Greece’s Financial Meltdown

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Life is very stressful in Greece thanks to the financial meltdown of the Hellenic economy. It is not easy for people or countries to move from three decades of substantial economic growth to a six-year deep recession. According to the American Psychological Association (APA) and Toby H. Brener “Stress is your body’s natural reaction to any kind of demand that disrupts life as usual. **[1]** Life as usual has been destroyed for the Greeks-proud people who thought that hunger moved to some other places after the Greek liberation from the Nazi occupation. Yet, reports of hunger and suicides in Greece abound in the international press. Reports indicate that almost fifty percent of the Americans overeat, the reports from Greece show the opposite, 50% of Hellenes go hungry. “Greece Displaying Disturbing Similarities to Weimar Germany” is an exaggeration, but others view it differently. The fast urbanization created many conditions for the “goodlife in the megacities of Athens and Thessaloniki. This migration reduced the importance of agriculture further. Under the heading Greece’s new farmers, the *Huffington Post* said “popular perception of Greece teeters between two extremes. One is based on serene, mystic island landscapes nd a carefree gusto for life. The other extreme , the most present, is a daunting and glaring depiction of a dire economic crisis rife with violent civil riots, political rancor and an unrelenting sense of despare” [2].

Although the severity of the crisis is the product of political ineptness, politicians are attempting to free themselves from its impacts. The implications extend from the local village to the international sphere and comparisons with Weimar crisis ignore the huge dissimilarities in economic structure and relative roles in the international fields. "As the Greek economy implodes, the main political beneficiaries appear to be Greek neo-Nazis. And the Jews are targets again" **[3]** wrote Amiel Ungar on October 19, 2012. The above author ignores the realities on the Hellenic polity and the Irael-Hellas political raprochement. Actually, the Greeks blame themselves for letting the economy collaps. On the other hand Greek Americans argue that Greece is in very good terms with the state of Israel, and both the Israeli and Greek governments have intensified their co-operation to create a dynamic economic force in eastern Mediterranea. This is also the theme of the Greek press. However, some writers ignore the economic catastrophy and emphasize antisemitism from individual acts of violence. If one, like Benjamin Abtan, wisheses to damage Greece, one writes all things bad about Greece in the Turkish press [4] .Additionally, it makes no sense to raise isues that are not relevant to the relations between Israel and Greece. Both face similar economic problems, except that Israel attracts foreign investment while a significant number of neosocialists in in Greece accuse foreign capital for their own shortcomings.The electronic edition of Kathimerini. **[5]**
informs us that violence and fear are on the rise, according to the police's emergency service, which has observed a sharp spike in the number of calls to report acts of verbal or physical violence in the January-to-September period. "We have seen a rise in violent behavior, both physical and verbal," 100 emergency hotline operator Sofia Papingioti told Kathimerini. "It is clear that citizens are losing their patience, they are becoming more abrupt and are more ready for a fight." Fight is the only alternative to a proud and prosperous nation that has been forced to a six-year depression. However, one cannot fight an unknown enemy. Politicians wish to blame the "invisible market forces" or the very visible Germans. Yet, Germany has not been exempted from the current recession in Europe. "The euro zone's woes are finally taking their toll on Germany, the European economic powerhouse that has long avoided the worst of the crisis that began two and a half years ago." On September 6, 2012, New York Times columnist Stephen Castle wrote: "O.E.C.D. Warns of Recession in Germany." In other words, simply altering the budget deficits is not a cure all remedy for the euro area to be able to overcome the current economic difficulties.

Using data from the 2010 Survey of Consumer Finances, Wells Fargo Securities economists found that in the United States "the financial positions of households most likely to be in retirement-age and those nearing retirement saw net worth decline between 2007 and 2010 following the Great Recession, although wealth deteriorated more substantially for pre-retirement households. One of the major reasons for the more severe decline in the net worth for pre-retirement households lies in the housing market. [6] Greece too experienced the fall in the housing market, but the Greeks were not as heavily invested in the housing market as the Americans were. Wealth fell in both markets, but this is not the cause of the massive decline of per capita Greek GDP that declined by 6.3 in the third quarter of 2012 and 6.5% for the six months of 2012. This indicates that the Greek recession has (perhaps) reached its end. For the year 2012 the Greek Finance ministry on Friday welcomed news that the country's

Gross Domestic Product grew by 0.8 percent in the first quarter of 2011 compared with the fourth quarter of 2010, the first growth after nine consecutive quarters of negative rates [7]. In the final analysis for the first half of 2012, Greek GDP continued its decline but at lower rate than it did in the years before. Moreover, GDP showed growth of just above one percent in the first quarter of 2012 compared with the similar quarter of the previous year [8]
In reply to questions on 2012, the Greek Finance ministry welcomed news that the country's Gross Domestic Product grew by 0.8 percent in the first quarter of 2011 compared with the fourth quarter of 2010, the first growth after nine consecutive quarters of negative rates [9]. In the final analysis for the first half of 2012, Greek GDP continued its decline but at lower rate than it did in 2011. However, the continuous publicity of Greece's problems in the international news media, coupled with the European recession, caused a decline in tourism, which is Greece's main "industry", with UK, Germany, and the rest of north Europe being the main spenders. The OECD predicted continuing to deteriorate Passenger traffic at Athens International Airport SA dropped 11.2 percent to 10.2 million in the nine months through September 30, according to a separate statement posted on the airport's website. International passenger traffic declined 12.7 percent to 6.7 million, while domestic travelers were down 8.4 percent to 3.6 million.

The fall of foreign visitors is due to "the tarnished image of Athens and Greece abroad, combined with the slow-down in European economies." In September, passenger traffic dropped 8.8 percent to 1.3 million [10] . Economic anomalies were not limited to Europe. Almost half of Americans (48%) reported overeating or eating unhealthy foods to manage stress, while one in four (39%) skipped a meal in the last month because of stress. Press reports indicate that almost one-fifth of Americans (18%) reported drinking alcohol to manage their stress, and 16% reported smoking. People, in the face of future uncertainties reduced their current consumption. " Household consumer debt is now back to pre-recession levels according to analysis from Moody's," Bloomberg and the *Los Angeles Times* reported. For Americans, that means a smaller chunk of every paycheck is going to paying off credit cards, mortgages and car loans. One notable exception to the Economists are waiting to see if consumers will feel comfortable spending again or if their newfound penny pinching will sustain as the economic forecast remains grim. If this is the case for Americans who did not experience a recession, then it is more so for the Greeks whose incomes collapsed. Moreover, Moody's chief economist Mark Zandi said the use of credit by U.S households would no longer be a "headwind" for the economy, but could soon help boost it instead, Bloomberg reported.

However, other economic concerns and uncertainties about economic growth. are still holding many American and European families back on their spending. In addition to stagnant wages,

many households could face higher tax bills in 2013. Americans are also seeing higher spending across the board due to rising food and gas prices and increasing health-insurance cost. The problem is magnified by the fact that during recessions government revenues fall. Thus, an EU document on tax revenues informs us: "Counter cyclical remedies call for an increase in government expenditures, but government revenues are affected inversely during the business cycle. Thus while recessions call for increase in government expenditures- and or reduction in taxes-relative poverty reduces the ability of Greece to apply counter-cyclical policies during recessions. On October 18, 2012, CNN's report on Greece said: "A country's economy devastated, unemployment endemic and suicides rising—this is the reality in Greece, and there is seemingly no end in sight. Greece—the birthplace of democracy—is now reliant on eurozone bailouts and subject to political decision-making in Brussels and Berlin. Last week, Athenians marched in the streets to make it clear German Chancellor Angela Merkel—in her first visit to the Greek capital since 2009 -- was not welcome". [11] Their problems were made in Athens, not Berlin, but a proud and prosperous nation had been transformed to a beggar. The austerity program created backlash not only among Greek workers and pensioners, but also in parts of the international community. Even some Germans expressed their disapproval, but the Greek population thought otherwise. Olli Rehn praised the Greek actions and declared "Greece has delivered, now it's delivery time for the Eurogroup."
[12]
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Tagesspiegel
wrote: "Greece faces collapse. It is Europe's responsibility to prevent that. That justifies more and longer aid payments."

"Greece cannot pay off its debts when it is shutting down its economy. It has to put people back to work. The only way forward is through more debt write-offs and more low-interest European loans, as well as by opening up restricted job markets." [13] The article continued with the observation that "it may be a winning political formula in Germany, where Ms.Merkel stands for re-election next year. But it is a profound, and profoundly unnecessary tragedy for Greece." The editorial goes on with the observation that "It may be a winning political formula in Germany, where Ms. Merkel stands for re-election next year. But it is a profound, and profoundly unnecessary, tragedy for Greece." The editorial article raises the issue of unnecessarity in damage of an EU partner. Are the Germans trying to maximize damage for the "irresponsible" Greeks? Were the creditors following elementary financial principles when they overloaded the Greeks with debts that no rational policy maker could expect to be paid? When the Greek prime Minister (Mr. Samaras) characterizes his imposition because of the debt "unfair"on the Greek economy he expresses the common perception that the creditors care not about human wellbeing. This has been the main complain of the Greeks.

How far down has the Greek economy gone? We know that all economies go through cycles that are dissimilar among sectors of economic activity. The Statistical Service of Greece (November 2012) shows that GDP fell by 7.2% in the third quarter of 2012; the retail trade volume in August 2012 was 8% below the corresponding month of 2011. Compared with the same month of the previous year construction in 2012 was 27.5% [14] below the activity of the previous year. In general, the indices of the three sectors of the Hellenic economy present a very worrisome picture.

General divisions of the Greek economy had the following changes:

2012
2011
2010
MANUFACTURING
78.9

84.7

85.1

MINERALS

84.3

85.2

75.0

ENERGY

90.0

90.4

93.0

Source: Hellenic Statistical Service

We know that business cycles have different effects on basically agricultural societies versus industrial countries, and Greece attempts now to go back to its structure of the pre-recession economic profile. The problem, however, has roots that are deeper in the behavior of Greek labor and capital than just definitions could imply.

In reference to the eurozone Janet Henry, chief European economist at HSBC in London had reached a similar conclusion on the aspects of slower growth of the German economy. Economists at HSBC estimated that "the estimates were in line with the growing body of evidence indicating that the third quarter of the year would bring the crisis to Germany's door." Joachim Fritz-Vannahme, director of the Europe program at the German research institute Bertelsmann Stiftung, said the estimates from the O.E.C.D. overall review argues that estimates of German slowdown are consistent with other economic data emerging from Germany. "This confirms the views of those in Germany who said that, although over the last couple of years we have had big export successes, particularly in Asia, around two-thirds of our exports are still within the European Union and most are to the euro area," he said. "So when the euro zone catches a cold, Germany suffers as well." The question then is: why is Germany antagonizing the weak EU countries? There have been studies that predicted slow growth for Europe. One by the Organization For the European Co-operation And Development (OECD) looked into the difficulties facing the advanced economies.

The O.E.C.D study highlighted the extent to which the economic situation was continuing to deteriorate throughout the euro zone. Considered together, the three largest euro zone economies — Germany, France and Italy — will contract by 0.2 percent this year, the organization estimates. Dragging down the curve is Italy, which will be in recession for the whole of 2012, contracting by 2.4 percent, O.E.C.D. predicts. If the three large economies of EU face recession, then what is likely to happen in the smaller, and highly dependent economies? European integration succeeded to create a unified economic entity**.**

The Greek crisis can also be viewed as a delayed adjustment to reality that creates investment opportunities in an almost stagnant economy. For example, www.businessweek.com 17 October 2012 reported that "yields on the best office properties in the Greek capital rose to 8 percent this year from 6.9 percent in 2009 and prime shopping-mall yields increased to 8.5 percent from 6.3 percent, said Ana Vukovic, the broker's managing director for Greece. Yields from income-producing real estate or other income producing assets move in the opposite direction of asset values. Therefore, a high yield is likely to be an index of investors' expectations about future returns of the asset. In other words, other things equal, the higher the yield the lower the confidence in the future of an instrument."Prime yields are moving upwards in 2012 driven by the high cost of money and low availability of capital combined with suppressed demand" and pressure on banks to sell properties to bolster their balance sheets", Vukovic said [15] . The country's economic crisis is prompting local businesses, banks and other commercial real estate owners to close stores and branches, opening opportunities to investors. Greece has pledged to raise 50 billion euros from state assets, around half of which is real estate, by 2020 to meet conditions tied to 240 billion euros in foreign aid pledged over the past two years. Prime office vacancy rates in Athens doubled to 16 percent this year and rents fell to about 21 euros per square meter a month from 32 euros per square meter in the peak, according to Colliers. Prime retail rents fell to 150 euros per square meter a month, from as much as 280 euros per square meter a month at the peak in 2006 and 2007. what this whole analysis means is that the economy is adjusting well. Morover the privatization program announced by the Greek government is expected to create conditions for further expansion. "This first privatization deal is expected to speed up privatization projects and plans, sending a message for a business friendly framework that can upgrade the role of Greece and its potential for economic recovery," Vukovic said.[Ana Vukovich is the managind director in Greece of Colliers International]. Even publications that most of us had never heard of, like Itinews.co.za , dealt extensively with the possible exit of Greece from the EU. The unfortunate thing is that they deal with the negative European spirit rather than the opportunities of a reborn Greece.

In their overall appraisal, the authors arrived at the following conclusion: an initially isolated exit by Greece and its national insolvency may well be something that could be dealt with from an economic point of view, but the effect would be that the global economy would be thrust into a deep recession as their impact is difficult to calculate, and the recession would not stop even at economies outside Europe.

Greece's exit from the Euro bears the risk of kindling a wildfire throughout Europe and possibly even on an international level and may result in a worldwide economic crisis" the . **itinews.co.za** reported 10/17/2012 h

However, this opinion is very common in Greece. For example Ilias Siakandaris in Kathimerini (English edition) October-9-2012 "Angela Merkel's visit to Athens comes too late, like rock bands coming to Greece long after their peak. It will be hard to convince people her belated visit is in solidarity with the beaten periphery, after a good three years of whipping and bad mouthing. Of course the writer believes that Merkel and the rest of the Germans advocate that "anything Greek is bad policy." Yet a big segment of the Greek public sees Merkel as the austerity-demanding paymaster that personally destroyed their lives. And thousands of lives have been destroyed; Greek politicians depress millions - either by the creditors' poor planning of the bailout programs, or by their cruel implementation. It is the same segment of the population in Germany that reads Bild, and believes that Greeks are single-handedly responsible for the euro mess. These people feel strongly and will do anything to be heard and seen in a different light.

Bloomberg reported on November 21, 2012, "Europe turns its attention to unlocking Greek aid. European policy makers turned their attention to unlocking funds to keep Greece solvent after a summit failed to agree on a seven-year budget for the bloc." In other words, although the meeting was supposed to find a solution to EU debts, the participants spent the time to promote their own principles and hypotheses on EU budgeting. Localism rules over internationalism.

"Euro-area finance ministers held a conference call today to prepare for their third meeting this month, on Nov. 26, on Greece's rescue. As with the budget talks for the 27-nation European Union, euro finance chiefs have deadlocked on a plan to steer the country back to fiscal health." Greece is asking the creditors for nothing more than a reduction of the interest rate that could make the debt viable, but the creditors insist on the higher interest rates. Somehow the creditors never heard of loss minimization. Nor are they looking into the principle of loss minimization that rational business behavior demands in the presence of losses rather than gains. Greece needs growth above everything else, and the dilemma is how to get growth in the absence of investment, either domestic or foreign? Too much time and efforts have already been spent on accusations and counter-accusations." There's no time to waste" in finding a solution for Greece, German Chancellor Angela Merkel told reporters yesterday in Brussels. A plan "is being intensively worked on," [16] she said. This may be the case but the Chancellor has not missed a chance to ask the Greeks to die in the name of austerity rather than to declare an inability to pay the debts. Indeed, the foreign exchange market follows developments with respect to any agreement on a rescue of the Greek economy very closely. "euro hit its highest point against the yen since April on Thursday on expectations that the international lenders will soon agree an aid deal for Greece" reported Reuters on November 22, 2012. As soon as the Chancellor said that an agreement on Greek debt is possible, the euro rose by 0.4%.

Nicholas Kulish and Paul Geitner correctly argued that Greek membership is much more important than the squabbles about the budget limits. They said :"with Greece 's membership in the euro zone teetering, fears of bank insolvency rising and Europe's leaders bickering about what to do, the euro crisis is once again intensifying and threatening to undermine fragile growth globally." Commenting on the friction between France and Germany, Kulish and Geitnere wrote: "In many ways their most important mission may be to quell their own infighting. The demand from France and others for bonds jointly issued by the 17 members of the euro currency union, to pool the borrowing risk, has grown louder, even as the opposition in Germany has grown more rancorous." [17] On "the other hand, the reality additionally, Kulish and others wrote, "Adding to the woes, there is little agreement within either side. The Greek government is itself a motley coalition of conservatives and Socialists, and the leaders of the European Commission, the International Monetary Fund and the European Central Bank, known as the troika, are increasingly divided among themselves. That is creating even more uncertainty as Greece and the rest of Europe head for yet another showdown, renewing doubts about how long Athens can remain within the euro zone." [18] of the financial misfortune is that it came from "mistakes made by the [European Union] and the Greeks themselves," Filippides said. "Everything is a matter of education and talking to the young people about reality," he said. "We should know things how they are… It is important to emphasize that the Jewish population is not responsible… We should not look for scapegoats—that's not the problem. The problem starts from ourselves; we need to reorient our culture." The UK Telegraph published a long list of the EU alternatives on the indebtenss of SE Europe. [19] The Britons see the crisis as the product of inability to make important decisions. For example, Europe blames UK for the eurozone debt crisis, says MEP Sharon Bowles

[20]
. Lib Dem MEP Sharon Bowles explains why eurozone countries seems dead set on crushing the City - they blame Britain for the eurozone crisis. Fresh ffears for the French economy kick-started today's sell-off but an unexpected jump in US consumer confidence sparked a late rally. France is recession bound, according to the French central bank, which has predicted the French economy will continue to shrink for the rest of the year. Far weaker than expected French industrial production numbers pushed stocks to a two-weak low, and coupled with Wednesday's poor German industrial production data, it does not paint a pretty picture for the eurozne. The jury is still out on Greece, of certainty with lack surrounding the next bailout tranch they may or may not receive Filippides said one influence that can impede the Golden Dawn is the enhanced diplomatic relationship between Greece and Israel. In the last several years, the political position of the Greek government has become more pro-Israel.

At the Summit 2012-10-18 "We are of the opinion — and I speak for the whole German government on this — that we could go a step further by giving Europe real rights of intervention in national budgets," Ms. Merkel told lawmakers in Berlin on Thursday."

That earned a tart riposte from President François Hollande of France, who said that budget intervention "is not on the agenda," as he arrived at the meeting.

"The only decision that will be taken is to set up a banking union by the end of the year and especially the banking supervision," Mr. Hollande said. NYTimes same source The French-German dispute matters. Agreement between governments in Paris and Berlin is seen as vital to any steps toward further integration in Europe and for ensuring the survival of the common currency for the 17 E.U. countries that use it. Ahead of the Brussels meeting, Chancellor Angela Merkel of Germany signaled the need for caution and a much grander vision for how to secure the longevity of the euro. "We are of the opinionon that we could go a step further by giving Europe real rights of intervention in national budgets," Ms. Merkel told lawmakers in Berlin on Thursday.

On the debtor's side Many Greek officials say it is outrageous that the Golden Dawn has been elected. Nicolos Papakostadanous, head of the press office of the Greek Consulate in New York, noted that they "are like any other party making inroads in Europe." On the other hand, some Jewish writers do not see it that way."The far right is making inroads in Greece because of the crisis and a social fabric that is terribly tried in a very severe way… These are hard times, similar to when Hitler took advantage to organize the German people in pogroms against the Jewish people—only the beginning," he told JNS.org. "This Golden Dawn is a backlash, a byproduct of very austere, very severe economic problems." Under the heading Angela's

Athens *The Economist* (2012-11-13) said "Germany's chancellor makes a trip to signal her country's goodwill." But, the same article continues that " the Chansellor's efforts to empathise with ordinary Greeks suffering the pain of a five-year recession were less successful. Hostile protesters otside parliament waved banners declaring 'Angela you are not wellcome'"

Writing in **www.ekathimerini.com** (2012-10-09) Ilias Siakantaris wrote "A big segment of the Greek public sees Merkel as the austerity-demanding paymaster that personally destroyed their lives. And thousands of lives have been destroyed millions are depressed either by the creditors' poor planning of the bailout programs, or by their cruel implementation by Greek politicians. It is the same segment of the population in Germany that reads Bild, and believes that Greeks are single-handedly responsible for the euro mess. These people feel strongly and will do anything to be heard and seen [21] . Moreover,

Quoting John Lipsky, former First Deputy Director of the International Monetary Fund (IMF)

Frances Schwartzk writes that Efforts to rescue Greece have failed to provide the basic structural reforms needed to help bring competitiveness to its economy."
[22]

"It has been frustrating because some of these have been clear from the outset in so many ways," Lipsky said in an interview in Copenhagen yesterday. "I feel this process could have been handled so much better."

Europe is pressuring Greece to step up efforts to rein in its deficit and deregulate the economy. The austerity measures are exacerbating the nation's economic pain and won't lay the foundation for a lasting recovery, Lipsky said. Greece is complying with the terms set by euro-zone leaders in the hope of getting a 31 billion-euro ($40 billion) aid payment this month to help re-capitalize its ailing banks.

"It has been so frustrating to see how little the discussion has centered around what are in fact the underlying issues, the truly seminal issues, for Greece, which have been its progressive loss of competitiveness in the euro zone," Lipsky said. "If that can't be remedied, there will be no successful solution for the Greek economy, one way or another."
[23]
Greece, which faces a
sixth year of recession, needs to remove trade barriers and become more export-oriented to have any hope of returning to growth, according to Lipsky.

The yield on Greece's benchmark 10-year note rose 14 basis points to 17.909 percent, widening the spread to similar-maturity German bunds to 16.5 percentage points. The euro slipped 0.2 percent against the dollar to trade at 1.2937 as of 9:45 a.m. in London.

"When you look at the very limited degree, the astonishingly limited amount of foreign trade in Greece's gross domestic product, considering the tiny size of the country, you realize one way or another that special interests have been successful in keeping the

Greek economy out of the single market," he said. "That needs to be remedied and that requires acting effectively against, among other things, the special interests, protective markets, quasi-monopolies, inefficient state enterprizes."

The government of Prime Minister Antonis Samaras wants two more years until 2016 to meet targets for narrowing the deficit, a concession that would create additional funding needs on top of 240 billion euros in aid pledged to the country since 2010.

Debt Payment

With 5 billion euros of 13-week Treasury bills expiring on Nov. 16, the Samaras government has been negotiating with the euro area and the IMF over the steps needed to qualify for the release of loan installments frozen since June. Meanwhile, unemployment in Greece has reached 25 percent.

The Greek government said yesterday the economy would shrink 4.5 percent in 2013, compared with an Oct. 1 estimate for a 3.8 percent contraction.

"I am always pained by the characterization of the issue as one of growth versus austerity, as if that were the issue of immediate consequence," Lipsky said. "The issue is underlying structural reform. If economies like Greece, Portugal, and ultimately Spain and Italy, cannot recapture lost ground in terms of competitiveness in the euro zone, it is hard to see how they are going to achieve economic and financial success." [24]

Additionally, Wells Fargo Securities, LLC Global Review says:" German Growth appears to have slowed sharply. Recent data suggest that the German economy ended the third quarter on a soft note, giving it little momentum into the current quarter. Following the 0.4 percent decline in German industrial production in August." [25]

There is no doubt that the whole eurozone is in sever recession, but the issue of a very unequal fall in GDP affects the south more than the north.

The Telegraph (UK) reported on the French fears of recession. "Fresh fears for the French economy kick-started today's sell-off but an unexpected jump in US consumer confidence sparked a late rally. France is recession bound, according to the French central bank, which has predicted the French economy will continue to shrink for the rest of the year. Far weaker-than-expected French industrial production numbers pushed stocks to a two-week low, and coupled with Wednesday's poor German industrial production data, it does not paint a pretty picture for the eurozone. The jury is still out on Greece, with a lack of certainty surrounding the next bailout tranche they may or may not receive" [26] . The issue remains: is EU a union? My answer is NO. There is no doubt that Greece will recover, but the dream of a European Union of the people remains shutered.The crisis showed that governments are far apart in understanding what is a union versus a collection of unrelated country members. Moreover, we must remember that the whole EU faces recession in 2012. Estimates indicate that, in per year terms, the aggregate GDP of EU has contracted by 0.5%, with Greece, Portugal, and Spain exp-eriencing thei warst recession of the decade. As long as export growth remains weak, EU cannot expect a quick recovery.

On 11-13-2012 Spiegel magazine reported on the Grek debt that there are some disagreements on timing. In Spiegel's words [27] : "Here's the good news: The long-awaited report on Greece compiled by inspectors from the European Commission, European Central Bank and International Monetary Fund said the country has made progress on reforms, and euro zone ministers agreed to give Greece two more years to make the spending cuts they have demanded. And here's the not-so-good news: The troika, as the group of inspectors is called, disagrees on how Greece can bring its debts down to a sustainable level. The row became evident on Monday when euro zone finance ministers said Athens should be given until 2022 to cut its debt to GDP ratio to 120 percent, while IMF chief Christine Lagarde insisted that the existing target of 2020 should remain." One wonders whether the so-called international actors should be actors on a theatrical stage rather than on international economic crises.

Germany too has a problem. Now that euro-zone finance ministers have agreed to grant Greece another two years to meet its budgetary goal of achieving a structural surplus of 4.5 percent, attention has turned to ensuring that the crisis-wracked country reduces its overall debt load. And the International Monetary Fund (IMF) proposal to slash publicly held Greek debt could cost Berlin up to €17.5 billion ($22.3 billion).

Even worse, such a loss could endanger German efforts to balance its own budget by 2014 -- and would make unwanted headlines in the rest of this year just as Chancellor Angela Merkel enters the heart of campaign season ahead of general elections next September. Spiegel magazine said that Merkel faces a dilemma in this election year. [28]

The IMF believes that the only way Greece can reduce its sovereign debt to the target level of 120 percent of gross domestic product in the next decade is by way of another partial default. Bloomberg http://www.bloomberg.com/news/2012-11-20/greece-needs-growth-not-austerity.html Greece's economy and society are imploding.

Gross domestic product has declined more than 20 percent since 2008. The unemployment rate has tripled, and now stands at 25 percent, with joblessness among youth at twice that level. Crime is on the rise, as are racist incidents, and ideologies of the extreme right and left are gaining significant support.

Worse, current policies aren't stemming the economic decline. The new three-party government elected in June has focused its energies on negotiating a new package of austerity measures to meet the conditions set by the so-called troika (the European Central Bank, the

European Commission and the
International Monetary Fund
) for the disbursement of the next tranche of the bailout loan.

Not all Germans view the Greek crisis in its negative light. For example, Berlin daily **Tagesspiegel** wrote, "Greece faces collapse. It is Europe's responsibility to prevent that. That justifies more and longer aid payments. Now that euro-zone finance ministers have agreed to grant Greece another two years to meet its budgetary goal of achieving a structural surplus of 4.5 percent, attention has turned to ensuring that the crisis-wracked country reduces its overall debt load. And the International Monetary Fund (IMF) proposal to slash publicly held Greek debt could cost Berlin up to €17.5 billion ($22.3 billion)".

"German consumer morale dipped slightly amid concerns over the euro zone." reported Reuters. [29] And "although the signals from the economy are not very good for now, the danger for recession in the view of Germans are not increasing". [30]

[1] Staff writer, Harvard Medical School

[2] http://haffingtonpost.com 11-05-2012.

[3] http://www.israelnationalnews.com/News/News.aspx/161111

[4] See his "Greece, black alert" http://www.hurrietdailynews.com [11/24/2012]

[5] http://www.ekathimerini.com/4dcgi/_w_articles_wsite1_1_20/10/2012_466775

[6] wells-fargo commentary 20-10-2012.

[7] Athens Macedonia News Agency and ekathimerini 10-15-2012 and http://www.statistics.gr/portal/page/portal/ESYE/BUCKET/General/NWS_121012_GR.pdf

[8] ELSTAT://www.statistics.gr/portal/page/portal/ESYE/BUCKET/General/greek_economy_02_11_2012.pdf

[9] AMNA and ekathimerini 10-15-2012 and http://www.statistics.gr/portal/page/portal/ESYE/BUCKET/General/NWS_121012_GR.pdf

[10] Ekathimerini, 10-23-12 and statistics.gr

[11] CNN.com

[12] http:www.eurobusiness.com/news-eu/greece

[13] New York Times, Nov. 8, 2012

[14] Elstat, press release

[15] Thus two-year Greek bond yields rose to 84% on November 1, 2011;by December, the 10year Greek bond yield at was at 32% compared with 2.07% yield on German bonds.

[16] http://bloomberg. Com/2012-11-23/Europe.

[17] Nicholas Kulish and Paul Geitner, "Eurozone Crisis Boils as Leaders fail to Signal New Steps,"

[18] "Euro's medicine may be making Greece's symptoms worse," New York Times, July 25, 2012.

[19] See http://www.telegraph.co.uk/news/worldnews/

[20] Ibid.

[21] ekathimerini.com 10-23-2012

http://www.bloomberg.com/news/2012-10-31/greece-s-botched-rescue-is-frustrating-to-behold-lipsky-says.html

[23] ibid.

[25] Wells Fargo, Global Chartbook, November 2012.

[26] http://www.telegraph.co.uk/finance/debt-crisis-live/9665134/Debt-crisis-as-it-happened-November-9-2012.html

[27]
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