

Why did the Greeks live beyond their means? The trap of monetarism

written by Friederike Spiecker | 14. März 2015

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„No one forced the Greeks to live beyond their means for years.“

If this statement were true, the following reasoning would hold: „If the Greeks had lived beyond their means voluntarily, they would have brought the debt burden of their country on themselves. If foreign debts were Greece’s main problem, the Greeks themselves were to be blamed for their country’s plight. Then they would have to live below their means for a while, so that these imbalances could disappear. This process could be expected to be painful, but this is something that the Greeks would have to figure out for themselves. Therefore they cannot refuse to make the necessary changes. Debtors cannot be allowed to escape repaying their debts. And we cannot just give them new money, because then they would continue to live *beyond* their means and not *below* them.“

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