Greek financial crisis has led to associated economic recession effects that have spilled over to other Eurozone members. Some of the related recession effects in the Eurozone include increased rates of unemployment, a decrease in GDP to below pre-crisis levels and low productivity and competitiveness (Arghyrou & Tsoulfas, 2011). Additionally, European banks possess high levels of debts and nonperforming loans that result in the inability to provide credit, thus slowing down economic growth. Efforts to revive the Greeks economy have led to the increased burden to Eurozone creditors to Greece.

This paper has outlined the effects of the Greek financial troubles in the rest of Europe. Greece has been at the center of this financial crisis since 2009. The adverse effects experienced by other countries in Europe are attributed to the efforts to save the Greek economy. The main troubles caused by the Greek crisis include political tensions among European countries, the strained relationship between the Europe and the United States and the deteriorating economic performance of the Eurozone.

References

- Ardagna, S., & Caselli, F. (2014). The Political Economy of the Greek Debt Crisis: A Tale of Two Bailouts. *American Economic Journal: Macroeconomics*, 6(4), 291-323.
- Argyrou, M. G., & Tsoukalas, J. D. (2011). The Greek debt crisis: Likely causes, mechanics and outcomes. *The World Economy*, 34(2), 173-191.
- Selvaraj, S. (2015). The Euro Zone Debt Crisis and its Implications for the Global Economy. *Journal of International Economics*, 6(1), 4.

writeanypapers.com