

Euro crisis: Greece will not be allowed to fail

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Telegraph View: The country should never have been admitted to the eurozone, but now its partners must pick up the pieces.

The refusal by eurozone finance ministers early yesterday morning to authorise an immediate Â£10.5 billion aid payment to Greece looked, at first blush, like a long overdue decision to start playing hardball. The truculent refusal of the Greeks to embrace a serious austerity package is infuriating the rest of the eurozone, hence the unexpected decision to postpone the latest tranche of cash. No payment will be authorised until the government in Athens wins today's parliamentary confidence vote and then secures support for a new austerity package later this month.

Yet the impact of this "ultimatum" is vitiated by the fact that no one is in any doubt whatsoever that the money will ultimately be paid, regardless of what happens in Greece, and that it will shortly be followed by a full-blown Â£100 billion bail-out package to accompany last year's Â£100 billion "pretty soon we will be talking serious money. For all the hand-wringing and dithering in Luxembourg yesterday, the simple truth is that Greece will be kept afloat because the eurozone has no alternative. The country, a basket-case economy where the payment of taxes is a voluntary activity, should never have been admitted to the single currency in the first place. There is some poetic justice in the fact that the two countries whose economies stand to lose most if Greece defaults " Germany and France " are the very countries that bent the euro entry criteria to breaking point to allow it to join the club. The other 16 member states must now live with the consequences.

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