'Why I Am Here, and Not In Brussels'

The Greek Prime Minister made this speech on June 19, to the St. Petersburg International Economic Forum in Russia:

I would like to thank the organizers for the great honor of inviting me to participate in this important event at the International Economic Forum in St. Petersburg.

Many of you may be wondering why I am here today and not in Brussels negotiating. However, I am here, exactly because I think that a country that wants to examine and explore possibilities for succeeding, must have a multidimensional policy and engage with countries that are currently playing a key role in global economic developments.

The economic circumstances that resulted from the global crisis eruption in 2008 have led to a very different world.

In Europe, we had long been under the illusion that we were the center of the world, taking into consideration only those developments occurring just beyond the borders of our neighborhood to the other side of the Atlantic.

The world's economic center of gravity, however, has shifted.

New emerging powers are playing an increasingly important role economically and geopolitically.

International relations are acquiring an increasingly multipolar nature. The role of the G20, the upgrading of the regional cooperation processes in Asia, Latin America, and Africa, as well as the strengthening of cooperation between the BRICS countries are irrefutable proof of the emerging new economic world.

Moreover, the Eurasian Union—this relatively new project for regional economic integration—is potentially another source of new wealth production and economic power.

Out of the Casino Economy

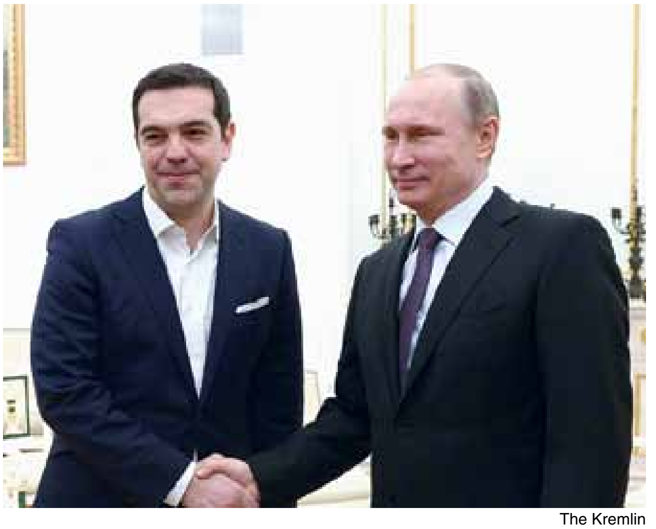
However, these changes do not, in and of themselves, lead to a more peaceful or a stable world.

The existing significant social challenges remain, including poverty, unemployment and social marginalization, while regional conflicts, crises, and tensions are intensifying. In the Middle East, Africa, the Black Sea region.

And in this sense, the great challenge of this new era is whether the shift in the global economic center of gravity will generate new possibilities for addressing these global social challenges and inequalities, or whether it will accelerate the uncontrolled course of the global economy—aptly described as a casino economy by the former President of the European Commission, Jacques Delors, shortly before the resounding economic collapse in 2008.

For the old financial center, particularly for Europe and the Western world, the challenge will be whether it chooses to react positively to new challenges by building bridges of cooperation with the emerging world, or whether it will remain committed to old doctrines, raising new walls of geopolitical conflicts.

The crisis in Ukraine, for example, opened a new wound of destabilization in the heart of Europe, a bad omen for international developments. Instead of greater economic and political cooperation in the region, there is a revival of an obsolete Cold War. Which leads to a vicious cycle of aggressive rhetoric,



The Kremlin

Greek Prime Minister Alexis Tsipras was in Russia June 19.

militarization and trade sanctions.

This vicious cycle must come to an end as quickly as possible; diplomatic initiatives, such as implementing the Minsk Agreement, are valuable and should be supported.

My country, Greece, is located in the geographical center of many of these crises and tensions; nevertheless, it maintains its role as a pole of stability and security in the region. As a European, Mediterranean, and Balkan country, as well as one belonging to the wider Black Sea neighborhood, Greece seeks to be a bridge of cooperation in its region. To become a hub of investment, trade, energy cooperation, transport, tourism, cultural, and educational exchanges at the crossroads of three continents.

We intend to capitalize on our participation in all international bodies that we are members of as a European country.

While fully respecting our commitments as such, we will also actively seek to become a bridge of cooperation both in our region and beyond, with our traditional friends such as Russia, but also with new global and regional organizations.

Eurozone Is the Problem

Of course, as you are all undoubtedly aware, we are currently in the middle of a storm. But we are a seafaring people, well-versed in weathering storms and unafraid of sailing in large seas, in new seas, in order to reach new and more secure ports.

Friends, the problem that we, and our partners in the EU are facing, hinges on the developments I have described. The EU, of which Greece is a member, must rediscover its true course by returning to its founding statutory principles and declarations: Solidarity, democracy, social justice. This will be impossible, though, if the EU persists with austerity policies and the disruption of social cohesion, which only serve to further the recession.

Let us not fool ourselves: the so-called Greek problem is not a Greek problem. It is a European problem. The problem is not Greece. The problem is the Eurozone, and its very structure.

And the question remains, whether the EU will allow room for growth, social cohesion, and prosperity. Whether it will allow room for political solidarity instead of policies imposing dead ends and failed projects.

Dear friends, the emerging new multipolar world will truly be innovative and pioneering if it can free itself of the root problems fueling the global crisis. But this cannot occur—it has never occurred in history—without bold decisions. We cannot move forward in this new world while still carrying the burdens of our past mistakes. Otherwise, we will be doomed to repeat them and we will continue to fail—whereas the challenge for us is to change in order to succeed. To face new challenges and overcome them.

Thank you very much.

Whole Families Survive On Pensions of Elderly

In a June 19 "Letter to Germans On Pensions" published in the newspaper *Der Tagespiegel*, Alexis Tsipras injected some realities into the absurdity which lately has passed for discussion of Greek pensions in Germany—and at IMF headquarters. Here is an excerpt from the Greek Prime Minister's letter:

> It may sound somewhat suspect that 75% of the primary expenditure [of the Greek government] is used to pay for salaries and pensions. If it sounds unbelievable—that's because it is: Only 30% of the primary expenditure concerns pensions. . . .
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> The comparison with Germany's pensions is also rather misleading. According to the Aging Reports (2009, 2015), pension expenditure in Greece rose from 11.7% of GDP in 2007 (slightly higher than the 10.4% in Germany) and reached 16.2% in 2013 (while in Germany the numbers remained almost stable).
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> What caused this increase? Was it due to an increase in pensioners or an increase in pension amounts? The answer is: Neither. The number of pensioners has essentially remained unchanged and pensions have shrunk dramatically due to the implemented policies. Simple arithmetic is sufficient to reach the conclusion that the increase in pension expenditure as a percentage of GDP, is entirely due to a decline in GDP (denominator), and not to an increase in expenditure (the numerator). In other words, GDP declined faster than the pensions.
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> Concerning retirement ages, could it be that

in Greece, employees retire much younger? The truth is that the retirement age in Greece is 67 years for men and women, i.e. two years more than in Germany. The average exit age from the labor market for men in Greece is 64.4 years; i.e., eight months earlier than the 65.1 years in Germany; while Greek women retire at 64.5 years, about 3.5 months later than German women, who retire at 64.2 years.

I wanted to highlight the above again, not to deny the ailments of our social security system—but to prove that the problem is not one of supposed generous pensions. The most significant disruption to the pension funds is due to dramatically lower revenues in recent years. These were caused by the loss of assets due to the PSI (haircut of Greek bonds held by the Pension Funds, totalling approximately 25 billion euros) as well as—and most importantly—by the sharp drop in contributions that resulted from soaring unemployment, and the reduction in wages.

In particular, during the period 2010-2014, approximately 13 billion euros were removed from our social security system through a series of measures, with a corresponding reduction in pensions and allowances [by] about 50%, a fact which has exhausted any margin for further reductions without undermining the operational core of the system. Moreover, we must understand that the system is being mainly pressed on the revenue side and less so on expenditures, as is often implied.

I would also like to call attention to a matter that is unique to the Greek crisis. The social security system is the institutionalized mechanism of intergenerational solidarity, and its sustainability is a main concern for society as a whole. Traditionally, this solidarity has meant that young people, through their contributions, fund the pensions of their parents. But during the Greek crisis, we've witnessed this solidarity being reversed, as the parents' pensions fund the survival of their children. The pensions of the elderly are often the last refuge for entire families that have only one, or no member working, in a country with 25% unemployment in the general population, and 50% among young people.