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THE PRESIDENT**

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**Speech by
Herman VAN ROMPUY
President of the European Council
at the Hellenic Foundation for European and Foreign Policy (ELIAMEP)
"Greece and Europe: building a better future in difficult times"**

In a speech in Athens today the President of the European Council Herman Van Rompuy expressed his confidence, based on his experience as former Prime Minister in a debt-stricken country, that Greece would come stronger out of the current difficulties:

"My message today to the Greek people is simple and straightforward: the reforms that are being implemented by this Government are necessary to make Greece more competitive, more modern and better able to grow faster and create more jobs. It may take time -- like Ulysses going home --, but you will get there."

President Van Rompuy also underlined the balance in the European Union between solidarity and individual responsibility in safeguarding the common European good, be it the single currency, the internal market or a common border.

"It is a great pleasure to speak here in Athens and to say a few words on current affairs.

I would like to thank ELIAMEP for the kind invitation to give my views. Also, I am most honoured to have such a distinguished audience!

I had a classical education at high school; that's why being in Greece is always special for me.

For one thing, it reminds me of my time as a schoolboy. Reading the epics of Homer, stories about human dignity and the moral nobility of men. Learning about Pericles, and his moving speech to the citizens of Athens on the essence of democracy: "the ruling of the state is not the privilege of the few, but the right of the many". All this impressed the schoolboy I was fifty years ago. For the rest of his life he knew: Hellas, the Motherland of freedom and democracy, and therefore of Europe.

There is something else too. Being in Athens -- just like being in Rome -- makes one feel what it is to be a European most strongly. Seeing modern offices and ancient temples in the blink of an eye, 21st-century city life and age-old churches, one seizes the depth of our European past, linked to the future. The Romans would say: nova et vetera, the new and the old.

P R E S S

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We Europeans do not deny or demolish our past, nor do we live just by the day. No, we give our lives -- our personal lives AND our political lives -- a meaning over time, in a continuity. We have this je-ne-sais-quoi, this "penchant" of both cherishing our heritage and embracing the future.

My point today is this: it is good to have this capacity to deal with change, because we need it.

We need it because the world changes faster than ever before. New economic powers in Asia and elsewhere rise to greatness, getting themselves out of poverty. We are part of a global economy. The old ways and means of doing, of earning our livings and of getting around, no longer do. It is no ideology; it is a fact of life.

From London to Warsaw and from Stockholm to Athens, we have to adapt to this change, to get the best out of ourselves, to remain masters of our destiny. We have to change in order to face change. All our countries are working on it – governments, citizens, businesses.

That's why here in Athens today, I should like to talk about the difficult situation of Greece, and why I am confident that, once more, you will come out of it stronger. It may take time -- like Ulysses going home... --, but you will get there. You owe it to your fore-bearers' history and you owe it to your children's and grandchildren's future, and you can do it.

I will not hide that "Greece" today has acquired an extra meaning for me, added to the one for the schoolboy.

By coincidence, the start of my mandate, on 1 January 2010, is wound up with the cascade of events starting with the debt crisis of your country. This crisis itself was an unexpected turn in the global financial and economic roller-coaster, which started with the fall of Lehman Brothers in September 2008.

All along, the European Union has taken determined action. In the very first meeting of Heads of State or Government I chaired, on 11 February 2010, we decided on the principle to safeguard the financial stability of the Eurozone, if needed. The Greek crisis was breaking out these days. Three months later, the "if" became "when". The problem of Greece had become a risk for the financial stability of the Eurozone as a whole – and even for the recovery of the world economy. It was a shock, to all of us.

Once Greece asked for support, we acted quickly, robustly and responsibly. The European Union, together with the IMF, offered financial support and a program was agreed with your government.

No less than EUR 110 billion of loans: it was the first time ever that a country received such a large amount of assistance. It was an important act from the Eurozone.

You are now ten months in the program. The emphasis must continue to be on implementing the agreed fiscal and structural reforms. The work is not over yet. The coming years will be years of continuing efforts.

That's why my message today to the Greek people is simple and straightforward: the reforms that are being implemented by this Government are necessary to make Greece more competitive, more modern and better able to grow faster and create more jobs. Even without the European Union, these changes should have been undertaken. Europe cannot be blamed for them; we are helping to preserve the future.

The priorities must be on fiscal discipline, on refocusing the State to provide good education, health and infrastructure, and on creating the conditions for businesses to invest, innovate and create jobs. In the private sector, we already see some positive signs in the increase of exports -- but here as elsewhere, more work needs to be done. Moreover, the state's administrative capacity must be strengthened, for instance through a stronger tax administration and improved statistical capacities. Last but not least: it is essential to restore justice. That's why combating fiscal fraud and tax evasion, abolishing privileges and fighting corruption is a cornerstone of the process. The government is fully committed to this. People want to be sure that fairness and justice are respected. It is about the dignity of the polis.

This is a very broad reform agenda indeed. But there is no viable alternative. These reforms are unavoidable and should have been implemented long ago.

I know some of the measures are painful. And the distribution of the burden should be fair. Yet in judging current welfare figures and experiences, one should not compare them with the artificial peak reached right before the start of the crisis, but rather with the situation in 2000, the year before joining the euro. The way in which the economy grew in the euro's first decade was simply unsustainable. It was a borrowed prosperity, an artificial one.

At the end, it is not just about getting the budget figures right. It is about building a more open society and a better future. It is about transforming Greece into a prosperous and proud country.

This daunting, Herculean task is yours. The work can only be done by you. We as partners and outsiders, we can help, we can stand by, we can stimulate; but we cannot and should not do the work for you. You need to draw from your own resolve and resilience, your own sense of initiative. It is the collective responsibility of the Greek people. It is a moment of truth.

I know the current period is difficult. Unemployment is rising. Some of your countrymen resist the reforms, others are anxious about the outcome. And we all understand these feelings.

However, I want to share with you my confidence that it can be done.

Let me tell you, I know it first hand. While I was budget minister in Belgium we brought the public debt from more than 130% of GDP in 1995 to 114% in 1999. I inherited a deficit of 7,5% in 1993 and ended with a budget almost in equilibrium six years later. Thanks to a strong adjustment programme, public debt continued to decline in the following years to 94% in 2004 and to 84% in 2007.

We in Belgium restored competitiveness by imposing wage restraint. We privatised telecoms and public banks. We asked special powers from the Parliament, although we had a solid political majority. We could not devalue our currency due to our strong links with the German Mark.

This shows that with resolve and time, strong adjustments are possible. We can help with the time, but the resolve must be yours. Because you need more time, we lengthened the maturities of the bilateral loans and lowered the interest rates.

Another example. At the last European Council, a colleague from a Nordic country mentioned the great banking and economic crisis in his country, around two decades ago. It took them eight years to come out of it; now they are strong performers.

One might counter-argue that times have changed since the 1990's. Yes and no.

The recent example of Latvia, whose currency is closely pegged to the euro, shows that an impressive readjustment can still be done nowadays. All markets betted against it, but they succeeded. And the Prime Minister even won the elections!

I do not underestimate the differences with 10 or 20 years ago. The financial markets have certainly become more impatient. They want to see results almost immediately, within months, not years. In that sense, the markets became extremely risk-averse! They forget about the rhythm of the real economy -- the rhythm of people adapting their lives, of entrepreneurs finding new markets, of young graduates starting a business. Yet the real work obviously still has to be done in the real economy! That is one reason why we put in place the crisis mechanism as shelter from the markets, to give time.

That's where the strong conditionality of the program comes in. It is necessary for the credibility of Greece, for all the economic reasons which I mentioned and which you know. But it is also necessary for political reasons, to guarantee the continued support of the public opinions in the other Member States for the rescue program.

As I said, people in all 27 countries in our Union are asked to make efforts because of the global financial crisis. They feel it was bad enough to support their own banks and difficult enough to save jobs in their own country. Moreover some have gone through difficult reforms to make their economies more competitive, sometimes at a high social cost. One can thus understand a feeling that the same rules of discipline must apply to all EU countries. Citizens in those countries would not tolerate a repetition of the errors and irresponsible practices from the past.

That's why in the Union we set up new instruments and new rules of economic governance, so that such a crisis will not happen again. Let me stress here also in Athens that I don't accept disdain regarding the so-called "peripheral countries". Each Member State had to face economic problems in its recent history. Most of them made mistakes, whether they belonged to the North or the South, to the East or the West.

I can assure you, that around the table of the European Council, even if we have sometimes frank discussions, there is a strong and fundamental political will to help each other and to make this work. We work as equals, all respecting the situation of the partners.

Moreover, throughout the crisis, Heads of State or Government expressed strongly their determination to do whatever is needed to ensure the financial stability of the Eurozone. All leaders have defended their part of the difficult decisions we have collectively taken. It was difficult for those in a position like your government, defending austerity measures and economic reforms. I commend the Greek government and its Prime Minister George Papandreou for their determination and courage. I can assure you however, it was also difficult for those governments who had to convince their parliaments and public opinions to step in with considerable loans. Yet all succeeded.

You will understand why in the European Council, all along, we have worked to establish the right balance between solidarity and responsibility, that is, between the collective responsibility of the Union and the individual responsibility of the members.

Let me conclude. The destiny of Greece has been linked to the European project for half a century now. Fifty years ago, in 1961, an Association Agreement was signed between Greece and the then European Community – the engagement before the marriage, so to say. Twenty years later, in 1981, the actual marriage took place : Greece became a member.

Being a member of the European club -- especially when sharing the same currency -- brings opportunities and stability, but also duties and obligations. It cannot be otherwise. In our club everybody has to do his part. We are responsible for the common European interest, not only for our own national interest. That's why each has to run his country in a responsible way.

However what we CAN do is to help each other to face the challenges which membership brings, such as the competition on the market, or -- to mention another issue... -- to deal with the challenge of a long common border.

One can easily see the similarities between the single border and the single currency. Since the Union is not a single state, everybody has to defend his share. Both his share of the border, and his share in the macroeconomic stability. If somebody fails, the whole system is threatened. And nobody wants a bail-out of his border-guards! So the same mixture of collective responsibility and individual responsibility applies. That's why I welcome the efforts of the Greek government in this area.

Helping to deal with the challenge of membership is part of the European Union's *raison d'être*. In Greece and elsewhere, European funds allowed the building of infrastructures: roads, railways, harbours, transport. The Trans European Networks have helped to connect countries at the periphery of the Union. EU support has also come forward in environmental protection, in research & development, in social inclusion.

The other Member States, via the Union, have always stood side by side with Greece in your modernisation process.

After your accession, it was about coping with the internal market.

Today, it is about being a member of the monetary union.

I have full confidence that the Greek people will muster the resolve to come out of these difficult times.

Your are not alone. We are in this work all together. Greece and Europe, Europe and Greece: *même combat* -- same fight!"
