

THE EURO AND THE STATE DEFICIT

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On Thursday, December 10, the Greek finance minister Philippos Sachinidis made public that the overall state debt reached [300bn Euros](#), which implies a 12.7% debt in terms of GDP this year. Shortly after downgrading Greece, now the [Spanish state bonds](#) have come under pressure.

The rating agency Standard & Poor's (S&P) has set the forecast for the Spanish rating on "negative", which would imply another downgrading in two years. While other agencies hold their rankings high, S&P argues with the rising state deficit and the fear of an extended crisis in Spain.

These are just two examples. It seems like many Euro members behave as if there were no Stability and Growth Pact. I invite you to read the interesting article by Edin Mujagic "[The Euro's Greek Tragedy](#)" that analyses the situation more in detail.

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