Fabulous Student

Mrs. Graves

English IV

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What’s wrong with Greece?

Dody Tsiantar wrote an interesting article about “Greece’s Math Problems.” The main idea of this article is to emphasize Greece’s major debt crisis that has world markets on the fringe. Decades of an extreme amount of spending has finally caught up with Greece.

“Greece is $338 billion in debt, and is one of the smallest of the European Union’s economies but has some of its biggest macroeconomic problems.” These problems began when the newly elected socialist government revealed in October that Greece’s debt was far more than the center-right government caused at nearly 13 percent of the Gross Domestic Product (GDP). All of this debt has caused Prime Minister George Papandreou to start a three-year austerity plan. This is when a country cuts down on spending money, and the plan is said to reduce the deficit to 2 percent of output by 2013.

This outrageous debt has caused Greece’s businesses plenty of problems. “Borrowing costs are heading north, and with the country’s bank in a noose because of their holdings of Greek debt, credit is tight.” Many projects, expansion plans, and investments have been put on hold, and Paul Papadopoulous says “It’s a wait-and-see scenario.” The government is also closing the $75 billion fiscal gap by cutting operating expenses by 10 percent. The government debt as a percentage of GDP is 127 percent for Greece. This number shows that everything Greece is doing is clearly needed.

In conclusion, Greece is in major debt crisis that has world markets on the fringe. Many drastic measures need to be taken, and Greece is slowly making that happen in the hope of stabilizing their econmy.

Tsiantar, Dody. “Greece’s Math Problems.” Time. March 8, 2010.