



The crises of others:
Greece
&
the Eurozone periphery

Thursday 21 April 2016

The American School of Classical Studies
at Athens



Timeline: Global financial crisis, Eurozone sovereign crisis

- **July 2008:** IndyMac Bank (7th largest mortgage originator in the US) placed into the receivership of the Federal Deposit Insurance Corporation by the Office of Thrift Supervision.
- **September 2008:** Federal takeover of Fannie Mae and Freddie Mac; Lehman Brothers files for bankruptcy protection; the Fed lends \$85 bn to AIG to avoid bankruptcy.
- **October 2008:** The US government takes an equity position in banks that participated in a rescue program of €250 bn., including Bank of America, JPMorgan Chase, Wells Fargo, Citigroup, Merrill Lynch, Goldman Sachs and Morgan Stanley.
- **October 2008, The financial crisis spreads to Europe:** Iceland's three biggest commercial banks collapse; eight central banks, including the Bank of England, the European Central Bank, and the Fed cut their interest rates by 0.5%; the British government bails out several banks, including RBS, Lloyds TSB, and HBOS.
- **November 2008:** The European Commission adopts a European Economic Recovery Plan (EERP)

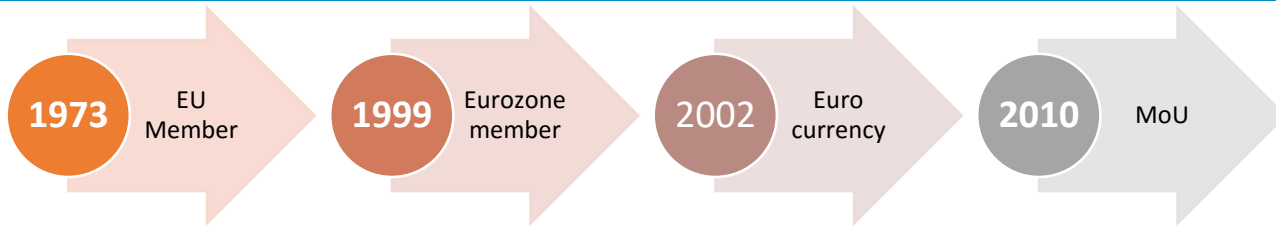
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- **December 2008:** The European Council approves the EERP, with a budget equivalent to about 1.5 % of the GDP of the EU (\approx €200 bn)
- **April 2009:** The European Council decides that an excessive deficit exists in France, Ireland, Greece and Spain
- **December 2009:** The European Council decides that an excessive deficit exists in Austria, Belgium, Germany, Italy, Portugal, Slovenia, The Netherlands
- **March 2010:** Spring European Council: Eurozone member-states ready to participate to a joint financing mechanism with the IMF
- **April 2010:** Greece requests activation of the Financial Support Mechanism
- **June 2010:** Creation of the European Financial Stability Facility
- **July 2010:** The European Council decides that an excessive deficit exists in Cyprus
- **December 2010:** Ireland enters an Economic Adjustment Programme

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- **May 2011:** Portugal enters an Economic Adjustment Programme
- **February 2012:** Second Adjustment Programme for Greece
- **May 2012:** Nationalisation of Bankia in Spain. Required bailout of €23.5 bn
- **June 2012:** Eurogroup agrees on providing to Spanish banks up to €100 bn of rescue loans
- **October 2012:** Inauguration of the European Stability Mechanism
- **March 2013:** Eurogroup agreement with Cyprus on an Adjustment Programme
- **December 2013:** Ireland concludes its programme
- **June 2014:** End of Portugal's Adjustment Programme
- **August 2015:** Third MoU with the EU for Greece
- **March 2016:** Cyprus exits its Adjustment Programme

Ireland

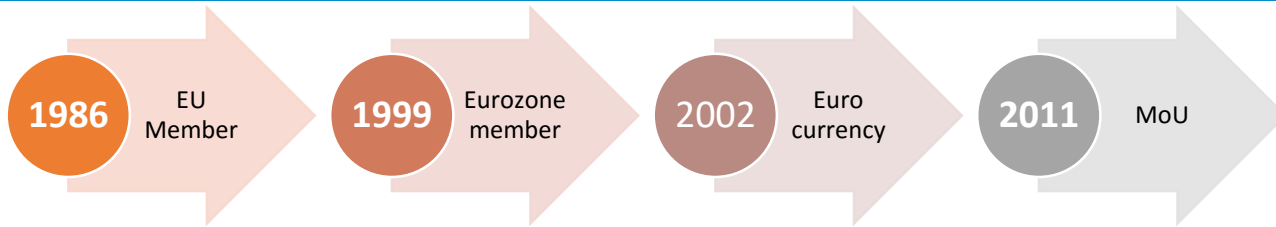


	2002	2010	2015
GDP growth	5.9	0.4	7.8
GDP per capita (thousand €)	35.2	36.4	42.3
Unemployment rate	4.5	13.9	9.4
Current Account Balance	0.2	-0.8	3.6 (f)
General Government Balance (% GDP)	-0.3	-32.3	-2.3
General Government Debt (% GDP)	30.6	86.8	93.8
Household lending (% GDP)	44.3	84.6	43.8
Lending for house purchases (% GDP)	33.3 (2003)	64.8	36.1

(f): forecasts

Sources: European Economic Forecast, winter 2016, European Commission / Eurostat / ECB

Portugal



	2002	2011	2015
GDP growth	0.8	-1.8	1.5
GDP per capita (thousand €)	16.5	16.7	16.6
Unemployment rate	4.6	12.9	12.6
Current Account Balance (% GDP)	-8.8	-5.5	0.3 (f)

General Government Balance (% GDP)	-3.3	-7.4	-4.4
General Government Debt (% GDP)	56.2	111.4	129.0

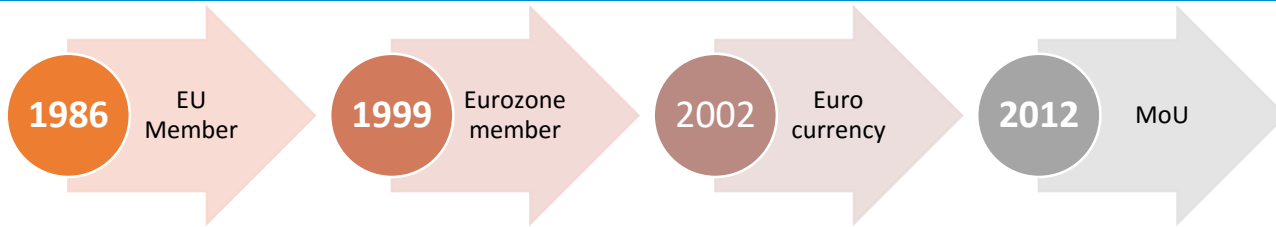
Lending for house purchases (% GDP)	46.2 (2003)	62.8	56.1
Construction Sector*	6.6	4.8	4.0 (2013)
EU Construction Sector*	5.3	4.9	-

* Gross Value Added of construction sector as a % of GDP

(f): forecasts

Sources: European Economic Forecast, winter 2016, European Commission / Eurostat / ECB

Spain



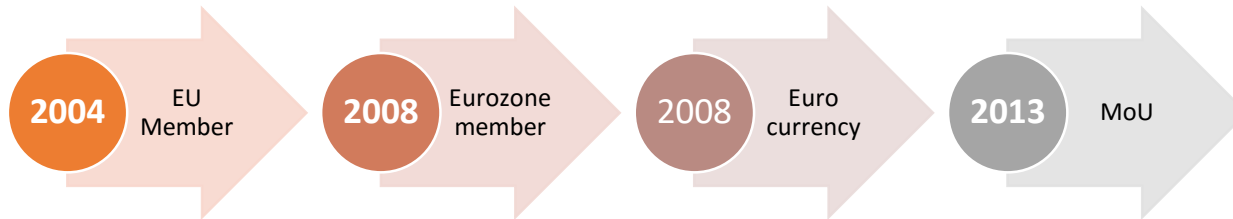
	2002	2012	2015
GDP growth	2.9	-2.6	3.2
GDP per capita (thousand €)	22.4	22.3	23.1
Unemployment rate	11.5	24.8	22.1
Unemployment rate (<25 years old)	22.2	52.9	48.3
General Government Balance (% GDP)	-1.3	-10.4	-5.1
General Government Debt (% GDP)	60.9	85.4	99.2
Household loans (% GDP)	48.0 (2003)	80.5	67.4
Lending for house purchases (% GDP)	32.2 (2003)	61.9	52.4
Construction Sector share to GDP*	9.8	5.8	-
EU Construction Sector share to GDP*	5.3	4.9	-

* Gross Value Added of construction sector as a % of GDP

(f): forecasts

Sources: European Economic Forecast, winter 2016, European Commission / Eurostat / ECB

Cyprus



	2008	2013	2015
GDP growth	3.7	-5.9	1.6
GDP per capita (thousand €)	24.5	20.4	20.6
Unemployment rate	3.7	15.9	15.0
Current account balance (% of GDP)	-15.6	-4.5	- 4.6 (f)

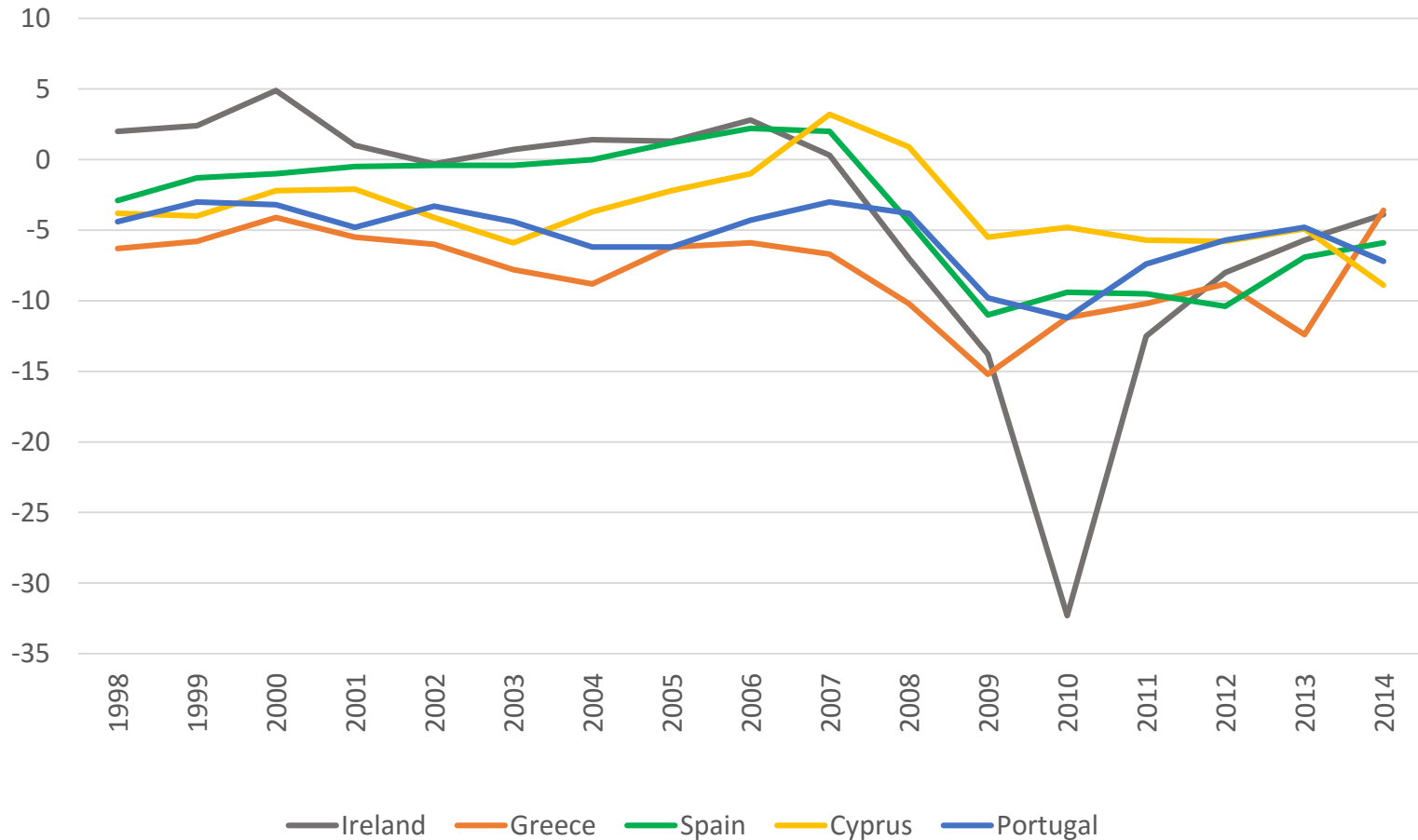
General Government Balance (% GDP)	0.9	-4.9	-1.0
General Government Debt (% GDP)	45.1	102.5	108.9

Private sector bank lending (% of GDP)	195.7	237.0	264.2
<i>of which household lending (% of GDP)</i>	94.0	113.4	124.0
<i>of which non-financial corporate lending (% of GDP)</i>	101.7	123.6	140.2
Private Sector Deposits (% of GDP)	177.2	186.4	172.3

(f): forecasts

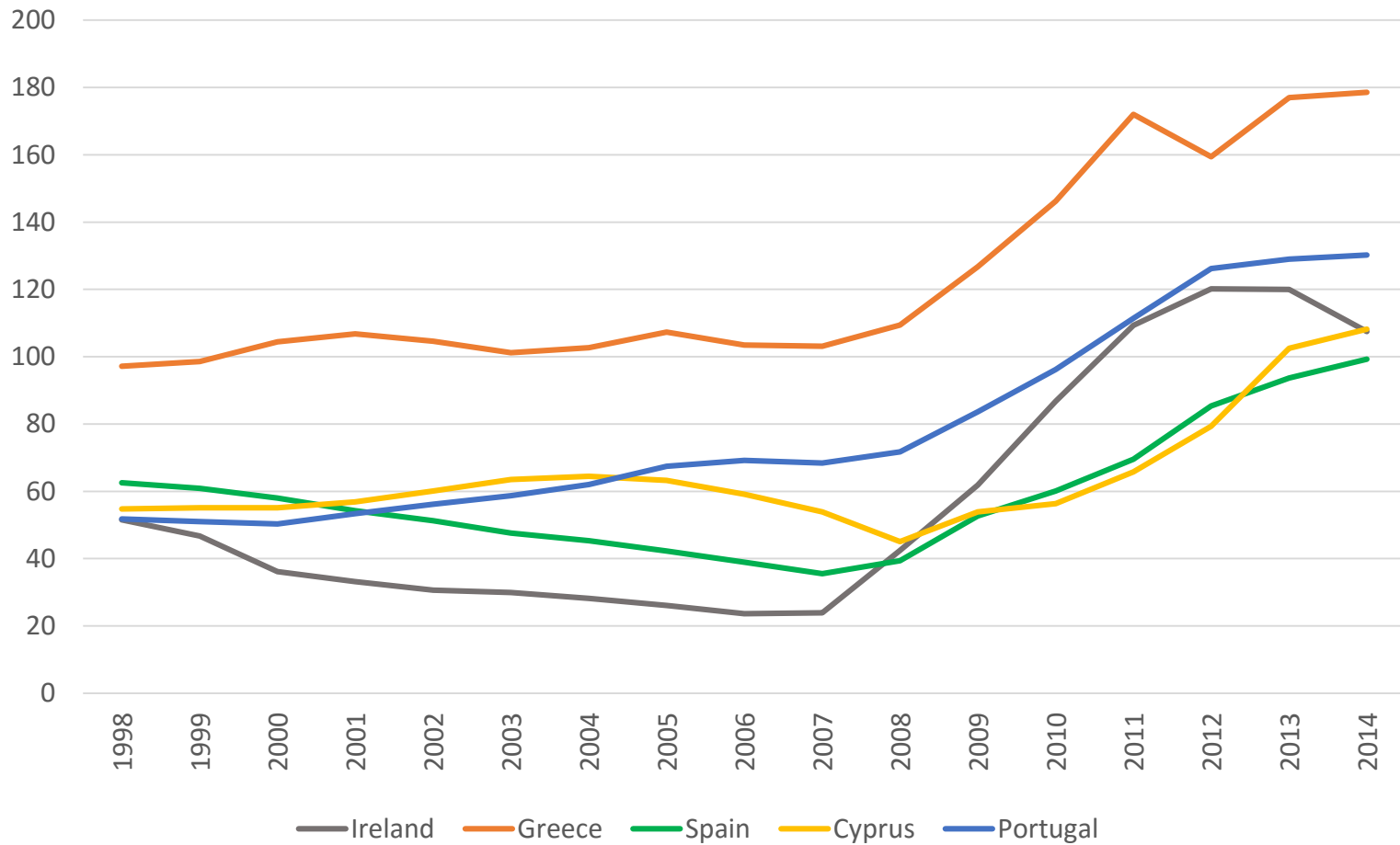
Sources: European Economic Forecast, winter 2016, European Commission / Eurostat / ECB

General Government Balance (% of GDP)



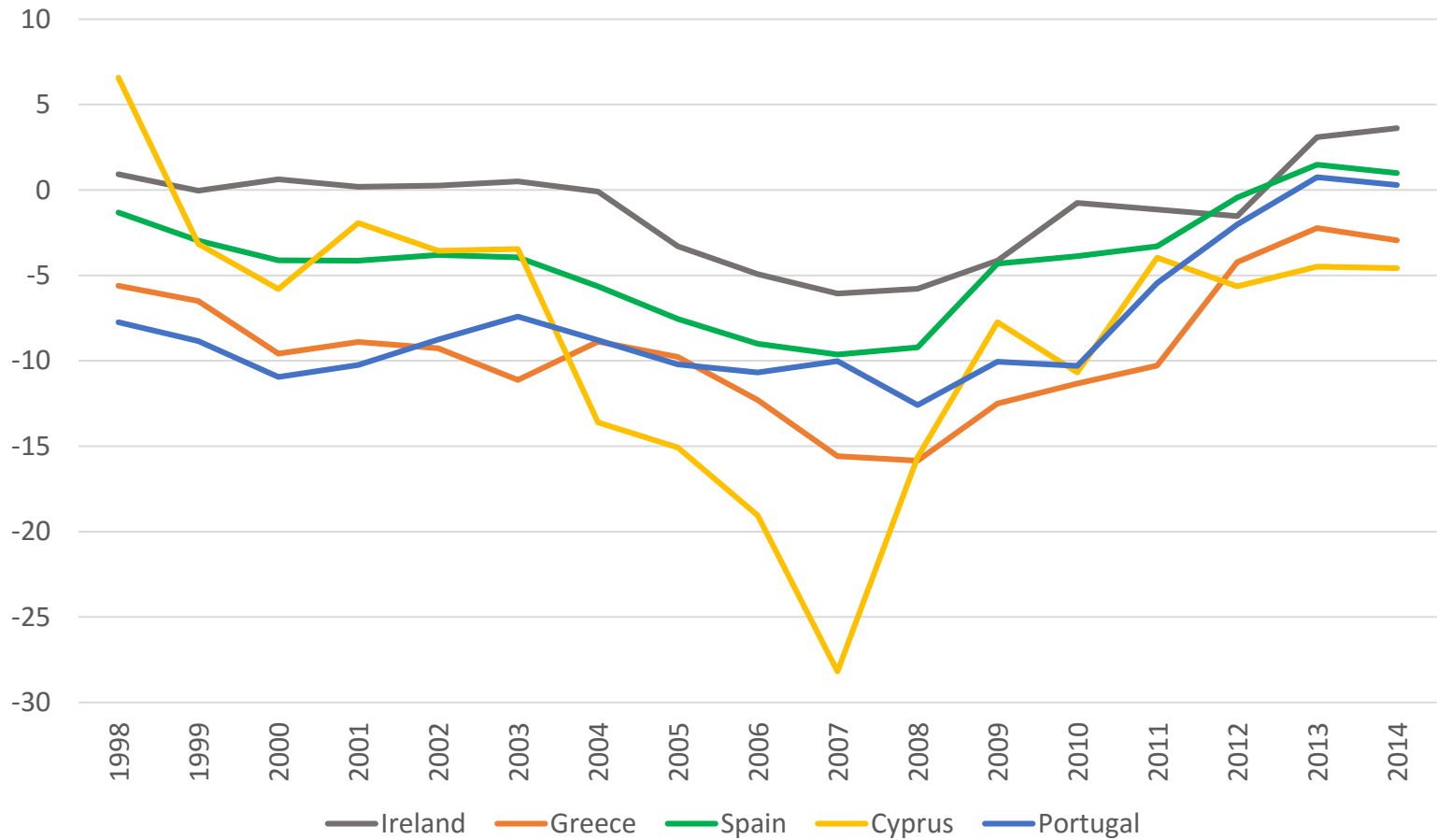
Source: Eurostat

General Government Debt (% of GDP)



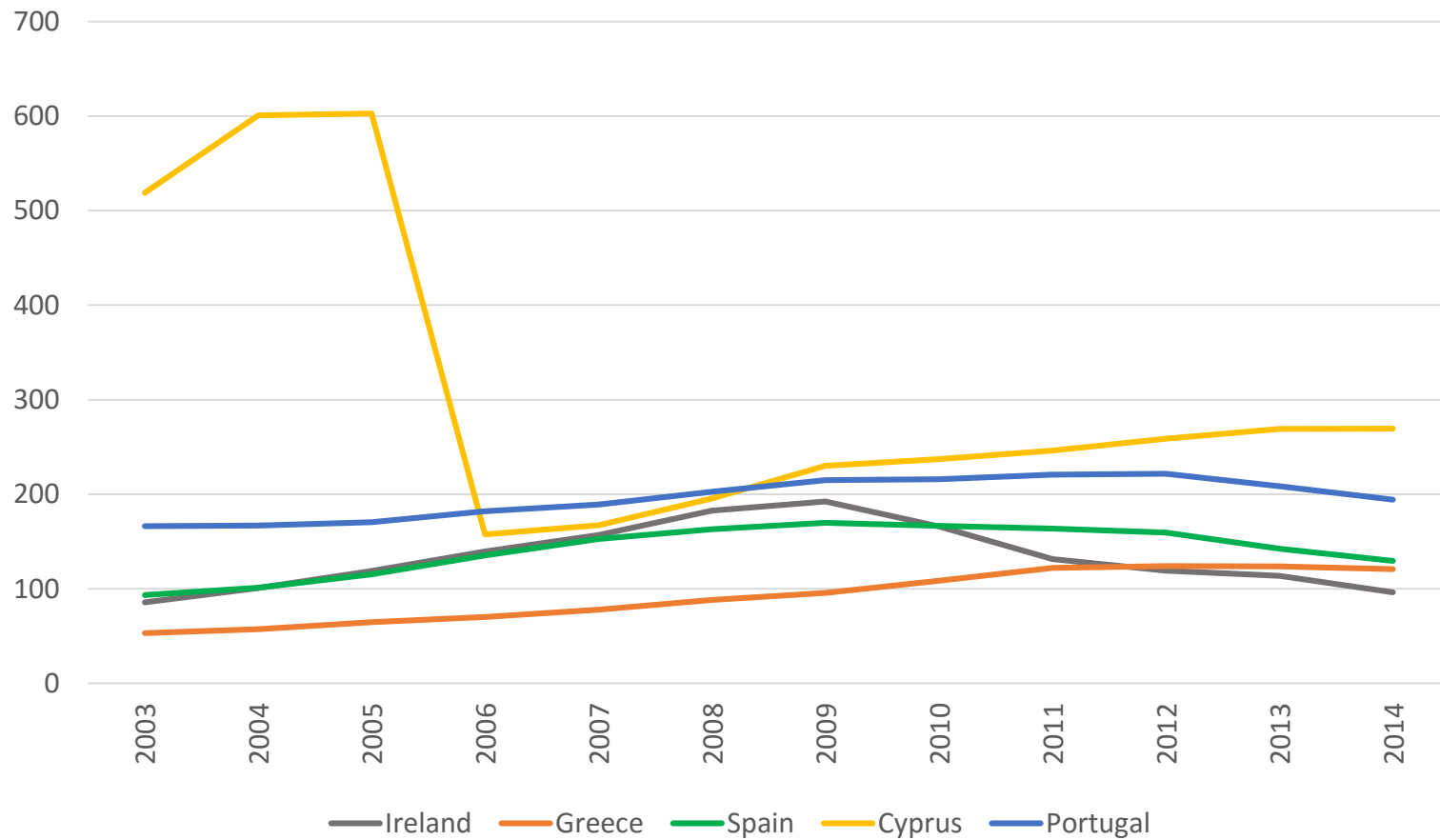
Source: Eurostat

Current Account Balance (% of GDP)



Source: AMECO

Loans to the private sector (% of GDP)



Source: ECB

The flag of the European Union, featuring twelve five-pointed stars arranged in a circle on a blue background.

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