

**From Austerity to Growth and Recovery:
Overcoming the Socio-Economic Consequences of Greece's Crisis**

SPEECH

by

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Seul le texte prononcé fait foi

Check Against Delivery

Your Excellencies
Distinguished guests
Dear friends and colleagues,

It truly is a great pleasure, personally and for all members of the Various Interests Group of the European Economic and Social Committee, to be here with you today in Athens and in this exquisite building of the Zappeion Megaron. There are not many occasions in life where one can be so close to History: here we are looking out to the Parthenon, whilst standing in the Zappeion, this monument which represents the revival of those Athenian values in modern-time Greece. For the Zappeion Megaron was constructed in the 19th century to exhibit Greek art and industry during the modern Olympiads, a sort of precursor to the current Acropolis museum. The Zappeion was also the venue for the signature of the accession treaty of Greece to the EU in 1981. Hence the continuity. Indeed in Greece 'History' is inescapable, we are imbued with its memory, we are graced by its wisdom and we are humbled by its responsibility. And Mnemosyne, the Titan goddess of Memory and Remembrance is also the goddess who invented words and gave humans the skill of language: to always remember our common European history and our common aspirations. Did not the French President Valéry Giscard d'Estaing say in 1979 that "*Europe without Greece is simply not Europe*"? So today in the 6th year of the crisis, we are still united by our common quest for a sustainable, ambitious and cohesive Europe which responds to the needs of its citizens. As the slogan of the Greek Presidency of the Council of the EU says: 'United we sail further'.

But I am getting ahead of myself and I would like to begin by very warmly thanking the Greek authorities for allowing us to organise this event at the Zappeion. Your philoxenia is greatly appreciated. On behalf of our members I would also like to congratulate you on the Greek Presidency so far and wish you a successful remaining few months. I remember the words of the Greek Ambassador to the EU, His Excellency Mr Sotiropoulos, who said that in these times of crisis Greece would conduct its Presidency on a Spartan budget but with Athenian values! Let me also take this opportunity to thank the four Greek members of the Various Interests Group of the EESC for their commitment, assistance and enthusiasm: Mr Gkofas, Ms Kekeleki, Mr Liolios and Mr Vardakastanis.

I would like to make one final interlude before getting into the crux of our discussions today. In this meeting room we are some 100 members of the European Economic and Social Committee from 28 European countries. What I would like to clarify is that the EESC is not the Troika and it is not the European Commission. The EESC represents European Employers, Trade Unions and a variety of civil society organisations who have been appointed by Member States. The EESC is a *consultative* body to the European Commission, European Parliament and Council and our role is to advise them and to make known to them the views of organised European civil society. But to do so, we have to be informed and that is why today, our primary objective is to *listen* to you and to jointly explore how Greece can move forward towards a sustainable future. I might also add that this conference follows on from one that we organised in Thessaloniki in May of last year. That event also discussed the crisis, but from the angle of the impact of the crisis on the lives of Greek citizens. Whereas today, the emphasis is on recovery and on the future. What needs to be done to ensure the sustainable

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development of Greece? Who are the actors? How do we balance the social and economic needs of the country and of Europe at large?

I would like to reply to those questions with yet another question: what sort of Europe do we want? For ultimately, this is the crux of the issue. Certainly we do *not* want a Europe only of austerity. What we *do* want is a Europe which is strong and competitive, but also social and cohesive. In these times of crisis we must find the right balance between the economic and social dimensions. We need to find the right balance between austerity, fiscal responsibility and growth-promoting measures. For fiscal consolidation must continue, although at a slower pace than in previous years as progress has already been made. Such a slower pace of fiscal consolidation will reduce the drag on growth. But what we need urgently is job creation, support to the real economy, the circulation of liquidity to SMEs, the promotion of exports, competitiveness and poverty reduction. For although there are positive signs of economic recovery, both in Greece and in Europe at large, there is still a great deal that needs to be done. So yes, Greece has moved into a primary budget surplus before interest payments, yes growth in 2014 is expected to be 0.6%, yes Greece has managed the largest fiscal adjustment ever made by a country and in the shortest time, reducing its budget deficit by 13%. But the price has been extremely high. There has been a devastating impact on the social, economic and political fabric of the country, which has led to multiple interrelated crises: not only socio-economic and financial, but also poverty, energy, environmental and demographic. The GDP of the country has dropped by 25% and the average Greek has witnessed a 38% decrease in his or her living standards. Pensioners in particular have been very affected, with pensions being reduced by up to 60%. Most worrying of all, the country is plagued by unemployment which has reached 61.4 % for young people and 28% for the entire working population! How is a country to re-built itself with such a heavy burden?

All this brings me to two comments. The first is to publicly congratulate the Greek people for their endurance over the last few years. Bravo! Even the IMF has praised Greece for the "exceptional" progress in reducing its budget deficit and recognised that the reductions in jobs and salaries have resulted in "an unequal distribution of the burden of adjustment". And if I may humbly add, I believe that the perceived loss of sovereignty resulting from the austerity programme has been particularly difficult for Greeks to accept. For not only was Athens the birthplace of democracy, but Hellenes are a fiercely proud people, where *filotimo* or honour is of paramount importance.

The second comment that I would like to make is that errors were made, that has to be admitted. Errors were made in Greece with the public finances and in the selection of some of the austerity measures, errors were made in the architecture of the European Single Currency, errors were made by the Troika in its miscalculation of the impact of the first austerity programme on Greece's recession, the so-called multiplier effect. What is certain is that the entire EU finds itself at a historical turning point which requires fundamental structural changes. If Europe is to fulfil its ambitions and potential then it is necessary to invest in a united and politically stable continent, one which is ambitious, determined, mutually reinforcing and stronger than the sum of its individual parts.

Ladies and gentlemen, I do not presume to know the specifics of Greece's economic situation as well as yourselves. Nor do I want to sound like the Troika, instructing Greece what to do. But I would like

to make some recommendations for possible solutions, most of which involve the European level – what Europe should do to help Greece. The only comment that I would like to make on the national situation is to say that Greece has made good progress in reducing barriers to business, in combatting tax evasion and fraud and in strengthening administrative capacity. These efforts should be continued and stepped up, notably working alongside the EU authorities to combat tax fraud. For according to figures recently released by the EC, the cost of tax fraud to the entire EU is at least 12 billion Euros each year. This is the equivalent to the EU's annual budget!

So let us return to the possible solutions. What is crucial is to help the young and the unemployed, for the desperately high numbers of Greeks without employment is a fundamental obstacle to growth and sustainable development. One solution would be to increase the scope and available funds for the European Youth Guarantee Scheme, and to provide more than the 6 billion Euros currently earmarked. We must also upgrade vocational and technical training in the country and forge closer links between companies and schools in order to avoid 'brain waste' and skills mismatching. We need to implement European –level rules to validate non-formal learning and to increase the visibility of skills acquired outside education. And if we want to give unemployed persons a chance of re-training and inclusive participation in society, then we should introduce a European Education Network for Unemployed Workers, which would offer unemployed persons the opportunity of a two-year educational programme and cross-border education vouchers. I would like to add that the Single Market and the possibility for mobility within the EU should be part of the solutions. But in reality, there are still many obstacles to mobility in Europe.

Secondly, we must urgently restore liquidity to the market, notably to SMEs and social economy enterprises, which are the backbone of the economy and labour market. If I am not mistaken, in Greece SMEs constitute 99% of all businesses! What is needed now is for the banks to re-start lending and for alternative funding through an EU 'SME Initiative' and via the European Investment Bank to be actually implemented.

Thirdly, at the European level we must urgently progress towards establishing the banking union and the European Central Bank must begin supervising all European banks, including Regional banks, in the Autumn of 2014. Similarly, the rapid introduction of the Single Resolution Mechanism is imperative.

Fourthly, we must complete the Internal Market, to revise and implement the Europe 2020 Strategy and the Compact for Growth and Jobs. Priority should be placed on taking advantage of the single most important benefit of European integration, namely: the free movement of goods, services and people. And this implies investing in re-industrialising Europe, in innovation, research and development. It also implies making best use of the sectors at our disposal. In the case of Greece, tourism, solar energy and maritime policy. In 2013 tourists to Greece reached 18 million, making it a record year. However, in order to unleash the full growth potential of tourism, the sector needs to be upgraded and better integrated into relevant policies. Let me also commend the Greek Presidency of the Council of the EU for its proposal for a 'Comprehensive Maritime Policy' which would include

tourism, energy, security of borders, etc. I know that this proposal is of particular importance to Greece and to its sustainable growth.

But all of the above must be complemented by growth and equity promoting measures, by a social innovation, inter-generational solidarity, poverty reduction, inclusiveness and the sustainable and efficient use of resources. And I would like to take this opportunity to stress that the EU must develop a new European Social Action Programme which would set clear tangible targets and explore the right of European citizens to a minimum guaranteed income. We need more socially responsible investment, for example, through the establishment of European Social Bonds, to be sponsored by individual citizens, businesses, trade unions and wider civil society.

I can anticipate that many of you will be asking where the money will come from for all of these ambitious projects. First and foremost it should come from the EU's Social and Structural Funds and for this reason I congratulate the Greek authorities for having substantially increased their absorption capacity. Greece is now the 6th best country in the EU for absorbing EU Structural funds, which are crucial to sustainable development.

However, if Greece is to move forward towards recovery with ambition and optimism, then we need to invest in social capital and social innovation, by directly involving a multitude of civil society actors in Europe's recovery. For example, SMEs, the liberal professions, the green economy, social enterprises, wider social economy, etc. It is precisely these actors who with their grassroots approach can respond to local needs, are integral to social cohesion, to capacity-building and are already providing innovative, equitable and inclusive employment opportunities in Greece. I would like to call on the Greek Authorities to recognise and to support these new civil society initiatives which are emerging during and in the aftermath of the crisis. Such initiatives provide the necessary solutions and innovation which are central to re-building the fabric and social capital of Greek society.

Ladies and gentlemen, before ending my presentation I would like to briefly touch upon the issue of Europe's democratic and political legitimacy in the eyes of its citizens. According to recent figures released by Eurostat, the EU's statistical service, only 31% of European citizens 'trust' the EU, whilst 60% simply do not. This is largely the result of the crisis which has brought to the fore extreme parties of both Left and Right in many European countries. Here in Greece, a country which was traditionally very pro-European, support for the EU among the general public has been decimated. There is no doubt that it is necessary to re-build trust between citizens and politicians, between the national and European levels, between the economic, social and political fabric of our societies. Trust will only be re-built by delivering results which positively affect the everyday lives of citizens and by better communicating Europe to citizens. But Europe should also be about active civil participation and about legitimacy. For these reasons I personally support the initiative of the European Parliament to make the activities of the Troika accountable to the European Parliament. I also support the proposal of the European Parliament for the EC to assess the socio-economic consequences of the adjustment programmes on austerity-hit countries. But one thing is certain: in the months leading up to the European elections all political parties must engage in an honest and informative debate with their electorate on the *solutions* that the EU has already brought to the European, national and local levels.

Citizens must be informed that 'Europe' offers so much more than austerity and that there is a real 'cost' to a Europe *without* the EU.

I would like to end this presentation with a reference to the virtues of the ancient goddess Athena: the goddess of civilisation, wisdom, courage, inspiration, law & justice, mathematics, just warfare, strength, strategy, the arts, the crafts and skills. This deity encompassed all of the virtues that even today we value in a 'civilised' country. So in this year of 'Mediterranean' EU Presidencies, with Italy following on from Greece, let us remember that civilisation is like the meandering rivers of Venice: it changes everything in its swathe. The Mediterranean, cradle of civilisations, crossroads of culture and history. Let us hope for a Europe of equal ambition, determination and impact!
