Adapted from http://en.wikipedia.org/wiki/Greek_withdrawal_from_the_eurozone

Greek withdrawal from the eurozone

The Greek withdrawal from the eurozone is the potential discontinuation of the euro as the national currency of Greece and the resulting Greek exit from the eurozone monetary union. This is also known as the "Grexit", a portmanteau combining the words "Greek exit". The term was introduced by Citigroup's Chief Analysts Willem H. Buiter and Ebrahim Rahbari on 6 February 2012. In February 2015 the former head of the US Federal Reserve, Alan Greenspan, said "it is just a matter of time" for Greece to withdraw from the eurozone, and former Chancellor of the Exchequer Kenneth Clarke described it as inevitable.

In mid-May 2012, the financial crisis in Greece and the impossibility of forming a new government after elections led to strong speculation that Greece would leave the eurozone shortly. This phenomenon had already become known as "Grexit" and started to govern international market behaviour. Economists have expressed concern that the phenomenon may well become a self-fulfilling prophecy.

Economists who favour this radical approach to solve the Greek debt crisis typically argue that a default is unavoidable for Greece in the long term, and that a delay in organising an orderly default (by lending Greece more money throughout a few more years), would just wind up hurting EU lenders and neighbouring European countries even more.

The implementation of Grexit would have to occur "within days or even hours of the decision being made" due to the high volatility that would result. It would have to be timed at one of the public holidays in Greece.

Some European scholars have insisted on the shaky legal grounds upon which the "troika" composed of the EU Commission, the European Central Bank and the IMF has pursued the harsh macroeconomic adjustment plans imposed on Greece, claiming they infringe upon Greece's sovereignty and interfere in the internal affairs of an independent EU nation-state: "the overt infringements on Greek sovereignty we're witnessing today, with EU policy makers now double-checking all national data and carefully 'monitoring' the work of the Greek government sets a dangerous precedent."

These scholars have argued that a withdrawal from the Eurozone would give the Greek government more room to maneuver to conduct economic and public policies propitious for growth and social equity.

Of all the political parties only the Communist KKE and the Neo-Nazi Golden Dawn have expressed support for leaving the euro, and indeed for leaving the European Union. The centre-right New Democracy party has accused the leftist SYRIZA of supporting withdrawal from the euro. However, SYRIZA's leader, Alexis Tsipras, has stated that Greece should not leave the eurozone, and return to the drachma because "we will have poor people, who have drachmas, and rich people, who will buy everything with euros."

In January 2015, speculation about a Greek exit from the eurozone was revived when Michael Fuchs, who is deputy leader of the center-right CDU/CSU faction in the German Bundestag, was quoted on 31 December 2014: "The time when we had to rescue Greece is over. There is no more blackmail potential. Greece is not systemically relevant for the euro."

German largest selling tabloid, the right-wing populist *Bild* raised further anger when it compared Greece to an unfair footballer: "What happens to a footballer who breaks the rules and does a crude foul? – He leaves the pitch. He is sent off as a punishment. No question."

Economists of German Commerzbank said that preventing a Greek exit was still desirable for Germany, since a Greek exit would wipe out billions of euros in European taxpayer money, and "it would be much easier politically to renegotiate a compromise with Greece, albeit a lame one, and thus maintain the fiction that Greece will pay back its loans at some point in time."

On Februrary 9th 2015, UK Prime Minister David Cameron chaired a meeting to discuss any possible ramifications in the event of an exit. According to a Bloomberg report George Osborne said at the meeting of the G-20 finance ministers in Istanbul: "A Greek exit from the euro would be very difficult for the world economy and potentially very damaging for the European economy."

The Russian government has stated that it will offer Greece aid but would only provide it in rubles.

A working paper published by the European Central Bank concluded that “negotiated withdrawal from the EU would not be legally impossible even prior to the ratification of the Lisbon Treaty, and that unilateral withdrawal would undoubtedly be legally controversial; that, while permissible, a recently enacted exit clause is, *prima facie*, not in harmony with the rationale of the European unification project and is otherwise problematic, mainly from a legal perspective; that a Member State's exit from EMU, without a parallel withdrawal from the EU, would be legally inconceivable”

In the legal literature, the question of whether a country can unilaterally leave the Eurozone without leaving the EU is controversial. Jens Dammann has taken the view that under certain conditions, it is possible for a Member State to end its membership in the Eurozone without leaving the European Union.