

### Greece Government Debt Crisis

In the past, trade barrier happened in any countries at Europe, and it brought about a decrease in Economic growth rate. European Union (EU) including 27 members states was established in 1993 to enhance European political and economic integration by creating a single currency (the Euro). But it somehow turned out that a single Euro currency had caused a debt crisis among European countries i.e. Greece, Portugal, Ireland, Spain and Italy, which was the result of the 2008 collapse of the Icelandic banking system that called European debt crisis and later an uproar of the Great recession during 2008-2014. The European debt crisis has an effect on all five countries. They have faced an increasing in their level of indebtedness every year until Greece was unable to cope with the debt throughout until it became the first nation to default on debt to International Monetary Fund (IMF).

It has been around since the end of 2009 when Greece was the first of the five Eurozone countries to face the crisis of public debt. It has also raised concerns about the ability-to-repay Greece's debt as it was revealed that the government of Greece mismanaged the level of public debt and the country's budget deficit. This led to a loss of confidence in the Greece economy, indicated by a widening of bond yield spread, the yield difference of government bonds and hedging costs in the default swap are higher compared to other EU countries.

The devastating of Greece's debt crisis in 2008 was happened as a consequences of the incident in 2012 when the Greek government defaulted on its biggest debt in history. Later on June 30 2015, Greece became the first developed country to fail to repay loans to the International Monetary Fund (IMF) , when the Greek government had total debt of € 323 billion.

Greece's debt is gradually growing from borrowing money from abroad. The level of the trade deficit and the budget deficit of Greece has increased significantly from below 5 percent of gross domestic product (GDP) in 1999 to the highest level of about 15 percent of GDP in 2008-2009. One possible way to help capital inflow is to become a member of the European Union to be able to seek help from the members. This reduces the government bond yields from 1998 to 2007 (meaning Greece can borrow at lower interest rates). Greece is more at risk of default than looking Greece as a single country. Among the EU Member countries, Germany that have the strongest financial position help support Greece in times of economic difficulties. The stock market

was also hit by a full hit, with the ATHEX, The Athens Stock Exchange, hit 5000 points in late 2007, but falling to 500 later in early 2016.

Greece must solve this economic problem by seeking financial assistance from IMF to restructure the country's financial system by cutting government spending. With this adjustment, Greece was able to stop acquiring aid from the IMF in 2018. In 2019, the economic crisis gradually disappeared. The Greek stock market, which had been at its lowest, gradually recovered by 43 percent.

According to Statista website, it can be predicted that Greece's public debt in 2019-2020 should be around \$ 37 billion, a debt that outnumbered the UK's liquidity. This allows Greece to repay its debt on schedule again with assistance from the European Central Bank and cutting interest rates to help keep borrowing costs down. As seen from, Games of the XXVIII Olympiad and commonly known as Athens 2004 that incur a lot of debt to Greece. Therefore, Greece should control government spending and overspending from citizen of Greece.

Considering all of the above, Greece faced a liquidity crisis, forcing the government to seek bail-out loan, which they eventually received with staunch conditions. So, the government of Greece decide to adjust financial structure in order to cause Greece economy back to normal. However, Greece suffer from the great depressions problem for a long time. It takes time for economy rehabilitation. As the saying goes, “ Times heals all wounds”.

### References

<https://news.mthai.com/world-news/452596.html>

<https://www.moneybuffalo.in.th/business-economy/วิกฤตเศรษฐกิจกรีซ>

[https://www.parliament.go.th/ewtadmin/ewt/parcy\\_train/ewt\\_dl\\_link.php?nid=29923](https://www.parliament.go.th/ewtadmin/ewt/parcy_train/ewt_dl_link.php?nid=29923)

<https://www.thebalance.com/what-is-the-greece-debt-crisis-3305525>

<https://www.investopedia.com/articles/investing/070115/understanding-downfall-greeces-economy.asp>