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# Greek drama as the drachma bows out



Many Greeks will struggle with the euro as they are not familiar with using so many coins

GREEKS, because of their time zone, will be able to spend their shiny new euros a full hour before most other Europeans. Even so, if you are buying a *souvlaki* or paying a taxi fare after midnight on New Year's Eve, chaos undoubtedly looms.

Tens of thousands of small businesses, ranging from taxi drivers and kiosk owners to café bars and small grocery stores, are ill-prepared for the reality of cash transactions in euro notes and coins with customers, many of whom are elderly and unfamiliar with the new currency, which is set at the rate of 340.75 drachmas for each euro.

Many of Greece's near 11 million inhabitants remain largely in the dark about the euro, despite a television news bombardment and countless newspaper supplements.

Both the drachma and the euro will be in circulation until the end of February, with the drachma ceasing to be legal tender from March 1, 2002.

The transition promises to be less than orderly. "It's going to be chaos," says Panos Magos, a waiter in the historic Plaka quarter of Athens, under the shadow of the Acropolis. "I'm going to have to remember several customers' orders, while at the same time some granny will want to pay for her cappuccino in drachmas and I will have to give her change in euros and maybe have to explain the conversion rate to an old lady who is suspicious about being ripped off."

Magos adds: "It'll be a madhouse for the first months. I'll

**Philip Pangalos** in Athens says many of 11 million inhabitants expect to be confused on conversion day

even need two pouches for change and notes in drachmas and euros."

Most Greeks, surprisingly, are not worried about swapping their drachmas for euros. This is despite the drachma having a history dating back to the 7th century BC. The national currency was reintroduced in 1833 after Greece had regained independence from Ottoman rule in 1821.

Greeks believe that the euro will be a stronger and more stable currency than their drachma, which before joining the eurozone had lost nearly 90 per cent of its value against the US dollar in the previous two decades. This came amid economic crises and devaluations as Europe's poorest nation battled against past economic ills.

Many ordinary Greeks will struggle with the new currency as they are not used to using so many coins. They are also probably among the least travelled of Europe's citizens. Current drachma denomination notes start at 100 drachmas (0.29 euros) up to a 10,000 drachma note (29.35 euros). The smallest available note in euros will be five euros (1,704 drachmas).

Commentators are predicting that the notoriously bad traffic congestion in Athens will grow worse, as thousands of taxi drivers, many of whom carry multiple passengers, struggle to collect fares and re-

turn change while double-parked.

Only a small fraction of the estimated 14,000 taxi drivers in Athens have bothered to have their meters converted from drachmas to euros, at a cost of about £50.

Greeks had their first real taste of euro-mania this week. Long queues formed at banks around the country as the public waited in line to get their hands on familiarity packs, worth 5,000 drachmas. The lucky ones who do get the



packs have less than two weeks to get used to the look and feel of the eight new coins, ranging in value from a one *lepto*, or one-cent coin in the 11 other eurozone countries, to a two-euro coin.

The omens are not auspicious. "How am I going to understand this," says Eleni Samara, aged 76, shaking her head as she came out of a central Athens bank clutching her familiarity pack of coins. "They're going to rip us off."

"It's good for Greece," said Maria Kairi, a lawyer who proudly displayed her euro coins. "We've been waiting for this for a long time."

It is hoped that the euro will bring more investment to Greece as the country prepares to host the 2004 Olympic Games and presses on with much-needed structural reforms. Businesses, however, will face more competition and there may also be social difficulties as it dawns on Greeks that they are the poor relations of their European counterparts. There will be demands for higher wages to bring them into line with fellow Europeans.

Despite a global recession, the Greek Government says this year's economic growth will reach a healthy 4.1 per cent and forecasts GDP growth of 3.5 per cent-3.9 per cent in 2002, which will be among the highest in Europe.

Despite growth rates bolstered by European Union community aid packages at near double the European average, real convergence with the rest of Europe will be hard to achieve, requiring many more years of austerity and real progress with structural reforms. Some economists think it could take decades.

Greece gave up direct control of domestic interest rate policy to the European Central Bank after joining the eurozone, and has fewer weapons

in its financial arsenal as it battles to keep down inflation and combat a growing unemployment problem. With unemployment running at 10.7 per cent, Greece has the second highest jobless rate in the EU, behind Spain.

Inflation fell to 2.4 per cent last month, from 2.8 per cent the previous month, largely because of lower oil prices, but the fear of higher inflation, along with unemployment, will continue to affect the Socialist Government of Costas Simitis, the Prime Minister.

The fight against inflation will not be helped by early accusations of profiteering. Prices of some products have mysteriously risen by between 10 and 15 per cent when translated into euros. Authorities are making spot checks across the country and have promised harsh penalties for any offenders, although the geographic reality of more than 200 inhabited islands, as well as remote mountain villages, makes enforcing this extremely difficult.

The Government has even called on the Greek Orthodox Church to help it to get its message about the euro across to the public. Many Greeks, especially the elderly and those in remote regions, keep cash at home, often tucked away under the mattress or hidden in old chests of drawers.

Church leaders have pledged to distribute leaflets about the euro and help their congregations understand the changes. But as with the Olympics, prayer might be the last resort.