Greece to Default on Debt; What it Means at Home

By Andrew Sorensen
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CHARLOTTE— The Greek financial crisis is coming to a head this week.
The Greek government announced Monday afternoon they planned to skip a payment on their $270 billion debt, thereby defaulting.

Banks are closed for the week, and Greeks are limited to withdrawing about $70 per day from ATMs.

People are lining up at ATMs across Greece—taking out what they can as the financial crisis spirals further.

The country owes billions of Euros they won't pay, causing all eyes to turn on the Mediterranean state.

"It's essentially a solvency crisis," said Davidson Economics Chair Vikram Kumar. "It reflects the fact that the Greek government is insolvent or the Greek banks are at risk."

Kumar says Greece is running out of options with one key issue left.

"What is the outcome of the referendum on July 5?" he said.

Greek Prime Minister Alex Tsipras is calling for a referendum on new austerity measures.

A "Yes" vote could topple the government, which ran on an anti-austerity platform, but would solve the crisis temporarily. A 'No' vote could boot them from the Euro, potentially causing a domino effect.

"So that's the issue of whether a contagion in the market is going to take hold," said Kumar.

Heavily indebted countries like Spain and Italy could also exit the Euro with a Greek exit.

The widespread effects might be limited; the crisis is a long time coming.

"By and large, American companies have already accounted for this and have insulated themselves from any real pressures," said Financial Services Roundtable Executive Vice President of Governmental Affairs Francis Creighton.

Duke University business professor Campbell Harvey believes the default is a political move.

"Greece has 112.5 metric tons of gold in reserve. Given the current price of gold, that represents $4.2 billion," he said.

Harvey notes that would pay off their current $1.7 billion payment, but it comes nowhere near solving their $270 billion debt. However, he says, gold is useful when creating a new currency.

Though Creighton says if Greece exits the Euro, nobody knows what could happen.

"Where would it end? Europe is such an important trading partner to the United States. It's the foundation of that entire global economic system. And so anything that puts it at risk is something that we're worried about, that we're watching closely," he said.

But it's clearly much worse news for Greece than it is for the US.

"Regrettably, their living standards are going to have to decline one way or the-- they will decline one way or the other," said Kumar.
NC Senate OKs Keeping State Government Going Until Budget Done

A stop-gap spending measure to keep North Carolina state government operating well into the new budget year starting Wednesday is getting final legislative approval.

Updated 10:41 AM

Capital Tonight June 29: Marijuana Legalization Dispute

On Capital Tonight: We get the latest on the budget negotiations from the General Assembly. A Campbell Law professor writes an op-ed, saying states that legalize marijuana are violating federal law, and Rick Henderson of Carolina Journal and Matt Comer of Q Notes join our Reporter Roundtable.

10:16 AM

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