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George A. Papandreou
Prime Minister of Greece

Questioners

H. Rodgin Cohen, Senior Chairman of Sullivan & Cromwell

Jane Hartley, CEO of Observatory Group

Introductory Comments

Andrew Tisch

Good afternoon. Good afternoon everyone. My name is Andrew Tisch and I want to welcome you to the 411th meeting of the Economic Club of New York, in our 103rd year. The Economic Club of New York is the nations leading nonpartisan forum for economic policy. More than 1,000 guests have appeared before this Club over the past century, and have established a strong tradition of excellence. First of all, I would like to recognize the 136 members of our Centennial Society. These Club members made a personal contribution of 10,000 in order to ensure the financial stability of the Club into the second century. Their names are in the program and are on our website. If you would like to see your name in print, along with other members, please let us know. I also want to remind you that if you have a question for our guest speaker, you should mail it to questions@econclubny.com. Jan Hopkins, our President, will receive it on her Blackberry and consider it for the question and answer period. We are honored today to hear from the Prime Minister of Greece, George A. Papandreou. The Prime Minister was born in that huge Greek city of St. Paul Minnesota. He was educated in Amherst College, at the University of Stockholm, and the London School of Economics. His grandfather and father were both Prime Ministers of Greece before him. It sounds to me a little bit like a family business. He was sworn in as Prime Minister just a year ago and has since had to deal with a debt crisis and austerity measures required by the IMF. Before becoming Prime Minister he was the Foreign Minister and the Minister of Culture and Education and was very much involved in bringing the 2004 Olympics to Athens. After the Prime Minister's remarks, as is our custom, two designated

Club members, as well as Jan Hopkins, will ask questions. Prime Minister, the floor is yours.

(Applause)

George A. Papandreou
Prime Minister of Greece

Ladies and gentlemen, Andy, it is an honor to speak to you today. Since I took office, almost a year ago, Greece and the European Union have faced unprecedented challenges. So I would like to give you a pragmatic picture of the real problems Greece is facing, the progress the new government has made in reforming our country, and our capacity and determination to make further major changes. I would also like to dispel, what is some of the peculiar mythology around the Greek case, which has been played up by some media commentators and financial analysts.

Six months ago, just before the European Union and the IMF agreed to a 110 billion Euro loan, and support package for Greece, everyone was convinced that Greece was doomed to default. Today, Greece is a different country. A country with a credible government that is delivering change. A country firmly on the path to long-term stability and growth. There are many encouraging signs that investors are now waking up to new opportunities that the new Greece has to offer.

Only a few weeks ago, the biggest bank in Greece, National Bank, the largest commercial bank, went onto the markets for a recapitalization. The response, more than positive. Norway's State Pension Fund, recently invested in Greek bonds, an important vote of confidence from the world's second biggest sovereign wealth fund.

The reason why investor confidence has been growing, I believe, is quite clear. The Greek government has proven that it means business. We have delivered on our commitments, even exceeded targets, even confounded expectations. In a matter of months, we have pushed through the most extensive and ambitious reform program in modern Greek history.

First, we had to take tough but necessary measures to regain control over public finances. As a result the deficit is already down 32 percent this year and we are on track to achieve the target of 40 percent deficit reduction by the end of the year. We have reduced government expenditure by almost 8 percent. Our primary deficit is down 60 percent year on year. And we embarked on deep structural reforms to eliminate bureaucracy, improve public sector efficiency, overcome long-standing obstacles to growth and investment. We are now focusing on increasing revenues by cracking down on corruption and tax evasion, while making governance more transparent. We have launched efforts to attract investment, capitalizing on our comparative advantages from solar power to shipping, cultural tourism to organic agriculture. In short, we have turned a fiscal crisis into an opportunity to push through necessary reforms that had been put off by successive governments afraid of the potential political costs. In fact, the latest opinion polls show that

public support for our reform agenda is strong and has actually increased since April.

Six months ago, people were predicting riots in the street, but aside from a few isolated incidents, they haven't transpired. And let me tell you why. We were elected by a solid majority, hungry for change. The Greek people were tired of living...living in a country that was not fulfilling its potential, and convinced that they deserve and are capable of much more. And they had the confidence in our government to do what it takes to deliver the necessary changes. So I am absolutely determined to ensure that the sacrifices of the Greek people will not be in vain.

I am also doing everything possible to make this a joint effort of the government with the Greek people, not in spite of them. And I am confident that any short-term pain will be outweighed by long-term gains. Many of the structural reforms we have implemented are already bringing substantial and sustainable financial gains. Let me give you just a few examples. We have streamlined local administration, reducing over 1000 municipalities to 325, 57 regional prefectures to 13, 5 levels of government to 3, 6000 local government enterprises to 2000. This will generate about 1.5 billion every year. A more efficient public sector will also create a more business friendly environment.

Secondly, our reforms to the pension system, which include raising the retirement age to 65, and

abolishing early retirement before 60, will lead to an astonishing 10 percentage points of GDP and savings over the next four decades. These reforms also guarantee a viable pension system over the decades to come.

Thirdly, we are liberalizing closed professions. Today we just voted on opening up the truck drivers profession. Opening up closed professions with restrictive practices that distort the market, this will lead to a greater competition and lower production costs in these sectors. Studies estimate that relaxing product market regulations, lifting barriers to entry and services, opening up closed professions could potentially boost Greece's output by 5 to 6 percent.

These are just some of the changes we have already made to restore credibility and confidence in Greece. We have many more reforms in the pipeline to jumpstart the economy. To potential investors, looking for new business opportunities I would say, the Greek crisis is not the beginning of the end, but a new beginning.

There is enormous potential to boost Foreign Direct Investment in Greece. In 2008 Foreign Direct Investment accounted for just 1 percent of GDP, compared to an OECD average of 4.1. To turn this around we have passed several measures to encourage entrepreneurship, and attract investment. Stability is one of the principle advantages of the new Greece. For example we have pledged to maintain a stable taxation environment for major investments for up to ten years.

Starting from 2011 non-distributed corporate tax for all businesses will drop from 24 percent to 20. We are drastically cutting red-tape for business startups. We have just passed a law to fast-track licensing procedures for investments in order to leverage public/private partnerships in new infrastructures such as green energy grids, broad-band, urban renewal and agribusiness.

The state owns real estate assets worth over approximately 270 billion euros. Roughly equivalent to the public debt, that are largely unexploited. So we are launching an ambitious program which spans transport, energy, telecoms, gaming, real estate, utilities and banks, either through outright sales, concession agreements, initial public offerings, privatization, strategic partnerships, or holding companies.

We have also created incentives for investments in emerging markets, such as research and development, exports, and renewable energy. We are currently liberalizing the energy market, a key sector where public/private partnerships can play a pivotal role. Greece has all of the right natural credentials for green development, from energy efficient housing, to clean power grids criss-crossing our islands. Our wind power potential is unrivaled in Europe. We have already passed legislation to facilitate large scale investments in renewable energy, a sector predicted to generate 45 billion euros and investments by 2015, which will create 250,000 jobs. Today we have growing interest and tangible interest from the Middle-East, Turkey, Russia and Italy, eager to develop strategic partnerships in the energy sector.

In line with our green development agenda, we are reorienting our agricultural production, which will be geared towards high quality products. We want to create a Greece which is linked with high quality. Our goal is to export the Mediterranean Diet which gives Greeks our longevity around the world.

We are revamping our tourism industry and tapping into new markets like China, Russia, India, Israel, Turkey and the Middle-East. Beyond the classic three S's, Sun, Sea and Some ruins, Greece has much more to offer. From wine roots to arts festivals, cooking schools to ski resorts, from rafting in our mountains to canoeing around our islands, scuba diving to see sunken ruins, to rock climbing over the Aegean Sea. And by the way we recently realized that the word Aegean sounds like the Chinese word for love. So we predict the *Mamma Mia!* experience of marrying on a Greek Island is certainly going to become a booming industry. I know one that is going to be married soon, Eleni congratulations. Her father is here. This is just to show the hidden potential of an industry that is already strong in Greece.

With the highest number of university graduates in Europe, Greece also has a highly qualified workforce. High-tech companies will find new infrastructure and beautiful surroundings where innovation can flourish.

Greece also has many other unique advantages. We are not an isolated economy. Greece is not only a core member of the European Union, we are geopolitically and economically linked to emerging economies to the East, North, South, from Turkey to the Middle-East, from the Black Sea to the Balkans. China has recognized our strategic advantages and chosen to invest in the Athenian port of Piraeus, as a hub for all of its exports to Europe.

Of course, many challenges remain. While I am proud of our achievements so far, I am mindful that we still face many uphill battles. Perhaps our biggest challenge, my biggest concern now, is to insure that cuts do not hurt those most at risk in a recession and do not counteract potential increases in revenue. We are doing everything we can to protect the most vulnerable citizens. This is not simply an issue of compassion or even social justice, I believe that having an active participative population is key to an innovative and vibrant, competitive economy.

We are working hard to ensure that those with a means to do so contribute their fair share. In particular, our efforts are focused on aggressively bringing the shadow economy to book. This will not only generate vital revenues, it will also help us to create a culture of transparency and collective responsibility. Corruption— the rule of the powerful, if you like, not the rule of the law— is a democratic challenge that many countries face. We are using data-mining, crack squads, cross-checks of assets to catch and prosecute tax cheats, even Google Earth has come in handy to uncover undeclared swimming pools.

In the first six months of this year we collected over 1.2 billion in tax arrears and we will soon bring in much more, as we are ready to pass a law to expedite prosecution of these tax arrears. Starting in 2011 the spending and assets of the self employed will be monitored to determine a minimum taxable income. So there will be no more cases of plastic surgeons declaring earnings lower than shelf stackers. Our policies are designed to restore trust in state institutions. The Rule of Law, people will pay their taxes if they trust the government to collect them both justly and use them wisely.

Changing the way the state is run, changing governance practices, will change our political culture. Transparency, meritocracy, and accountability are at the core of these changes. That is why we have established an independent statistics authority, and luckily the shortest joke was, some while ago, Greek Statistics. And we have introduced a Fiscal Responsibility Bill to insure transparency and accountability across all government spending. We have recently passed a law that calls for all public expenditures to be published online. And we have launched Opengov as we call it, an e-governance tool to enable greater public participation in policy making and open recruitment for senior government posts. I believe we will become *the* most transparent country in the European Union.

Corrupt practices will be hit, through transparency and good governance, even though bad habits

don't die out overnight. Perseverance is of essence. And we will persevere. We are determined to win the fight against corruption, no matter what the cost, because we know it is to the benefit of our country and our people. We have decided to create a different Greece, a new Greece that is more transparent, just, sustainable, competitive and ultimately a very good investment.

Nevertheless, we are still fighting a battle to dispel persistent doubts about Greece's credibility. Spreads on Greek sovereign debt, sovereign bonds are still high. Over the last months the Greek population has been buffeted by the up's and down's of the financial markets. So now every Greek from 9 to 90 years old knows what spreads mean and what derivatives mean. Market volatility has sent ripples of panic and fear at times through Greek society. And unfortunately, as fears of a global double-dip recession still linger, market psychology remains cautious, sometimes even pessimistic. And as we all know, expectations often influence reality, and economic reality. And at times of crisis, this could mean that we will have self-fulfilling prophecies.

So I would like to take this opportunity to respond to a persistent rumor. Default. Default is not an option for Greece. All of our herculean efforts during the past year have been geared to ensure Greece does not default. With the EU IMF support mechanism, we are completely covered in our borrowing needs until 2012. Our progress in meeting conditional targets will be closely monitored through quarterly reviews, so there is no question of us slacking off, not that we have any intention to doing so. Default is not an option for Europe either. Europe has

invested heavily in Greece's success today. The support mechanism was not only a contract with Greece to make the necessary changes, it was also a vote of confidence in Greece's capabilities to carry them through. And that is what we are doing. Above all, it was a decision that Europe will do what it takes to turn the situation around. And regardless of the occasional squabbles in the European Union, or the complexity of our decision making process, I would take care in coming to hasty or simplistic conclusions. Europe is much more robust and powerful than some newspaper columnists would have us believe. The European Union also happens to be the largest economy in the world. So theories about default, haircuts and exits from the Eurozone show a remarkable lack of historical perspective and understanding of the basic rules of European economics and politics. On the contrary, I am confident that both Greece and Europe will emerge stronger from this crisis.

I talked earlier about the mythology surrounding Greece. If you have never been to Greece—never had the pleasure of basking on one of our beautiful beaches or admiring one of our ancient temples or tasting some of our Mediterranean diet— if your impressions of Greece are based solely on recent media reports, you might think that Greece is hopelessly in a bad situation. On the brink of bankruptcy, social collapse, professional protestors. The fact is, that Greece is none of these things. It is a complete fallacy for example to profile all Greeks as inherently lazy. That was one of the profiling I was seeing over the last few months. These lazy Greeks, they work such short hours. Of course, if you visit our islands and you see them dancing, all of us dancing and having fun, well that is part of our tourist industry. But I looked up in the OECD to see who

works most, the longest hours amongst OECD countries. It so happens that Greeks work the longest hours of all other OECD countries. Contrary to reports of Greek profligacy, wages in Greece are actually 60 percent lower than in the United Kingdom, France, Belgium, Holland and Ireland. Nor is Greece just a country that trades on its glorious past and spectacular coastline. No, Greece is a modern, dynamic democracy, a nation of creative entrepreneurs with a vibrant culture and the successes, I think, you can contest to this, of the Greek American community in so many different fields, whether it is Hollywood, Silicon Valley, Academia, and the East Coast. This just shows the entrepreneurial spirit, but also the dynamism of the Greek people.

In reality, the reality is, in Greece, we have been making a clean break with practices, which we want to change, practices of the past. And we are forging ahead with a wave of reforms to put Greece on a path to fiscal stability and sustainable growth. This is not just crisis response. There is a real longevity in our reform agenda. Even under the most prudent forecasts, we fully expect to return to positive growth rates in 2012.

Up until 2008, Greece exhibited strong growth for more than a decade. We had a much higher growth rate than Spain, Portugal, and even Germany. So I am sure we can achieve, similar or even better growth rates once the positive impact of these reforms kick in. So rather than betting against Greece, canny investors should be looking at Greece as a sustainable growth proposition. Forward thinking business leaders should be moving into the Greek market to make their

business grow in Europe and beyond. If Greece is not already on your radar as an economy on the rise, a future success story, then it should be. This is not simply a self centered proposition. In this fragile global economy we need success stories more than ever. And it does not take much to make Greece a flagship of success. Thank you very much.

Moderator- Andrew Tisch: Thank you Mr. Prime Minister. I just want to make one quick correction. I told you that the email was ... it should be sent to questions@econclubny.org, not .com. Our questioners today are Rod Cohen, the Senior Chairman of Sullivan and Cromwell. And Jane Hartley the CEO of the Observatory Group. Jane, do you want to start.

Jane Hartley: Sure. Mister Prime Minister, first of all, thank you so much for being here, and thank you, in particular, for your leadership during these very, very difficult times. And congratulations, in particular, on getting the deficit down by 40 percent by year end. I have one question, I am wondering what your plans are for fiscal consolidation in 2011. New measures will be required in the budget. Do you have enough political support in the face of continued social problems for another round of austerity?

Prime Minister Papandreou: First of all, thank you for the question. We have taken the most drastic of measures in this program, and front loaded them. So the whole process, and I have been saying this, again and again in my cabinet meetings I said, the first year is the crucial year.

We will do the biggest reforms, the biggest changes now. We do have another two years of measures, where we have ... they are public, they have been announced, they have been agreed upon between us and the European Union, and the IMF. There are some issues which have to bring in new revenues but they are not as painful, I would say, they are much less painful than the ones we have already taken. Obviously some of them have to do with tax revenue and more transparency. We have changed our tax system and we have done so, first of all, to make it a more just tax system, to widen the tax base, and hit tax evasion, and create more transparency. I will just give you an example, the Brookings Institute came out with a report some months ago, about Greece, and it said, if Greece was more transparent, as transparent let's say as Scandinavian countries, we would gain 8 percent GDP, 20 billion euros a year. Now if we had that, we wouldn't have the crisis. If we are less transparent, but somewhat like Spain, we would gain 4 percent GDP, maybe more realistic. But still, that is 10 billion a year. So what we have been doing now is making reform so that we believe next year will be very ... we will have greater potential in actually dealing with this issue of lack of transparency and tax evasion. So I would say that if the difficulties were there last year, it will be a difficult year, 2011 will be a difficult year, because recession has hit. We knew it would be hit, it would be hitting us with all of the cuts we have made, we will have a 4 percent negative growth this year. But we believe that by 2012 things will start moving towards the better. And I believe that Greek people have shown great maturity, even though there have been, as you said, demonstrations, and I can understand them very well. If you feel that you have to pay for a crisis that you didn't create, you will go out on the streets and you will demonstrate, you will protest in one way or another.

So I can very much understand that. But I also believe that Greek people are very mature and understand that we need to make major changes. And they see that this government is making major changes. They are taking the pain, we are taking the pain, but we know that this is necessary to move forward. So I believe 2011 will be a year of continued reform. It will be a difficult year. But we will make it through.

Rodgin Cohen: Mr. Prime Minister, let me add my thanks to you for honoring us with your presence today. You have referred, during your remarks, on several occasions, to serious misperceptions about Greece and its financial situation. Some of those may be due to legitimate error, some perhaps due to the laziness of the observer rather than the observed, and some may be due to less benign explanations. My question is, could you describe how you plan to combat these misperceptions.

Prime Minister Papandreou: Well first of all, I would immediately say that we in no way are trying to find scapegoats for our problems. So the first that we have been doing is being very honest about what our problems are. So I don't, in any way, want to paper over the kinds of things we have to do in Greece and the kinds of problems we have been facing. I have been very clear when speaking publically in Greece or around the world about the types of problems we are facing, because we want to change. So I think what...even though there are problems, what we have today is a government, a solid majority in Parliament and I would say a wider consensus

amongst the Greek population for the need for these changes. As we are moving forward, and the last few months we have shown determination, we have shown the political will to make things ... changes that would be unheard of in previous times in Greece and I think in many other countries, are very difficult changes. I know even in the United States, talking about pension reform or cutting the budget, or restructuring local government, I mean, these would be highly politicized and difficult issues, yet, we have, in 11 months gone through and passed these laws and made these changes. So I think this is the first thing that we are trying to deal with. And when I was elected and the crisis hit, what I said to the Greek people is, in the end, our deficit is not so much financial, it is a deficit of credibility. That is the first thing we have to regain. And I think we have been regaining that and we will do everything necessary to regain that credibility, and use that credibility as a basis to then revamp our economy, bring in investment and change Greece's image.

Jane Hartley: You mentioned having positive growth by 2012, and we are rooting for you. I wanted to ask you, how much of that will be because of the changes you are making in the tax system, particularly some of the programs in terms of tax evasion. And if you could be a little more specific on the timing of these.

Prime Minister Papandreou: First of all we already have a new tax system, but we have decided to take measures to help investment. As I said, the investment that is reinvested in

companies will be taxed at a lower rate than income tax or the distributed profits. That is to incentivize investment. Secondly, for large scale investments we will have a special tax regime. We are now discussing this with the different possible investors but also within the European Union, as we are following, of course, the certain directives that all countries in the European Union have to follow concerning tax benefits. And we will also have, as I said, a fast-track law which we have decided upon in the Cabinet, only a few days ago, which will cut red tape and allow for very quick resolution of problems with bureaucracy, zoning and so on. These are things, which I think will help us very much in bringing in new investment. At the same time, we are also moving into new areas where we think are comparative advantages. Greece was not a competitive economy and it was not a competitive economy because it was not using its comparative advantages. It was borrowing to continue industries or services which very often were not competitive. So, for example, Green development is a major priority for us. Not only because we, in the European Union are bound by the Kyoto protocol to make changes, but we see that there is great potential for growth in Greece because of the solar, wind and geothermal power. Secondly, there is the agricultural area where, again, we were not competitive. But we have a brand, it is called the Mediterranean Diet and we will make use of it for niche markets. Shipping has always been a strength and bringing in investment from shipping will be important. And, of course, our tourist industry is one which we will ... we revamped to be a quality industry, much more than trying to compete with the low end tourist industry of some of our neighbors. These are the things which we believe will bring in investment and growth by 2012.

Rodgin Cohen: Mr. Prime Minister, one of the principle concerns expressed about the financial situation in a number of European countries is the risk of additional demands by the banking system for government support. And in your remarks you described the recapitalization of the largest of the Greek banks. With that accomplished, do you think the banking system in Greece is now sufficiently stable, so that the risk has really been minimized to further demands.

Prime Minister Papandreou: Well thank you very much, that is an interesting question because in fact, the Greek banking system is a very healthy system. Because, Greek banks happen not to invest in so called toxic assets and the Greek banking system, therefore, was doing very well. Not only in Greece but it has very strong branches in other countries, Turkey, Bulgaria, Romania, Serbia and Albania and other parts of the region. The problem with the Greek banks was not the banking system, but the fact of Greek sovereign debt and of course that they had quite a bit of Greek sovereign bonds, so as we as a country are moving out of this problem, the banks, of course, will have a much better access to markets, as we hope. Now we do have a ... in order to make sure that the bank system is fully functional and helps out in real economy through giving liquidity to small and medium sized firms, and start-ups and in investment all around Greece, we have a 10 billion euro facility which has been agreed upon by the European Union, the IMF, with Greece. So if there is any problem, we will be recapitalizing through that. But as I said, the biggest bank in Greece, the National Bank of Greece, a big commercial bank, went on the markets for recapitalization and was over-subscribed and it seems this will be very positive. We went through the stress test that Europe went through and there

was only one bank in Greece that had a problem, the so called Agricultural Bank. I believe they will also be able to deal with this problem too. We also have a guarantee, a 25 billion euro guarantee for our banking system, which again, has been agreed upon with the European Union and the IMF. Which is a further, if you like, security for these banks. So I think our banks are quite well prepared for moving out of this crisis. And they have been very strong banks. As I said, if they hadn't, if we hadn't this sovereign debt crisis, they would have had no problems.

Jane Hartley: I think you have answered much of this, but if economic performance in Greece continues to diverge from that of the core countries in Europe, many policy makers and academics argue that short of a currency devaluation, Greece will never regain competitiveness. You have been very strong in your remarks today, if you could elaborate a little bit on that and also do you think there will be any other actions required by the EU if this were to happen?

Prime Minister Papandreou: First of all, as I said, there is no option, default is no option, and leaving the Eurozone is neither an option. This is not only a Greek concern, this is a question of the European Union itself. The fact that the European Union has created this facility with the IMF of 110 billion, but then, over that, created a new facility of approximately 750 billion euros which is a huge amount for other countries such as Portugal and Spain if they ever needed to have help. This just shows the determination from the European Union to make sure that the Eurozone is protected, the countries that are in the Eurozone are protected and that we get

through this crisis. Now, I believe that Greece has had some disadvantages which we can turn into advantages. The fact, for example, that we were investing in areas which were not competitive, and now we are moving into areas which are competitive, is something which I believe will allow us to be much more competitive in niche markets. Tourism is a strong industry, but it could be much stronger since we are moving into an upper, a higher ... upgraded market, if you like. The same is with Green Growth, the same as with agriculture, the same as with some of the services in high tech and innovation. These are areas which we hadn't invested in and there is great potential. The same also has to do with, I said earlier, is revamping our governance system, which will bring in an underground economy, which is there. We have an underground economy which is much bigger, unluckily, than other countries in the European Union. It is considered around 25 percent, while in the European Union it may be around 15 percent. That alone is a disadvantage but it can become an advantage. And that is why we want to use that. Finally, I would just say that many of the reforms we are making, the opening up of the labor market, liberalization of the professions. As I said, we just passed a law in opening up the truck driver, the trucking industry, and as you know, here in the States, it is a very difficult group to deal with, and yet we have done so with determination. This, I think, will make our economy much more competitive.

Rodgin Cohen: Mr. Prime Minister, before asking my last question, I would like to express my admiration for your having taken the politically courageous steps of asking the Greek people for short-term sacrifice in the interest of long-term gain. My question relates to the bond sales on

Tuesday morning, the four and eight year bonds, a lot of commentators were favorably impressed because there was demand, which was strong, and the rates relative to benchmarks seemed to come down, but what seemed to me, what was even more impressive, was that you were able to go out for that duration. And I wondered if you could comment on that please?

Prime Minister Papandreou: Well yes, we haven't fully come out onto the markets yet, and we will do so at an opportune time, and do hope the markets will open up quite soon. But, the fact that we did do this, as you said, two days ago, was ... we had a very positive response, over subscribed many more times than in the previous attempts, but also the interest rate was much lower than before, and actually lower than the loans we are getting now from the IMF and the European Union. So I think this is one more vote of confidence. It is not a final vote of confidence, but it is one more vote of confidence on a steep, but systematic path we are taking in making sure that Greece is moving in the right direction, becoming more credible and certainly more sure for investors.

Jane Hartley: Having gone through this, I am wondering if you have any advice for any other countries that may be in the same situation.

Prime Minister Papandreou: Well I was in Washington yesterday meeting with the Vice President, but before I was asked to meet with head of the commission that has been set up by

President Barack Obama, Al Simpson is heading it and he wanted our advice, and I of course asked for his advice too. So I didn't expect when I was getting this job that I would be advising other countries on their debt reduction. And even though my family is a family of economists, I am a sociologist, so I had to have sort of a crash course in economics and in the bond markets over the last few months. My advice is that and this is more political than economic advice, when I came into this post and I have said this many times, is, one wants to serve his or her country, one wants to do what he or she feels is best, one has to make very difficult decisions at times, but I think if one feels that one is doing that and can say when one looks in the mirror at night or in the morning when one wakes up, that, whether I fail or succeed I am doing the right thing, whether I have political cost or not, I am doing the right thing. And I have said very often in Greece and around the world that yes I was elected and I am elected to lead this country, my goal is to get this country on track again. Whether that costs me the next election or not, that is not my concern. My concern is that whenever I leave this post I can be proud of myself for what I have done, but also much more, of my country, making Greece proud of what it is and what its potential is. Greece has great potential and we will show that we ... well we want to show the world, we will show the world that we can make Greece a great country. Thank you very much.

Andrew Tisch: Mr. Prime Minister, I want to thank you very much for your directness, for your candor, and for your enthusiasm. We appreciate you being here today and as a small commemoration of your visit we have a gift for you. I hope you will think back warmly on your visit to our Club and to New York. Thank you very much.

Prime Minister Papandreou: Thank you very much. (APPLAUSE) I also have a small gift.

This is a small memento. It is a silver tray with a sailboat which the Argonauts used when they were on their odyssey and we are on our odyssey but we will make sure we will get to our Ithaca too. So this is for you. But it also says, come to the Greek Islands and enjoy the sailing.

Andrew Tisch: Thank you, knowing that there are at least two Ithacans, maybe three Ithacans now, my friend Abbey and I each being Cornell alumni, we are especially appreciative of this. I want to thank you again. Just one more housekeeping detail, our next meeting is going to be on October 12th, when Jean-Claude Trichet, the Head of the European Central Bank, will again address the Club. And remember that our new member-to-member breakfast series begins on Monday, September 27th, with Robert Hormats, Bob Hormats, the former Economic Club Vice Chairman, and now the Under Secretary of State for Economics, Energy and Agricultural Affairs, will be our guest. And now everyone, enjoy lunch and thank you.