Міністерство освіти і науки України

Національний університет харчових технологій

80 МІЖНАРОДНА НАУКОВА КОНФЕРЕНЦІЯ МОЛОДИХ УЧЕНИХ, АСПІРАНТІВ І СТУДЕНТІВ

"Наукові здобутки молоді – вирішенню проблем харчування людства у XXI столітті"

Частина 4

10–11 квітня 2014 р.

Київ НУХТ 2014

42. Economic measures against the financial debt crisis of Greek economy

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Introduction: After the parliament voted that new measures the danger of a possible bankruptcy within the euro zone was still lurking. The leaders of the European Union saw the need for the existence of a support mechanism for the countries which would have borrowing problems. So they decided to establish the European Financial Stability Fund comprised of the European Union Countries (E.U.), the European Central Bank (E.C.B.) and the International Monetary Fund (I.M.F.). The funds mainly came from the countries - members of E.U. and a small part from the I.M.F., which was chosen for the creation of the mechanism due to its experience in dealing with debt crisis of different countries.

Resources and methods: Method of analysis, systematic, statistical methods were used in this work.

Results: In Greece the situation seemed to worsen as after the tranquility that followed the voting of the measures, uncertainty had again prevailed. The lending rate started rising once again. In a climate of allegations and severe pressure from European partners the government decided to activate the European Financial Stability Fund (E.F.S.F.) on 23rd April 2010. The Greek government went to a loan agreement accompanied a memorandum of co-operation between Greece and the three bodies which comprised the E.F.S.F. The obligations of the state in order to receive the loan were included in the memorandum. These obligations included:

The substitution of the 13 th and 14th salary of civil servants with a 500 euro benefit for all those who earned up to 3000 euro and complete abolition of these two salaries for all the higher salaries.

Substitution of 13th and 14th pension with 800 euro benefit for pensions up to 2500 euro.

Further cutbacks of benefits 8% on the civil servants' benefits and 3% on employees on government- owned corporations where there are no benefits.

Increase of the high VAT from 21% to 23%, of the middle from 10% to 11% and from 11% to 13% and of the lower to 6.5%.

Increase of the special consumption tax on fuel, cigarettes and drinks by 10%.

Addition of 10% more on import tax on the value of most imported cars.

Also, the bill proposed changes in labour with the increase of dismissal limit and reduction of the guaranteed pay. Furthermore, the insurance scheme proposed an increase of the age limits for pensions for women working in the public sector to 65 years until the end of 2013 beginning from 2011. Petrakis (2010 pg 798-733). Also, the government committed a series of privatizations and the opening of "closed off" professions in order for the economy to become antagonistic. Also the Financial Stability Fund was established with the aim of the stability and stabilization of the Greek banking system.

Conclusions: The conclusions that are drawn after the listing and the analysis of the measures to counteract crisis are that economies are clearly unprepared for the magnitude and the extensions of the crisis. The policies that were followed on the one hand restricted the financial danger and in the other hand increased their public debt extremely. The increase of public debt is due to the flow of money to the banks (financial institutions). These extremely large sums turned the crisis from financial to a debt crisis. In the cases of Great Britain and Greece governments followed an austerity policy in order to limit the high debt rate. The citizens were asked, one more time, to pay the price for the lawlessness of the banking system.

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