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**HELLENIC REPUBLIC**  
Prime Minister  
George A. Papandreou

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## DER SPIEGEL | Interview with Manfred Ertel and Mathieu Von Rohr

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Athens, 22 February 2010

**Spiegel:** Mr. Prime Minister, your country has damaged the euro and plunged Europe into a serious crisis. How bad are things for Greece?

**George A. Papandreou:** Our biggest deficit is not financial, it is credibility. We know that we face major problems, and that we as Greeks are to blame for these problems. Serious mistakes were made in the past. But the citizens voted us into office because they wanted change. We want to restore faith in politics by putting our house in order.

**Spiegel:** Greece falsified statistics for years to hide its massive government debt of €271 billion (\$365 billion) and its budget deficit of 12.7 percent of the gross domestic product from the rest of Europe. How was this even possible, and why didn't anyone notice?

**George A. Papandreou:** That's a good question, and it's one that we're all asking ourselves. We have launched a parliamentary investigation. No one could have imagined the scope of this.

**Spiegel:** Who is responsible for it? Is it really just the former director of the national statistics office, who everyone is now blaming? Or is it the personal responsibility of your predecessor, Kostas Karamanlis?

**George A. Papandreou:** Of course, a single official at the statistics office is not solely responsible. He was a political appointee of the previous administration. But I don't want to pass judgment before the investigations are concluded.

**Spiegel:** You have also accused the European Commission in Brussels of having looked the other way.

**George A. Papandreou:** The EU should have controlled more rigorously in the past to ensure that the stability pact was in fact being observed — also by us. In the future, we should provide the European statistics office with direct access to the data of individual member states. We proposed this, but not all countries wanted that much transparency.

**Spiegel:** Are you trying to blame the EU to deflect some of the responsibility?

**George A. Papandreou:** No, it isn't my intention to say how bad Europe is. The EU is a unique organization, but it needs to look at this carefully to see this as a failure of the European institutions. This is part of the reason something like this could have happened. And this cannot be allowed to happen again.

**Spiegel:** Many European politicians, and the media, have sharply criticized your country. Some are even calling for Greece to be excluded from the euro zone.

**George A. Papandreou:** I can understand some of the criticism. But we all have to be careful not to conduct artificial emotional debates via the media. For example, many politicians have recently said in public that they will not bail out Greece. We never asked for a bailout. But if you say that, it is as if we asked for a bailout. Such false information is very dangerous, given the very fragile situation in the world economy.

**Spiegel:** But can you understand that many Germans are worried about having to pay for Greece's lack of discipline, particularly after heavy social cutbacks in Germany?

**George A. Papandreou:** I can understand the German citizens, who are going through difficult times themselves. But we aren't asking for any money from Germany, even if it is sometimes portrayed that way. We know that we have to help ourselves, just as Germany did in the past. Like any other country, however, we need to be able to borrow on the markets under normal conditions, and we need the EU's backing to achieve this. If the borrowing stays so expensive, our economy cannot function, and we won't be able to implement our reforms.

**Spiegel:** What makes you so confident that you'll be able to overcome this crisis on your own? Your goals are incredibly ambitious. No country in the euro zone has achieved anything comparable.

**George A. Papandreou:** I don't think that's true. Germany had very ambitious goals, and it achieved them...

**Spiegel:** ...but Germany didn't have to reduce its budget deficit from 12.7 to 3 percent of GDP within three years.

**George A. Papandreou:** That is indeed difficult. But look: If our country functioned well, we would have little room for cutbacks. However, because there is so much waste everywhere, we can also save a lot.

**Spiegel:** Give us an example.

**George A. Papandreou:** In a study done last year, the OECD described government-run Greek hospitals as deeply corrupt. It concluded that we could save 30 percent of the costs, which is



enormous. The hospitals generated a deficit of €7 billion last year. Imagine what an unbelievably large amount of money we could save by simply introducing computers into hospitals. Until now, there has been far too little control over the purchasing of medications and equipment. In Germany, a stent for heart operations costs about €500. In Greece it costs €2,000 to €2,500. The fault lies with corruption.

**Spiegel:** Why does the Greek state function so poorly?

**George A. Papandreou:** Unfortunately, corruption is widespread in government agencies and public enterprises. Our political system promotes nepotism and wasting money. This has undermined our legal system and confidence in the functioning of the state. One of the consequences is that many citizens don't pay their taxes.

**Spiegel:** In other words, you practically have to remake the entire country. How do you propose doing that?

**George A. Papandreou:** We have to see the crisis as an opportunity to take on the necessary reforms. We have already made important decisions. For example, we will reduce the salaries of civil servants, raise the retirement age and increase the fuel tax. We are planning a tax reform that will impose more of a burden on higher earners. This increases fairness, and it enables us to fight tax evasion.

**Spiegel:** That all sounds good. But how do you intend to fight corruption, nepotism and illegal employment, all of which are problems deeply rooted in Greek society?

**George A. Papandreou:** Politics also means educating people. It's important to speak openly with our fellow Greeks, to tell them what our problems are and that we have to change something. Citizens have noticed in recent years that corruption is a big problem. Now we have a historic opportunity, with the government and citizens both wanting change.

**Spiegel:** Do you really believe that you can re-educate your citizens?

**George A. Papandreou:** We need both: clear words and concrete measures. For example, we will place all government orders and contracts on the Internet. This would make us Europe's most transparent country. We want to turn ourselves from a bad example into a role model.

**Spiegel:** How do you intend, for example, to convince wealthy doctors in Athens to finally pay their taxes and stop collecting bribes — so-called fakelaki — from their patients?

**George A. Papandreou:** I see that you've already learned the word. We have in fact already investigated these doctors. Some of them declare only €10,000 in annual income. This is shocking. They can expect systematic checks in the future. Their patients will have to be given receipts, because medical expenses will be tax-deductible in the future. We need a change in consciousness. For this reason, we have placed several examples of these tax returns on the Internet. If neighbors and patients see how these people live, they ought to ask questions in the future.

**Spiegel:** Another problem is that a quarter of all Greek employees work for the government. The civil service is bloated. What can you do to address this problem?

**George A. Papandreou:** In Greece, the civil service serves practically the same purpose as the employment office does in Germany. This leads to nepotism. Someone who becomes a department head or minister hires people he knows or who voted for him. We have to reintroduce the principle of meritocracy. In the future, the government will only hire job applicants who have passed a rigorous entrance exam. Besides, only one in five jobs that become vacant will be filled. We have already eliminated 30,000 to 40,000 temporary jobs.

**Spiegel:** Still, resistance is taking shape against each of your reforms given the burden they place on the citizenry. A general strike is expected to cripple the whole country this week. How can you resist the pressure from the street?

**George A. Papandreou:** We all know that the whole thing will be very painful. It's a question of survival for our country. We have the support of the people in this effort, and the unions know that. I am determined to stand firm.

**Spiegel:** Two-thirds of Greeks polled support your cost-cutting measures, your personal popularity is high, and the Socialist Party currently has a 48-percent approval rating — the highest in decades.

**George A. Papandreou:** That points to the will of Greeks to take new approaches. This is also a message to Europe. Greece has great potential, with green energy, for example. If we clean up the corruption, we will also attract investors.

**Spiegel:** The European Commission doesn't seem to have quite as much confidence in the Greek cost-cutting measures. It wants to see progress by mid-March, otherwise it will demand amendments.

**George A. Papandreou:** I believe that Brussels first wants to see that we are truly taking action, and that we also make good on our pledges. We need time for now, and they will draw up an interim assessment next month. We are already doing more than the Commission demanded.

**Spiegel:** Are you still pleased that Greece belongs to the common currency union? Paul Krugman, winner of the Nobel Prize for economics, has described the common currency as a mistake as it means that countries like Greece can no longer combat ballooning deficits by devaluing their currencies.

**George A. Papandreou:** The euro has enabled our companies to obtain cheap loans. This helped us achieve high growth of up to 5 percent. But the euro also its imperfections, because we have no truly common economic policy. This crisis could be a historic turning point for the currency union. We have to think about the role the euro zone should play in the future. We need more cooperation, more control, and more consideration for the different economic situations of the member states. First of all, however, we have to solve our Greek problem.

**Spiegel:** Is it inconceivable that you would leave the currency union?

**George A. Papandreou:** We haven't thought about it, and no serious political partner in Europe is thinking about it. This would massively weaken the common project. Besides, it's hardly possible in practical terms.

**Spiegel:** Three families have ruled the country for decades, the Karamanlis, Mitsotakis and Papandreou families. You are already the third prime minister from your family dynasty. Isn't this also symptomatic of Greece's problems?

**George A. Papandreou:** In a democracy, you are elected by the people. When I was growing up in the United States and Sweden, I never thought about becoming a politician. But during the military dictatorship, my grandfather was put in prison six times and my father twice. I was a refugee and didn't know whether I would ever return to Greece. That did shape me as a young man. If my family and my country didn't have this history, I might be a professor somewhere today.

**Spiegel:** You have an enormous task ahead of you. Do you feel more like Sisyphus rolling a boulder up a mountain, or Hercules cleaning out a stall?

**George A. Papandreou:** I don't feel like Sisyphus. That's not my philosophy. It is certainly a Herculean task. Most of all, I feel reminded of the Odyssey. In Homer, the travelers are being transformed during their difficult journey — and we too will be different people when we arrive at our destination.

**Spiegel:** Mr. Prime Minister, thank you for taking the time to speak with us.