

A transcript of Greek Prime Minister Alexis Tsipras' speech at the Organization for Economic Cooperation and Development (OECD).

Dear Secretary General of the OECD,

Ladies and Gentlemen,

I am glad and honored to be here and speak before an audience of this caliber.

I am here, among you, not only as Prime Minister of Greece but as a European political leader who is fighting so that political change in Greece gives a new impetus to Europe.

Because Greece is not sui generis but symptomatic of a wider euromalaise.

It has become almost commonplace among **economists, intellectuals and international organizations**, such as the OECD and the IMF, to argue that Europe desperately needs to escape the trap of austerity in order to usher in a new era of growth and prosperity.

The electoral victory of SYRIZA on January 25<sup>th</sup> has given new hope to millions of people suffering from austerity in Europe.

It therefore provides a fine opportunity to provide the necessary momentum for movement in the required direction.

A direction of common sense and pragmatic politics that would have a realistic assessment of both constraints and potential that would give precedence to the needs of the people over ideology.

We need a decisive shift in favour of collective interests and popular aspirations.

This is the only way to regain the heart of Europeans and restore the prestige of the European project.

We need to respect democracy and the expression of the free will of the peoples, if we are not to surrender Europe to the extreme nationalist and populist right.

For Greece, the era of austerity, the Memoranda and the troika is over. And this is definitive and irreversible. Those who act as if the Greek people never voted or as if their vote is irrelevant, actually render Europe irrelevant in the eyes of its citizens.

We feel that political change in Greece is very much compatible with crafting a new qualitative

relationship with our European partners based on sincerity, realism and mutual understanding.

Ø We can no longer pretend that there is no humanitarian crisis in Greece as a consequence of the recessionary policies of internal devaluation.

Ø **We can no longer pretend that the country's public debt is viable and serviceable, when it stands at around 178% with interest expenditures amounting to approximately €6,5 billion annually until 2021, after which they increase to €11 billion, and in 2022 to €24,5 billion.**

Ø And we can no longer carry on with unrealistic and recessionary primary fiscal surpluses of the order of 3,0% in 2015 and 4,5% thereafter, just to pretend that the Greek public debt is viable.

After five years of economic decline and social hardship, our country remains in a desperate economic state. Our problems range over many aspects of economic activity, from financial precariousness to mass unemployment and poverty.

The task of our government is far from being easy. It requires substantial reforms to deal with historically rooted injustices and the inefficiencies of our economic system.

This, in turn, requires two things: First, the political will to go against all those vested interests that benefit at the expense of the majority of citizens.

Our government has this will.

Second, we need the technical expertise to identify the most relevant institutional structures which block change and reform them in a consistent way. The assistance of OECD on this matter is valuable.

We want a new relationship with the OECD away from the toolkits of the past, which were never embraced by the people as their own set of reforms.

Collaboration will be framed by our government's program of progressive and social reforms, on a case-by-case basis and on the technical details that surround their implementation.

Ladies and Gentlemen,

**It is absolutely vital for Greece to have its public debt restructured. That would make the country solvent**, lowering dramatically the yields on the ten-year government bonds and making it possible for us, once, again, to meet our financing needs in the capital markets.

**In our view, the monetary union as a whole loses out from the failure to tackle Greece's public debt**

problem.

The vicious cycle of a debt trap and permanent dependence are hardly a recipe for a healthy Eurozone as a whole.

We have to replace political myopia with inspiration and boldness.

Greece needs fiscal space to regain the capacity to plan and organize its economy. To this end, with the letter of the Minister of Finance to the President of the Eurogroup on February 18th, Greece asked for an extension of the loan agreement, as an interim stage to a new Contract for Recovery and Growth.

Moreover this will be backed with a negotiated agreement with our partners on the issue of the viability and serviceability of public debt. But even if we were somehow able to remove the entire public debt, it would grow again soon, if we didn't eradicate its underlying causes.

This is why we need reforms. And this is why we need fiscal space: to be able to tackle the basic problems of the real economy, of the relationship of the state with the economy and of the state with the society.

To put it differently, we need to put flesh on the bone of that Contract for Recovery and Growth so that we can ensure that, if we achieve debt sustainability and an appropriate fiscal space, we will have a model that is economically sustainable and sensitive to democratic, social and ecological aspirations.

At this critical juncture, Greece should carry out social reforms that will, on the one hand, take into account of the emergency conditions of the economy and, on the other, will break with past practices. We cannot merely draft reform strategies onto existing clientelistic practices. We need new arrangements.

Thus, for us, change is the normal state of affairs.

Our reform strategy involves interventions aimed at, on the one hand, ending stagnation and moving away from the low equilibrium of the economy and, on the other, influencing the qualitative characteristics of the new equilibrium.

Change has to be radical – not marginal because our economy is still in a state of disarray with the collapse of its productive possibilities. We need a shock to revive the economy. And, once the growth dynamic is kick-started, substantial unused capacity suggests that it could be maintained for a prolonged period.

In parallel, public debt, if restructured, could be placed on a firm downward trajectory, even with a

rather modest recovery in nominal output growth,.

The new government is well aware of the deficiencies of the pre-crisis growth model that we had always been critical of, while in opposition. Over the last decades, our political will has been consistent to change Greece. That explains why our vision is not to return to the past.

We are fighting to change the present, while keeping our eyes firmly turned towards a future with economically and ecologically viable growth, with social justice, and full-employment.

We are a government of the Left with new ideas. We want technical assistance to implement them. For example, our position is that inequality is a barrier both to growth and to economic efficiency.

And we are happy to note that we are in wide agreement with the frontier research of international organizations such as the OECD and the IMF on this issue.

From this perspective, during crisis periods, a policy that prioritizes the needs of the social majority can be part of the solution and not part of the problem of the crisis. In that sense we will either have inclusive development or no development at all.

This is a point of convergence between our political priority and that of the OECD. We want growth to go along with social justice.

A similar case can be made with respect to the relationship between growth with democracy and popular participation. We advocate wider participation and democratization of economic decision-making at all levels.

We do not want to replace the market as an allocative device. We view it as one of a variety of social mechanisms that can be used to address economic problems. If it works, that's fine.

But the truth is that it doesn't function properly all the time and sometimes it leads to significant social cost.

In such a context, we want society to participate in the discussion of goals and the design and implementation of policy so that the goals pursued and the policies implemented genuinely reflect the public interest and ensure that all essential needs are addressed.

For similar reasons, we do not consider either the popular aspiration for sense of belonging or the desire of people to have some form of control on the issues that affect their lives as elements of populism.

The great advantage of incorporating social justice and democracy into a reform project from the

beginning is that one maximizes the popular support for the whole reform package. It is good to know that there is an increasing understanding of this point.

Even in the European Union, people are coming around to the opinion that popular support is an integral part of the reform drive.

Hence, the new Greek government will proceed with a two-pronged reform strategy: a first set of indispensable, sine qua non reforms, with immediate application until April. Those reforms will set the framework for an even more ambitious set of reforms over the medium- and the longer term.

As you know, the immediate priorities of our reform drive, lie in addressing the humanitarian crisis and the desperate need to confront Greece's chronic problem with respect to tax evasion and corruption.

Regarding the first, no Left government could begin anywhere else than addressing access, for instance, to food, shelter and energy.

With respect to the second, among other things, we will target fuel and tobacco smuggling, tighten the legislation concerning the funding of political parties, strengthen the independence of the General Secretariat of Public Revenues, while guaranteeing full accountability and transparency of its operations and broaden the definition of tax fraud and tax evasion while disbanding tax immunity

The reform of the public sector is a more difficult enterprise. We have already begun by streamlining the government itself. For example we have already reduced the number of Ministries.

We will go on to promote mechanisms for better appointments, evaluations and the establishment of fair processes for maximizing mobility of human and other resources within the public sector.

We will continue to work towards drastically improving the efficiency of central and local government departments by targeting budgetary processes, management restructuring, and reallocation of poorly deployed resources.

Moving to a more economic agenda, we seek to attract investments in key sectors and utilize the state's assets more efficiently on a case by case basis and respecting the public interest.

For example, we need to unify the Hellenic Republic Asset Development Fund (ΤΑΙΠΕΔ) with various public asset management agencies (which are currently scattered across the public sector) with a view to developing state assets and enhancing their value through microeconomic and property rights' reforms.

**It is beyond our scope here to give details about our ideas concerning product and labour markets, the social security system and the crucial reforms in the judicial system.** Needless to say these are all

areas where you will find a great deal of common ground, but also differences that need to be discussed.

The above areas have of course been addressed by both past governments and international institutions, such as the OECD. As a progressive government, which has often been critical concerning certain social and economic trends, it is not surprising that we seek to broaden the agenda in certain areas. Let me just mention four.

### **Green Growth:**

In line with the priorities announced by the new EU Commissioner for the environment, we would like Greece to be a leader in green transformation strategies. Some of the major shift will be through the introduction of distributed systems (in energy or waste for instance), but this can be extended to other areas such as construction or industrial design.

### **Social Economy**

Social Economy has grown during the crisis and it has far more potential in the years to come. We need to see the promotion of an institutional framework which identifies bottlenecks to its future growth, provides supporting institutions that can overcome those bottlenecks, while encouraging synergies with other sectors of the economy.

### **New Networked Systems**

Information Technology has now made possible new opportunities for networked systems and moves towards a commons based production. Its application, as is clear from European experience, is wide: from social care to banking, and from food to education. Such an approach is particularly relevant in Greece, not only because of the weakness of current institutions, but because of a large pool of skilled persons, now either unemployed or abroad, and many remote island or mountainous areas.

### **Clusters**

The creation of production ecosystems can provide important motives for businesses to anchor themselves in Greece, instead of fleeing abroad. An ecosystem can involve bringing together infrastructure, specialized labour, synergies with public universities and research centers in a way that maximizes benefits of investing in cooperation.

Dear Secretary General of the OECD,

Ladies and Gentlemen,

What all the above suggests is the need to marry the old and the new.

The core of our policies is not to reform Greece; it is to transform Greece.

We seek the coexistence with balanced growth of all three sectors of the economy. In that context, as I mentioned earlier in passing, environmental imperatives affect every branch of our economy.

I hope that the message that Greece has entered a new historic era has become clear. In this context, our collaboration with the OECD is an important step along this path.

The road ahead will be full of challenges but, with the help of our partners, Greece will regain its poise, exit from the crisis and begin the process of inclusive recovery.

Thank you.