

Greece's economy during the crisis 2007-2008 and its development prospects

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ABSTRACT

Objective: The aim is to assess the situation of Greek economy during the crisis and the problems have affected it up until now.

Research Design & Methods: Descriptive analysis and analysis of main economic and foreign trade indicators (e.g. GDP growth, unemployment rate, UE trade balance).

Findings: The reforms and deregulation of the economy are gradually becoming a positive factor, but these changes are taking place too slowly to give the country an impetus for faster development, even if the unemployment rate has fallen down, the GDP grows up and the budget surplus is observed during the last 4 years. The strength of the actual negative impact that the coronavirus pandemic will have on the Greek economy remains is out of question, especially on the tourism.

Contribution & Value Added: The analysis of the negative crisis and coronavirus pandemic impact on the Greek foreign trade and the all economy which shows that the crisis results were almost over-came when the pandemic began and the Greek government expects a deep recession, reaching up to 10 percent of GDP.

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INTRODUCTION

When the crisis began in 2007, it was not known how long it would last or which countries would be most affected. It turned out quite quickly that when it comes to the European Union, those were the countries which did not have the strongest economies at the time of the introduction of the euro and did not carry out reforms aimed at strengthening development. Then the problems of Greece began, which was a classic example of how economic policy should not be pursued.

The problems resulting from many years of neglect, the misunderstanding of the role of the welfare state and ill-considered social policy led to a deep economic collapse. The European Union granted Greece help to cope with the enormous economic debt, on condition of the implementation of the programme of large cuts in budget expenditure. The results turned out to be modest, restrictions on state spending caused a wave of protests and a significant impoverishment of the society and the Union has been accused of introducing that drastic programme of restrictions which has caused a significant slowdown in the country's recovery from the crisis. The first signs of the improvement in the economic situation, visible at the end of 2019, were put in question in the face of another collapse caused by the pandemic, the duration and effects of which are difficult to estimate at the moment.

The aim of the article is to assess the situation of Greece during the economic downturn and the problems that have affected it up till now. That is why the research hypothesis may be formulated as: the financial help for a country in crisis is not enough to improve it without structural reforms of the economy. The methods adopted are: descriptive analysis and analysis of indicators.

THEORETICAL BACKGROUND AND METHODOLOGY

These problems were shown in many articles but unfortunately there are no one publication describing the full theme. This is why the full literature review was done inside the article. For example Szymanik (2003) wrote about historical problems, Samitas and Tsakalos (2013), Mavridis (2018), Lapavitsas (2019) and Górniewicz (2014) about economical problems (affection the European economy). Main info are published in the reports of the international organisations (Eurostat, 2020; OECD, 2020; Societe Generale, 2020).

The main method of the research is the descriptive analysis and analysis of indicators, such as GDP and its growth rate, public debt, unemployment rate, budget deficit, main foreign trade indicators and the others. The chosen indicators give a good basic to the review of the economic situation in Greece. The text below shows the analysis of them.

RESULTS AND DISCUSSION

Historical causes of the problems in the Greek economy

From the beginning of its way to the structures of the European Community, Greece was somewhat favoured. The important strategic position and strong left-wing influence meant that encouraging it to join the EU was an important goal of Western economies, hence official negotiations on this issue began in the late 1950s. Greece was then the easternmost European country belonging to capitalist countries and was a natural counterweight to the Turkish influence in the region.

The negotiations resulted in the signing of the Association Agreement in 1962, which brought about a three-fold increase in exports. Although the functioning of the Agreement was suspended during the military rule of the "black colonels" (1967-1974), after their fall the efforts to deepen integration processes were intensified. Even the Cypriot conflict did not destroy it. Finally, after long negotiations, full of unexpected twists, Greece became a member of the European Community in 1981.

Since the beginning, the country had stood out unfavourably compared to other members of the EU. It had a much lower level of GDP per capita, in which structure as much as 20 percent was agriculture (it was six times more than in the Community – 3.3 percent) (Szymanik, 2003). Due to the favourable political situation, the Greek government, claiming the argument about the insufficient consideration of development disparities, received a significant support for the country from the Structural Funds in the following years.

Unfortunately, most of those funds were misused – instead of developing new branches of economy, they were spent, for example, to support outdated industries, which caused the petrification of the unfavourable structure without improving its efficiency. The assumptions of fiscal and monetary policy were not strictly observed, which resulted in a significant deficit and high inflation reaching even 20 percent in the 1990s.

The consolidation of the unfavourable economic structure also translated into foreign trade – the export of agricultural products was replaced very slowly by highly processed products (although this was the result of, among others, the terms of the Association Agreement), the low competitiveness of exported products caused the shift of domestic demand towards better prices and quality of EU goods, which translated into a growing foreign trade deficit.

After joining the Union, Greece was developing quite slowly, which could be related to the recession in other EU countries, but it was also the result of an unfavourable monetary policy pursued by the government, which did not support the inflow of foreign capital and, thus, the development of the economy. Greece has a poorly developed industry and is still perceived mainly as a tourist and food selling country.

Funds from the EU were also allocated to finance the budget deficit, which led to the above-mentioned inflation. It began to decrease only when the country began intensive preparations for membership in the Economic and Monetary Union, i.e. in the second half of the nineties. At that time, most of the economic parameters improved – the GDP growth rate, falling inflation and the public finance deficit. However, a high public debt remained a problem.

Despite those difficulties, Greece announced compliance with the convergence criteria in the early 2000s. The basis for success was a drachma-stabilizing policy, which was supposed to reduce inflation, consolidate the budget by reducing the public debt servicing costs and increasing revenues achieved thanks to an improved tax collection, as well as a restrictive wage policy.

However, it quickly turned out that the success was mainly achieved on paper. Greece had the low GDP, low productivity and growth rate, as well as high unemployment and inflation. In conjunction with low credit rating and a lack of transparency, an excellent base was built on bad conditions (Siek, 2017). Even if low interest rates led to wage increases, that increase was merely illusory. In fact, the countries that made up the core of the zone benefited most because the capital flow came from the peripheral countries that today have the biggest problems, the so-called PIIGS. As a result, the low cost of loans reduced the competitiveness of those economies, resulting in the need for various recovery programmes, with Greece's biggest problem being the high public debt-to-GDP ratio of 109.4 percent in 2008 (Mavridis, 2018). The costs of organizing the 2004 Olympic Games, high corruption and low export value also contributed to those problems. The combination of

all those factors forms the basis of the collapse that destroyed the economy to such an extent that it cannot recover even today.

Greece during the crisis

The outbreak of the global crisis showed how fragile the foundations of Greek prosperity were. There was a sudden decline in creditworthiness, a reduction in ratings by global rating agencies and almost complete stoppage of financial flows, which significantly affected the economy which had been accustomed to the constant inflow of funds.

The table below presents the basic economic indicators for Greece since the outbreak of the crisis.

Table 1. Basic macroeconomic indicators of the Greek economy in 2007-2019

Economic indicator	2007	2008	2009	2010	2011	2012	2013
GDP (mln EUR)	232695	241990	237534	226031	207029	191204	180654
GDP growth (%)	3.8	-0.25	-4.31	-5.43	-9.19	-7.32	-3.19
Public debt (% GDP)	-	109.4	127.6	146.2	172.1	159.6	177.4
Unemployment rate (%)	8.4	7.76	9.62	12.72	17.87	24.44	27.47
Employment rate (%)	60.88	61.42	60.85	59.1	55.1	50.8	48.8
Inflation rate (%)	2.9	4.15	1.21	4.71	3.33	1.5	-0.91
Budget deficit/surplus (mln EUR)	-15607	-24625	-35981	-25309	-21280	-16951	-23765
Budget deficit (% GDP)	-6.7	-10.2	-15.1	-11.2	-10.3	-8.9	-13.2
Economic indicator	2014	2015	2016	2017	2018	2019	
GDP (mln EUR)	178656	177258	176488	180218	184714	187456	
GDP growth (%)	0.77	-0.49	-0.26	1.44	1.92	1.8	
Public debt (% GDP)	178.9	175.9	178.5	176.2	181.2	176.6	
Unemployment rate (%)	26.49	24.9	23.54	21.49	19.29	17.31	
Employment rate (%)	49.42	50.8	52.02	53.5	54.9	56.5	
Inflation rate (%)	-1,31	-1,74	-0,83	1,12	0,63	0	
Budget deficit/surplus (mln EUR)	-6355	-9952	853	1290	1835	2745	
Budget deficit (% GDP)	-3.6	-5.6	0.5	0.7	1	1.5	

Source: own elaboration based on (Elstat, 2020; OECD, 2020).

As the table above shows, the initial weakness of the economy during the crisis has only deepened. The budget deficit increased from 6.7 percent of GDP in 2007 to 15.1 percent in 2009, until the breakthrough moment in 2014 when it ceased to be double-digit. It turned out that for many years fraud and statistical manipulation had taken place with the help of the American bank - Goldman Sachs. The disclosure of such a high deficit resulted in a loss of the global market confidence towards the Greek economy. The budget cuts did not help, especially because they were insufficient. Faced with the threat of bankruptcy, the government asked the so-called "Troika" (European Union, ECB and IMF) for help in May 2010. The result was the signing of three memoranda on funding to help the economy.

The next rounds of negotiations and assistance for Greece (in 2010, 2012 and 2015) were conditioned by the introduction of drastic budget cuts, an increase in taxes and reduction in public investment. They caused mass protests in the country and also contributed to the increase in unemployment, especially among people under 30, where it reached 50 percent, and the escape of many companies abroad, which further weakened

the economy¹. There are also accusations that such large restrictions are causing the country to recover more slowly from the collapse.

It should be mentioned that creditors slightly eased the original conditions for granting aid to Greece. The repayment period was extended and the interest rate reduced by one point. Therefore, a new term appeared – “reprofiling”, which means extending the repayment deadline or reducing the interest rate (Górniewicz, 2014).

The negative significance of the period 2008 - 2016 for the economy cannot be overestimated, not only due to the drastic reduction of the GDP level (by 25 percent) (Darwish, 2015), which can be compared only with the time of the war but also the uncertainty of economic and social prospects, which led to the threat of Grexit, which means leaving the Eurozone. Those threats intensified especially after the introduction of capital controls in June 2015.

After a sharp increase in 2008, Greek public debt was growing, although relatively slowly, but that was an illusory stabilisation. In 2011, it increased sharply and since 2013 it has been consistently well above 170 percent, in 2018 exceeding even 180 percent. This is partly due to a feedback effect because the high financial assistance granted to the country has shaken the stability of the entire euro area which translates into a slower recovery of Greece. It was originally planned that in 2020 the approved financial instruments were to help the country reduce its debt to 121 percent (Słojewska, 2012), but both current trends and the situation in the world clearly show that this will not be possible because the funds allocated to Greece have been allocated first of all for the debt service and not for the economic development. In this area, the country must manage alone.

An important indicator is that after the years of the decline, since 2017 a slight increase in the GDP can be seen which may mean that the economy is slowly stabilising. However, this fact should not be overestimated. The increase in the tax rate caused, apart from many escapes of companies abroad, an additional increase of the financial burden for companies and prices for customers. The impoverished Greek society could not afford higher consumption. The situation was partly saved by the tourism sector, although higher prices caused some tourists to choose other countries as their destination. This fragile upward trend this year may worsen due to the coronavirus pandemic and drastically reduced the tourist traffic (it must be remembered that about 20 percent of the Greek GDP constitutes the revenues from this sector).

A factor that could also indicate a slow improvement in the country's situation is the gradual decline in the unemployment rate. While in the years 2008-2014 it was growing rapidly (from 8.4 percent to 26.5 percent), it has been slowly decreasing since 2015, although it is still close to 20 percent. However, one should not think that this has been a clear symptom of improvement – many people, especially the young ones and educated abroad, after completing studies either have not returned to the country at all or left it in search of work. This brain drain does not serve the economic development. The truth of this reasoning is also evidenced by the low employment rate, only in recent years ranging above 50 percent, which means that half of the working-age population is still unemployed. Since tax avoidance is widespread in Greece, it can be assumed that some people may work in the grey zone, but the lack of work and related problems on both macro and

¹ The author's own study.

micro scale are severe, and, therefore, the official statistics do not reflect the full complexity of the issue and optimism can only be moderate.

A phenomenon that the country dealt with quite quickly was the inflation. The sharp rise in prices in 2008 and the repetition of that situation in 2010 was stopped. As early as 2013 the country recorded a decline in prices (by 0.9 percent) and that trend continued until 2017, when the trend reversed again. Fortunately, those increases were small and in 2019 the inflation rate was 0 percent. Unfortunately, it is difficult to determine whether this phenomenon will prove permanent - in the face of the coronavirus pandemic and climate change (droughts and fires devastating the Greek economy) it may turn out that prices, especially those of food, will rise again.

A positive trend has been a small but steadily growing budget surplus that has been appearing since 2016. This is another thing that shows an improvement in the economy. Undoubtedly, that is also the result of budget cuts and slow changes that have taken place thanks to the use of subsequent tranches of financial assistance, although they were intended mainly for the repayment of foreign debts and not for the development of the country. It is possible, however, that due to that it was possible, at least temporarily, to relieve the Greek economy. However, it is difficult to predict how the situation will shape in the future, all the more so because high taxes cause that many companies operate in the grey zone, which the government cannot (and may not quite want to) fight (it should be remembered that the grey economy, although unfavourable for the tax system, partly improves economic development, especially during the crisis, generating additional workplaces).

Foreign trade

Changes in the economic situation have also been reflected in the foreign trade. The evolution of basic indicators over the period considered is shown in Table 2.

The data presented above show that exports have started to increase since 2010, reaching pre-crisis values, while imports have decreased significantly as far as the value is considered. This is in line with the above conclusions about the impoverishment of the Greek society, which translated into a decline in purchases, especially of foreign goods. In the time of the deepest crisis that translated into a reduction in the value of the trade deficit. The improvement of the economic situation is somehow confirmed by its re-increase in the years 2017-2019.

The exchange with the European Union countries accounts for half of Greece's total trade, which should not come as a surprise, given its historical links and geographical distance. The crisis has also affected this area – the share of EU partners in exports has been gradually decreasing; this trend was reversed only in 2015, when the economic situation slightly improved. Shares in imports changed similarly.

Table 2. Foreign trade of Greece in 2007-2019 – basic indicators

Economic indicator	2007	2008	2009	2010	2011	2012	2013
Total export (mln EUR)	19317	21228	18015	21161	24243	27478	27223
EU countries export (mln EUR)	12223	12696	10166	11570	12549	12185	12849
EU countries export rate in the total export (%)	63.3	59.8	56.4	54.7	51.8	44.7	47.2
Total import (mln EUR)	61859	65529	53138	49648	47888	47967	45823
EU countries import (mln EUR)	36127	36665	30249	27389	25131	22733	22199
EU countries import rate in the total import (%)	58.4	56	56.9	55.2	52.5	47.4	48.5
Total trade balance (mln EUR)	-42542	-44302	-35123	-28487	-23646	-20488	-18600
Total trade balance (% GDP)	-18.3	-18.3	-14.8	-12.6	-11.4	-10.7	-10.3
Trade balance EU countries (mln EUR)	-23904	-23969	-20083	-15819	-12582	-10548	-9309
Trade balance EU countries (% GDP)	-10.27	-9.9	-8.46	-7	-6.08	-5.52	-5.15
Economic indicator	2014	2015	2016	2017	2018	2019	
Total export (mln EUR)	27086	25754	25446	28863	33451	33844	
EU countries export (mln EUR)	13103	14026	14334	15503	17672	18980	
EU countries export rate in the total export (%)	48.4	54.5	56.3	53.7	52.8	56.1	
Total import (mln EUR)	45695	42211	42317	47356	54061	55601	
EU countries import (mln EUR)	23309	23090	24156	26187	28402	29554	
EU countries import rate in the total import (%)	51	54.7	57.1	55.3	52.5	53.2	
Total trade balance (mln EUR)	-19610	-16458	-16871	-18493	-20610	-21757	
Total trade balance (% GDP)	-11	-9.3	-9.6	-10.3	-11.2	-11.6	
Trade balance EU countries (mln EUR)	-10205	-9065	-9823	-10682	-10768	-10574	
Trade balance EU countries (% GDP)	-5.71	-5.11	-5.57	-5.93	-5.83	-5.64	

Source: (Eurostat,2020) and the author's own calculations.

Greece sells its goods (petroleum products, medicines, aluminium products, fresh fish, oil) mainly to Italy, Turkey, Germany, Cyprus, Bulgaria and the United States, and mainly imports crude oil and its derivatives, medicines, ships and cars and its most important import partners are Germany, Italy, Russia, Iraq, China and the Netherlands (Observatory of Economic Complexity, 2020). The foreign trade generated 72.5 percent of the GDP in 2018 (Societe Generale, 2020).

Insufficient development of the economy and, what is more, its high nationalisation in many sectors are reflected in the value of the index of economic freedom. According to the Heritage Foundation (2020), in 2019 Greece was in one hundredth place in terms of economic freedom in the world and in forty-fourth (out of 45) in Europe, and the index value is 59.9. There has been an improvement compared to the previous year, mainly due to the greater reliability of the government. Unfortunately, the overall result is much lower than the regional average. A significant decrease in results has been recorded since 2012.

The Heritage Foundation analysts predicted that the government would most likely focus on activities aimed at maintaining a favourable image of Greece as a tourist country, which would translate into increasing tourism revenues as well as improving competitiveness. Unfortunately, the outbreak of the pandemic put these actions into question.

The chart below presents the changes in the economic freedom index since reaching the lowest level in the period considered and its gradual improvement in recent years.

It should be noted that the data presented in the chart are confirmed by other indicators discussed above. Although Greece is not highly ranked in terms of economic freedom, the gradual improvement of the indicator shows the slow entry into force of the planned reforms and their positive impact on the economy, but the general economic weakness of the country and high social resistance mean that the positive effects will only be visible to society in the future.

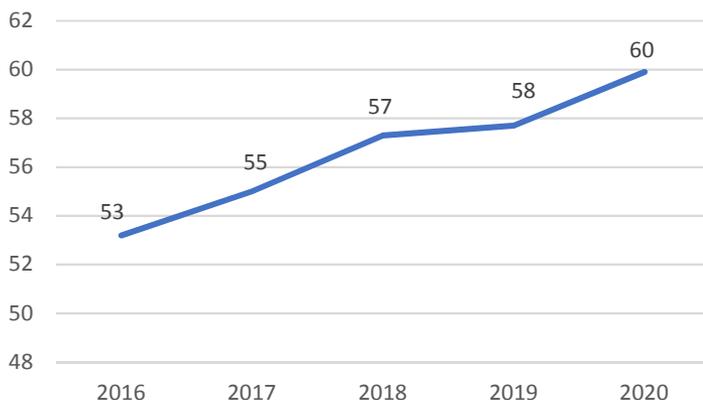


Figure 1. Changes in the economic freedom index in 2016-2020

Source: author's own description based on (Heritage Foundation, 2020)

However, the improving situation cannot be the basis for an overly optimistic view of the future. Since the outbreak of the crisis, various institutions have lent Greece almost 320 billion euros, out of which only 41.6 billion euros were repaid by December 2019. The total debt repayment is planned for 2060 (Amadeo, 2019), which means that only then the country could begin to develop freely, while now almost a third of the population lives below the poverty line. The grey economy is estimated to produce 21.5 percent of the GDP (Amadeo, 2019). This means that fewer people pay higher taxes, many people, especially young people, are employed part-time, and private investment is small, also due to difficulties in obtaining loans, which is due to the lack of funds in banks (low income results in low savings).

At the beginning of 2020, the situation seemed to be stabilising. The value of imports in February 2020, compared to the previous year, increased by 1.5 percent, exports fell by 2.1 percent, while the foreign trade deficit increased by 7.8 percent. It is worth noting, however, that the growth rate of both components of trade during the two months of 2020 increased compared to the previous year (imports 2.1 percent, exports 5.3 percent) (Hellenic Statistical Authority, 2020), which may indicate a slow recovery from the collapse, therefore, the announcements of the Greek government on this subject could prove to be true. It is not known, however, how the current pandemic will affect the Greek economy. Undoubtedly, a positive phenomenon is the reduction of the trade deficit in this period by 2.3 percent. It is also worth noting that the turnover with the EU countries is growing, while the increase in exports is faster than that of imports (9.6 percent and 5.4 percent respectively) (Hellenic Statistical Authority, 2020). In addition, at the end of 2019, another inflow of investment capital began, allowing the government to announce the end of the

crisis. The same opinion gave IMF (Thomsen, 2019) – Greece has achieved a considerable measure of macroeconomic stability needed to implement the fundamental reforms for it to prosper within the euro area.

Coronavirus

On 27 February 2020, the day after the first coronavirus case was identified, the Greek authorities cancelled all carnival events. Since 10 March further restrictions were gradually introduced – schools and service facilities were closed, including the broadly understood food sector and cultural institutions. Strict protective measures on citizen movement were introduced. Those measures were among the most restrictive in Europe and were introduced much earlier than in other countries, which allowed to limit the size of the pandemic (Giugliano, 2020).

The outbreak of the coronavirus pandemic called into question the further development of economy, both global and Greek. The European Union countries are trying to limit the impact of the epidemic on their economies by introducing various aid programmes, but their effectiveness may vary, because they depend both on the economic strength of a given country and the development of the disease. Undoubtedly, the impact on the Greek economy will be significant, because one of its largest partners is Italy – the country most severely hit by the pandemic, which will have to deal with its consequences and which already had economic problems before. Export of Greek products may decrease, tourism revenues are likely to drop significantly. A certain solution to improve the balance and development of Greece may be a decrease in the value of imports, primarily due to the low prices of crude oil, which is the main imported commodity (27 percent). However, the question arises as to how long this situation will persist and whether such compensation will be sufficient to alleviate, yet not to stop, the effects of the pandemic on the Greek economy, taking into account that the IMF also predicts an increase in unemployment up to 22.3 percent (Amaro, 2020).

Since 30 April 2020, 2,576 cases of the coronavirus have been confirmed in Greece, out of which 139 people died and 577 recovered from the disease. That means that in terms of the number of cases the country ranks sixty-second in the world, and nineteenth in the European Union (Worldometer, 2020). Therefore, it is not the country most severely affected, also thanks to the introduction of appropriate ordinances. In addition, the country is struggling with the influx of large numbers of refugees from the Middle East, which also has a negative impact on the economy (the need to maintain refugee camps, difficulties in providing them with proper living conditions, the threat of spreading diseases), all the more so because five immigrants were found to have the coronavirus infection (UN, 2020), which, in the condition of overcrowded camps, especially on the islands, may deepen the difficulties.

It is expected that coronavirus influences mostly on six parts of the Greek economy: growth (will fall down), budget (lower surplus or even deficit), unemployment (will grow up again), prices' growth, investments (less FDI) and capital markets (Antonakos, 2020). The IMF(2020) reports that the economy is expected to contract by 9.5 percent in 2020, before gradually recovering over the medium term. Greece's heavy reliance on tourism makes it particularly vulnerable. A rebound is expected in 2021-22 to reach an average 5 percent growth annually, backed by the Next Generation EU (NGEU) funds and a recovery in foreign demand. As the NGEU gradually phases out, growth is projected to

return to its long-term potential rate of 1 percent. The similar opinion gives OECD in its survey (OECD Economic Survey, 2020).

Perhaps after the end of the pandemic, the European Union countries will consider a joint assistance programme for the countries most severely hit by its effects, but this is a rather distant case for now, as it is not yet known how long the pandemic will last and what the losses will be. For now, the European Commission has approved (under the provisional legal framework adopted by the Commission on 19 March 2020 and applicable until the end of December 2020) the Greek aid programme worth 1 billion EUR to support companies hit by the pandemic, which is to ensure a sufficient liquidity of the Greek economy (European Commission, 2020). Although the Greek Minister of Tourism invited British tourists to come, because Greece is safer than Great Britain, he also announced that security measures would be maintained. Despite everything, the government expects a deep recession, reaching up to 10 percent of domestic production (Scotto di Santolo, 2020).

CONCLUSIONS

The crisis in Greece was mainly caused by the weakness of the global financial system and mechanisms of the Eurozone, for example, the centralisation of decision-making processes in the hands of stable countries of the Eurozone to which the Greek economy did not belong. However, that was not the only reason.

Undoubtedly, one of the reasons for such a long duration of the crisis in Greece is also, apart from the initial bilateral (EU and national) negligence in inspiring economic development, the fact that after the adoption of the euro the country lost the possibility of free shaping of its monetary policy. What worked well in times of prosperity, painfully revealed its weakness during the breakdown. It can, therefore, be concluded that there should be no rush to enter the Eurozone; it should be more consolidated and checked in the crisis conditions. The European Central Bank did not have and does not have the right policy tools for every country with a single currency, and its rigid standards do not result in effective long-term operations, what confirms the research hypothesis formulated above. It would be worth considering an introduction of new solutions what is recommended for the decision-makers from many countries and international organisations.

Would Greece's departure from the single currency be a better solution that would allow the country to recover more quickly as suggest some authors (e.g. Lapsavi tsas, 2019)? Probably not. Admittedly, some economists believe that it would also be possible to introduce a parallel currency to the euro (Papadimitriou, Michalis, Gennaro, 2015), but there is no unambiguous opinion as to the long-term effects of such actions on the economy. A return to drachma would give the country the desired flexibility in shaping the monetary policy, but at the same time could contribute to fiscal instability. Perhaps the competitiveness of Greek exports would improve, but at the same time it would be associated with a large devaluation. Unemployment might fall, but inflation would increase and difficulties in purchasing goods, especially from abroad, would increase. Thus, the crisis could deepen, and one of the repercussions of such a drastic step could also be isolation from the global banking system, caused by the lack of confidence of international markets in the new – old currency.

The reforms and deregulation of the economy are gradually becoming a positive factor, but these changes are taking place too slowly to give the country an impetus for

faster development. The strength of the actual negative impact that the coronavirus pandemic will have on the Greek economy remains under question. However, since Greece reacted faster than other countries, it may also turn out to be recovering sooner. Unlike previous rounds of quantitative easing, the European Central Bank has decided to include Greek bonds in the 750 billion EUR asset purchase programme, which aims to support the Eurozone economy during a pandemic. It has also relaxed the rules so that banks could establish Greek state debt as a collateral to restore the liquidity of banking systems. These decisions have been wise and will provide the additional stability in the financial markets in the country (Giugliano, 2020), which should contribute to improving the condition of the Greek economy. Unfortunately, the full results will be known after the pandemic' end, so this is very important to collect the economic data as soon as possible for the further decisions.

The further researches on the development conditions of the Greece's economy are recommended, especially after pandemic's end. This is important to know how does the economy being a part of EU work after such a specific situation – which reforms helped, in which parts the economy faced the biggest problems, what was the role of the EU structures in the development of the Greek economy. Unfortunately, time is the main restriction – it is necessary to wait until the pandemic will gone.

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