Andrew Marr and George Papandreou Interview

Andrew Marr

..And of course the people of Greece are going to the polls today for the second time in two months. The future of the single currency and economies across Europe, including Briton’s, is tied up in the result. The leader of the left wing group Syriza has said that if he wins power then the bailout deal and the austerity programme, which has brought great hardship to Greece, is history. He believes Greece can stay in the Euro on easier terms. Well earlier I asked the former Prime Minister George Papandreou, who is one of the architects of that bailout, if this was plausible.

George Papandreou

I don’t think that it is plausible to have your cake and eat it too. That is what they are saying. That sounds quite good to many people are feeling the pain of austerity. But I think there is also a very contradictory electorate that is voting for this party, the Syriza party. They are those that.. Yes, the youth they are unemployed and want to see a future, but they are the ones that want the deeper reforms in this country. And on the other side many just don’t want to see reforms, because they are taking some of their privileges away.

Andrew Marr

The austerity programme is causing intense anguish, obviously in Greece. What do you say to those who are beginning to think that even leaving the Euro couldn’t be as bad as what Greece is going through now?

George Papandreou

It is still a programme which is manageable, if we stay in the Euro. This is a programme which may need to be ameliorated, it may need to take a little more time. This is question of obviously discussing with our partners in the European Union, but staying in the Euro is keeping us stable in order to make this a success. Leaving the Euro would be catastrophic for Greece. There would be a bank run, there would be a high inflation, because we are still a high-import country, we’re dependent on oil for example. We are a petroleum. We are very also, we will have deep wage cuts and at the same time we will most likely have a cut in our GDP growth, negative 20%. So this would be a major catastrophe and that will have not only social, but also political consequences, which I believe will make it much more difficult for Greece to reform.
Andrew Marr

George Osborne, the British Chancellor has suggested that Greece’s exit from the Euro might be the price that Germany requires to move in and save the situation. How do you respond to that kind of thinking?

George Papandreou

It is not Greece that is the problem. If Greece was the problem, then the solution is very simple. Kick Greece out and everybody is happy. Greece is only a precedent concerning the deeper problems that Europe is facing and particularly the Eurozone. And I would add that these are two major problems. One is the architecture of the Euro. We are half-federated, if you like, we are moving towards a more federated Europe. We have a common currency, but we don’t have banks that are unified in any way and as far as monitoring or capitalisation or any credit guarantee. We don’t have a common fiscal policy, we are now creating a fiscal pact. We don’t have a common economic policy, different tax regimes, different labour laws, different pension systems. We don’t have a common fiscal policy, we are now creating a fiscal pact. We don’t have a common economic policy, different tax regimes, different labour laws, different pension systems. We don’t have a common social system where unemployed will be somewhat helped through the European Union. This is left to the member states. So there is not much mobility, there is not the type of training, the competitiveness that we need. And there is a lack of, I think, democratic legitimacy in the many of the decisions we’re making. So these are the problems that the market sees. And the market is telling Europe, not Greece, the market is telling Europe ‘we are not confident today in the European structures as they are particularly in the Eurozone.’

Andrew Marr

Mr Papandreou it seems to me that what you’re saying is either there will be a complete collapse. Total disaster. Or there now has to be a full monetary and political union in Europe.

George Papandreou

I think we’re at a make or break point in Europe. Greece has its problems and we take on our own responsibilities for our own mistakes. For our past and for our bad governance and that is what we’re trying to change. However, these structures in Europe or any globalising economy need to be modernised, need to be more integrated, need to be stronger to create the confidence in this world economy that we can together deal with our problems. We must leave behind all this nationalistic rhetoric about who is to blame – whether it is the southerners or the auster Germans or whatever. We need to work together, we need to pull our strengths in creating the types of structures such as Eurobond, such as the financial transaction taxes or other types of means that will bring more revenue and confidence also to the markets so that we can have a path for competitiveness and growth. Otherwise, I will see.. I can predict now using the
experience of the past two years, we will see more splintering. We will see more patch work in trying to deal with issues. It was a great thing to be able to help the Spanish banks, but it was in my mind patch work, compared to what was necessary when we needed a bank union. We need a bank union in Europe. If we don’t more forward, we will see more splintering and this will create much greater bitterness and political problems in Europe.

Andrew Marr

There has also been a rise in support for ultra-nationalist party in Greece, Golden Dawn. You mentioned nationalism back there. How worried are you that this is a premonition of what might happen generally if the Euro breaks up?

George Papandreou

Absolutely I think we are facing, because of the lack of confidence that is developing, the frustration if you like that seems that Europe today is not making those bold moves towards integration, towards solving our common problems. It is too easy to put blame one another. That has created a right ground for populism, a right ground for racist parties, neo-fascist parties and extreme political views, which will not only in Greece but in other countries tear apart the fabric, the real values on which the European Union is based. Because the European Union is a peace project based on the ideal that we go beyond our nationalisms that came out in world wars, at one and two and the holocaust. We are a Europe which is based on the fact that we can bridge these divides, work together for prosperity, for democracy, for human rights, for respect of each other and of course dealing with the wider challenges of the world such as being much more competitive with the emerging markets.

Andrew Marr

George Papandreou - thank you very much indeed for joining us.