

## **Implementation of the Stability & Growth Pact: Greek Views**

*by H.E. the Ambassador of Greece to Finland Mr. Christos Kontovounisios*

By adopting The Stability and Growth Programme, as well as with additional measures, the Greek government aims to deal with the current fiscal situation. As you may well be aware, these measures:

- Are designed to cut public expenditure and increase public revenue so that by the end of 2010 the public deficit will be reduced by 4 percentage unit points from 12.7% to 8.7%.
- Are of a structural nature, dealing with the chronic flaws of the Greek economy, and aim to increase competitiveness in the long-term.
- Are as socially just as the present circumstances allow, ensuring that citizens in the lower income bracket will not bear the burden of the national effort.

The majority of the Greek people are fully aware of the urgency and the necessity of these measures. The Greeks know that a difficult period lies ahead and additional sacrifices will be needed.

Both The Program and the additional measures receive the recognition and support of our European partners and the relevant European institutions. Greece has shown determination by adopting the package of additional measures, and therein fulfilled its own commitment. Now it's time for Europe to meet theirs. We ask that our European partners clearly express their support. We ask for a demonstration of solidarity. We need the full solidarity of our partners to reassure the money markets.

Let me be absolutely clear: Greece is not asking for a cent from the Finnish taxpayer. We are asking for political support, not financial aid. What we need is time – time for the measures to be implemented and start yielding results, as final proof that our sacrifices are not in vain.

Currently, Greece has to borrow at interest rates almost twice as high as Germany and other EU countries. Greece must be able to borrow at rates that aren't prohibitively high. Otherwise we will have a difficult time implementing our tough austerity measures. My government is determined to overcome the huge credibility and budget deficit that we inherited. We are also addressing structural reforms that have stifled productivity for decades.

Greece is being attacked by speculators who are putting the entire European project at risk. We need greater coordination and better regulation in order to protect our monetary union from speculation. Greece is the latest – but surely not the last – casualty of unregulated financial markets. While Greek pensioners and civil servants are asked to accept drastic pay cuts, speculators are making billions every day off the backs of these very same Greeks.

This is not about Finland or Europe rushing to the aid of a reckless country – helping Greece will help Europe's economy to recover sooner. The price of non-action is higher taxes, higher unemployment, and a slower economic recovery for all of Europe – not just Greece. Greece is one of Finland's export markets. It is also in Finland's interests, therefore, to ensure that the Greek economy is healthy for domestic growth.

We need to work together to address today's urgent challenges – challenges that will determine the future, the stability of the Euro and the European Union.

We haven't asked for economic assistance from anyone. What we want to do is revitalize our economy. We want to put our economy on the right course, and this has been acknowledged and welcomed by many leaders and international organizations, such as the IMF and the European Central Bank. We want to be able to borrow at lower interest rates, and the intervention of the EU is vital on this point. We think that the European Union should take action now so that we can confront this issue.

It would show that the European Union is united; that there is solidarity and that speculators will not be allowed to play their own games. That is why we feel it is so important that we took this initiative – Chancellor Merkel, President Sarkozy, Mr. Juncker and Mr. Papandreou – to fight speculation, and that President Obama responded positively, ensuring that this issue will be on the agenda of the next G-20 Meeting.

I would like to emphasize that this support is essential not only for Greece today, but for the whole Eurozone and the Euro currency. Europe must establish, as soon as possible, a mechanism, in order to be able to deal with the speculative pressure against the common currency. The idea of creating a 'European Monetary Fund' is already being discussed within the European Union – according to the Finnish Commissioner, Olli Rehn, the Commission has prepared a proposal and is working on it with Germany, France and other Eurozone countries.

I follow the articles published in the Finnish press, regarding the developments of the financial crisis in Greece, with interest. The juxtaposition of facts, the references to the past, the exchanges of view, even sometimes the severe criticism are legitimate and a given in the pluralistic-free Finnish society. However, the repetition of incidents from the far and more recent past regarding the management of our public finances, views which hopefully are not intentionally designed to contribute to the creation of generally negative views of Greece, constitute a narrow criticism in the least. It is the way it is done, not the criticism itself, that may seem unjust to the Greeks.

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