

# FINANCIAL TIMES

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## Greece over halfway to recovery, says PM

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By Ralph Atkins and Kerin Hope in Athens



Greece's caretaker prime minister insists that a "large, silent majority" of Greeks are willing to do whatever is needed to stay in the eurozone, despite near-daily anti-austerity demonstrations.

Lucas Papademos said Greece was determined to avoid another debt restructuring and its political leaders were prepared to put aside differences to implement structural and fiscal reforms.

In an interview with the Financial Times, Mr Papademos expressed confidence that Greece's downward economic spiral would prove temporary. "I am convinced that we are more than halfway along the path to economic recovery – although the fiscal consolidation process will last longer," he said. "Positive growth rates should be achieved within less than two years," he said.

Mr Papademos's defiance comes in spite of widespread fears outside Greece that its economic situation makes exit from the eurozone a distinct possibility. He admitted that Greece might need more outside support if it was unable to return to financial markets by 2015.

However, Mr Papademos argued that implementing the agreed reform programme, and extra measures to boost growth, would turn a vicious downward spiral of fiscal austerity and

economic contraction into “a virtuous circle of structural reform, increasing activity and faster fiscal consolidation”.

Full implementation of the programme should also eliminate the possibility of another government debt restructuring, Mr Papademos said. “We will do whatever is needed to ensure that this was the last restructuring of Greek sovereign debt.”

Greek leaders are going ahead with national elections in late April or early May – a decision criticised by Germany. However, the former European Central Bank vice-president, who took over as caretaker prime minister in November, said reforms would continue under any government.

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“This is the will of the majority of the Greek people,” he said and would “be taken very carefully into account by the political parties”. A main achievement of his government had been to forge “a higher degree of consensus” on implementing the latest bailout programme.

Mr Papademos said: “Almost all opinion surveys have systematically indicated that a large majority of the people – I have seen figures ranging between 70 per cent and 80 per cent – very much support Greece’s continuing participation in the euro area and this implies that, despite the sacrifices and the short term adjustment costs, they are willing to do what has to be done in order for the country to remain in the euro.”

Mr Papademos revealed plans to strengthen the office of prime minister to ensure continuity under a new government. He was careful not to rule out continuing as prime minister after the election if there was insufficient support for an alternative candidate.

With election preparations intensifying, Greece’s socialist Pasok party held a leadership ballot on Sunday, although Evangelos Venizelos, the finance minister, was the sole candidate to succeed former premier George Papandreou. A socialist official said turnout by party members and supporters was higher than expected. Mr Venizelos is expected to resign his cabinet post on Monday to focus on rebuilding Pasok, which is trailing well behind the conservative New Democracy party according to opinion polls.

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