

Klaus Regling on Greece's upcoming programme exit (in Handelsblatt)

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04/07/2018

Interviews

ESM Managing Director Klaus Regling on Greece's upcoming programme exit

Published in *Handelsblatt* (Germany) on 4 July 2018

Handelsblatt: Why has the adjustment programme taken much longer in Greece than in other programme countries?

Klaus Regling: In no other programme country the problems were as big and the administration as weak as in Greece. Additionally, under Varoufakis the country moved into the wrong direction for six months in 2015 and that cost the Greeks billions. For these reasons, the adjustment process took eight years and not only three, as in other countries. But the efforts now bear fruit. Since 2016, the country has always had a 'black zero' despite the fact that the deficit had been above 15 percent of GDP in 2009. These results were only possible because Greece implemented far-reaching and often painful structural reforms. For example, salaries were significantly reduced in real terms. That was necessary because earlier they had grown much faster than productivity and the country had lost its competitiveness. Today I am optimistic when I look at the time after the end of the ESM programme on 20 August. If Greece stays on the course of reforms, then I see a good future for the country in the euro area.

What can Greece learn from the other programme countries for the time after the assistance programme?

Today, former programme countries such as Ireland and Spain have the highest

growth rates in Europe. These former programme countries have implemented the reform agenda in a determined manner and they have shown ownership. By doing that, they have clearly signalled also after the end of the programme that their economic policy will serve the goals of growth and competitiveness. Greece has committed to continuing the reform course. Otherwise some of the recently agreed debt relief measures could be scrapped. Also, Greece knows that it will be under the permanent observation and evaluation of markets and investors, just as the other former programme countries. They want to know that their money is well and safely invested in the long term.

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