

Greek Financial Crisis

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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, Greece continues to experience serious economic challenges.

The Greece economic crisis has caused significant political upheavals in Europe and 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 fuels 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 a 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 such as cooperation on Russia sanctions, talks about the planned Transatlantic Trade and Investment Partnership (T-TIP) and the ongoing post-Ukraine conflict recovery (Ardagna & Caselli, 2014). Europe has been an important economic and political partner of the United States for many years and the Greek crisis

has constrained this. Issues regarding the Greek crisis has resulted in extensive efforts to save the nation thus jeopardizing the economic and strategic importance to Europe's 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, & Tsoukalas, 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 Greek's economy have led to an increased burden to Eurozone's creditors to Greece.

This paper has outlined the effects of Greece's financial troubles to the rest of Europe. Greece has been at the center of this financial crisis since 2009 and 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 Greece crisis include political tensions among European countries, strained relationship between the Europe and the United States and the deteriorating economic performance of the Eurozone.

References

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