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Introduction

Beginning in 2009, the European Union was threatened by a financial crisis that put into question the future of its institutions and the euro as a currency. However, not all countries of the European Union faced the same problems during the crisis, in this case, Germany who was able to manage successfully the hit of the financial crisis and even show an increase in its GDP. Though, this reality does not include Greece and Italy who in particular were not able to repay the sizable sovereign debt they have accumulated in the previous decade. This debt also caused a banking crisis in Europe.¹

One of the main reasons why the financial crisis happened is that the Maastricht Treaty creating the euro provided a common monetary policy but not a common fiscal policy, which in default let countries to borrow money with low percentages of interest return. This issue was most common in Greece, though Italy had also reached unstable levels of debt.²

The insolvency of Greece and Italy to pay their debt is often considered as a result of their large public administration. Whereas, some scholars tend to consider that differences in culture between Northern and Southern Europe have led to the financial crisis and insolvency of some countries.³

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Literature Review

Financial crisis in Greece

Greece is spiraling ever deeper into a financial and political crisis that could end with it becoming the first country to crash out the euro. However, that does not mean the end of the European union, since Greece represent only 2% of the Eurozone. Its economy is worth about $200 billion, making it slightly bigger than Alabama. In spite of that, the President of United States and the German Chancellor are trying to find solution to the Greek debt crisis.4

There are some reasons why Greece’s fate matters. First of all, the fear of the unknown. Markets around the world will be affected from the so-called ‘Grexit’ scenario, since Greece has no possibilities to pay the debt. If Greek government bankrupts, it will be the largest bankruptcy in history and thus will put into test the firewall the European Central Bank and other institutions have been building since 2012. The second reason is that the “Grexit” will become a precedent for other countries. This split would trash Europe’s claims that the euro is irreversible. This also will be a reason for other countries to follow the Greek path and leave the European Union. Thirdly, Greece’s economy has shrunk by 25%, unemployment has rocketed to record levels, wages and pensions have been cut. Moreover, if Greece leaves the euro, it has to go back to the drachma, which will be even less valuable than a euro. Moreover, some experts except a devaluation of 50% - meaning the cost of import will rise, thus Greece will end in a social catastrophe. The bankruptcy of Greece in default will affect the southeastern European states. The forth

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reason why U.S. and western European states do not want the bankruptcy of Greece is the risk of losing Greece to Russia. These two countries have commercial, cultural and religious ties with Russia. Moreover, the Prime Minister Alexis Tsipras has sought to develop the relationship with Russia by visiting President Vladimir Putin and singing a deal to open a Russian gas pipeline across Greece next year.  

Due to some of the reasons mentioned above, and other reasons we do not know the European Union with its institutions has helped Greece for three years with bailout loans reaching the value of 320 billion euros which now represents 177 per cent of Greece GDP. The agreement for gaining these loans was for Greece to accept significant austerity, which is broadly accepted as the process of cutting government expenditure and increasing revenues. Though Greece cut expenses and increased revenues, the people of Greece after the three-bailout loans could not go further accepting austerity, since they are not used to live a mediocrity life. Therefore, Greece remains insolvent and is not able to pay the debt, which according to economists; it will take Greece 30 years to repay the debt with the level of rise they have now.  

Cultural differences of countries involved

When looking at the big picture, we will see that mostly all European Union countries are involved or better said affected by the Greek crisis; and not only the European Countries,

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the U.S. is also involved in the Greek crisis since it has economic relations with Greece especially in the military sphere of business.\textsuperscript{7}

In the beginning, culture was defined according to religion. In this case, the Northern Europe (Germany, Holland, and Scandinavia) are known as working Protestants in compare to a lazy, profligate Catholic-Orthodox south. However, this theory does not make fully sense since the Protestant Britain and Iceland suffered major banking crisis while the Catholic Spain run a budget surplus in the beginning of the crisis. Therefore, we cannot consider religion as a definition of culture, though it affects the culture of a people.

The most likewise states who had the same problems and have somewhat the same culture are Italy and Greece. Both these countries used public employment as a source of patronage leading to an inefficient public sector while Germany on the other side implemented a merit-based system and modern bureaucracy, which led to an efficient and effective public sector.\textsuperscript{8}

What characterizes the Greek and Italian people is that both societies show respect and value the importance of families, while on the other side they tend to have a lack of social trust. Therefore, clientalism is common in these societies. They assume the importance of the nuclear family in expense to the society in general. They consider that if any advantage is given to another is necessarily at the expense of one's own family. According to Greek sociologist Apostolis Papakostas, the only way to organize people was

\textsuperscript{8} Fukuyama, F. (2014), The Birthplace of Democracy, \textit{Political Order and Political Decay: From the Industrial Revolution to the Globalization of Democracy} (pp. 93-107). Farrar, Straus and Giroux
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through family, which always has played an important role in the social life of modern Greece.\(^9\)

Greek people living in Greece tend to be lazy people since the government has used the public sector as a source of employment and thus has degraded the need for a strong private sector, which in default has led to a strong public sector. In contrast to all European countries, Greece spend 17.5 percent of its economic output on pension payments while Italy, France and Austria each spent about 15 percent of their GDP on pensions in 2012. Moreover, Greek government employees received bonuses just for showing up to work on time, which is awkward in societies like Germans, where when an employee is at work, they should not be doing anything other than their work. Greek people also tend to retire at the age of 63 and the average woman at 59 and some police and military workers have retired as early as age 40 or 45. While in Germany the retirement age is 67 and in Italy and U.S. is 65.\(^{10}\)

Greece has work culture issues. For instance: A man whose name is Apostolis, who works in a store in Athens selling organic products, told ABC News that his boss is not able to pay him. Still, he says that it is not too serious, since if I don’t get paid I will have a ready excuse not to pay electricity and water bills that have just arrived home. Also, Greece is known for its Tax Evasion. The country has struggled to collect taxes from citizens, especially the wealthy.


When comparing Greece to Germany, England and France through the use of Hofstede's dimension of culture we see that Greece scored high (60) on the power distance index. Greek people expect and accept that power is distributed unequally, so this makes sense why clientalism is so common in Greece, whereby networking and connections play a major role in finding a job. Whereas, Germany is highly decentralized and supported by a strong middle class. They scored (35) on the power distance index. France scored even higher in power distance (68), where children are raised to be emotionally dependent on their parents, and even power is centralized in companies and government and a fair degree of inequality is accepted. Many comparative studies have shown that French companies have normally one or two hierarchical levels more than comparable companies in Germany and the UK.

Regarding the Individualism index, which addresses people’s self-image in terms of “I” or “We”; we see that the German society is a truly individualist country (69). Small families with a focus on the parent-children relationship rather than aunts and uncles are most common. There is a strong belief on self-actualization. Whereas, Greece scored on Hofstede's individualism index (35). This makes sense since they are a more family oriented society and nepotism is what distinguishes the working environment of family based societies. While France scored 71 and England 89, which makes both individualist societies.

On the dimension of culture (Masculinity), Greece has a medium score, which indicates that they are somewhat success oriented and driven. Men consider it a personal honor to take care of their family. Whereas, Germany has a score of 66 which is considered a Masculine society. In Germany performance is highly valued and early required as the
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school system separates children into different types of schools at the age of ten. Also England scored high on Masculinity (66), which makes them highly success oriented and driven.

Regarding the dimension of Uncertainty Avoidance, Greece scored 100 which means that as a nation Greeks are not at all comfortable in ambiguous situations: the unforeseen is always there ready to “lay on ambush”. In Greece, as in all high Uncertainty Avoidance societies, bureaucracy, laws and rules are very important to make the world a safer place to live in. Greeks need to have a good time in their everyday life, chatting with colleagues, enjoying a long meal or dancing with guests and friends. On the other hand, Germans prefer to compensate for their higher uncertainty by strongly relying on expertise. This is also reflected by the law system. Details are equally important to create certainty that a certain topic or project is well thought out. England scored 35 while France 86. The French don't like surprises. Structure and planning are required, while English people are happy to wake up and not know what the day brings to them.

When comparing Greece and Germany in the dimension of Long Term Orientation we also see e big difference. Germany has a high score (83) indicating that it is a pragmatic country. In societies with pragmatic orientation, people believe that truth depends on the situation, context and time. They also have a strong propensity to save and invest, and perseverance in achieving results. Whereas Greece has a score of 45, which also corresponds with the current standpoint of Greek people. They like to have fun and spend their money and time on beaches, which is totally the contrary with Germans. The France society scored 63 while the English scored 51, which makes Germany, England, and France much more long term oriented than Greece.
Dilema and solution

A summary of the problem

Greece had always a bad governance that used the public sector as a source of public patronage and employment. Whereas, the private sector was only oriented in tourism and ship building which in default gives us to know that they had a weak private sector. Since they become part of the European Union they had the chance to take a huge percentage of debt in comparison to their GDP since European Union countries started using the same currency and mostly the same standards regarding their economic behavior towards their countries. Greek, however, used to avoid taxation and thus gave a wrong financial impression to the other European Countries until crisis hit and the condition of Greece was put on surface.

The European Union tried to help Greece with three bailouts with an approximate value of $300 trillion, which they had to use for austerity (cut costs on public spending). However, Greece is not solvent and able to repay the debt. According to scholars, Greece won’t be able to repay the debt in the next 30 years.

Greece, until crisis hit, spend 17.5% of its economic outputs on pension payments, which is also the highest percentage in compare to other European Union countries. They also gave so many benefits to public sector employees whereby it became the most desired sector to work in. Also, Greece not only didn’t reported their financial condition they also were ranked the most corrupt country in the EU by 2012\(^\text{11}\). Moreover, 60 percent of Greek youth is not working and since they are part of the European Union most of them are

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heading in rich European Countries to continue their life, which is considered as a ‘brain drain’ effect.

Therefore, we can clearly say the Greece is in deep trouble. Not mainly because of its economic condition, but because the talented youth of Greece are leaving Greece and youth is the most important resource a country has, since they represent the present and the future of a country.

Solutions to the problem

Since we identified the main problems that Greece faces, venturing a solution should be long term oriented. Greece’s main problem today is that its most talented youth is heading Western Europe and U.S. Therefore, a long term solution to Greek’s condition is investing in the employment of these talented youth in leading positions in the government of Greece and thus a long term effect for the betterment of Greece will be seen.

Moreover, not only talented youth but youth in general is an important resource in determining the future of a country. Since the world now is connected through Internet and social medias, the world has become a global village. Youth all over the world share mostly the same ideas and are getting part of a unique culture, which is not identified by nations. Therefore, rather than spending the public budget on infrastructure and technical things, the main resources who should be motivated, employed and given the opportunity to work and live in their home country are youth. They make the future of the country, and if they leave Greece for better job opportunities in Europe or elsewhere, than Greece is doomed to fail.

Some analysts on the other side consider that bitcoin as an electronic currency may prevent crisis similar to that of Greece. Former Greek Finance Minister Yanis Varoufakis
has previously proposed a digital currency to be created by the Greek government in order to help augment their debt repayments. He said that if Greece wants to replace euro, than it can start using the technology of bitcoin, the value of which would be guaranteed by future tax revenue taken in by the government.\textsuperscript{12}

The first solution is more culture and human oriented, while the second solution is more technically oriented. It is the way people are treated in a country that determine the future of a country, therefore, focusing on Greeks youth future would be prevalent to the enhancement of an old civilized country like Greece.

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