



Panhellenic Socialist Movement
The President

Athens, 15 February 2012
R. N.: 176

Ms. Christine Lagarde, Managing Director, IMF

Mr. Jean-Claude Juncker, President, Eurogroup

Mr. Olli Rehn, Commissioner for Economic and Monetary Affairs, EC

Mr. Mario Draghi, President, ECB

Dear Ms. Lagarde, dear Messrs Juncker, Rehn and Draghi,

This letter is to confirm the commitment of my party, The Panhellenic Socialist Movement, PASOK, to the Program's objectives and key policies, as set out in the MoU/MEFP as agreed at staff level between the Government of Prime Minister Papademos and the IMF, the European Commission and the ECB, and to their successful implementation.

To this end, any future adjustment to the policy mix envisaged under the program and any new measures would be designed to be fully consistent with the program and in no way would put at risk the achievement of its objectives.

In particular,

1) We fully agree that competitiveness and growth are paramount if we are to create a viable economy and debt reduction to sustainable levels.

We support the ambitious privatization and public asset development plan under the program.

Despite the fact that we support Collective Bargaining and Agreements between social partners on principle (a longstanding European value and position recently included in the proposed new Treaty changes), our Party

has decided and supports the deep structural reforms in the labor, product, and service markets.

The agreed adjustment of labor market parameters have been taken in order to give a strong upfront impetus to unit labor cost reductions, and promote employment and economic activity.

At the same time my Party believes that these measures must be enhanced with policies that will contribute to longstanding competitiveness such

(a) reorganizing the business and working environment, increase transparency, enhancing ease of doing business, cutting down bureaucratic procedures of the public authorities that often lead to graft, and facilitating swifter oversight and transparency. This will further help attract local and foreign investment and increase the competitiveness of businesses situated in Greece.

(b) restructuring our system of training, lifelong learning and apprenticeship programs for labour. This is of utmost importance for the unemployed with particular emphasis on youth and women. These programs need to become more transparent, simplified for greater accessibility and choice by those interested, and linked to the emerging needs of a viable Greek economy. In particular these programs need to help our entrepreneurs develop Greece's comparative advantages, innovation and the quality of our services and products.

(c) These supportive measures in training and education should be combined or complemented by measures that create a strong social protection net. PASOK will be making such proposals. Many younger citizens, new entries into the labour market, others that will be receiving the new minimum wage and of course many that are unemployed will need support in order to avoid extreme marginalization. Social cohesion and humane living conditions must be guaranteed in this difficult transition period our country is going through. These measures must of course be funded, whether through community or national resources, in a way that is consistent with the objectives of the Program.

- 2) We support upfront implementation of structural spending measures and continued efforts to control spending and prevent arrears, while bold revenue reforms deliver a fairer, transparent and effective distribution of the tax burden which also will stem tax evasion.

This we believe will contribute to restoring market confidence and fiscal sustainability, while protecting the vulnerable members of the population.

- We support the implementation of the program's comprehensive banking sector strategy, through stronger resolution and financial oversight framework and banks' recapitalization plans aimed at ensuring the promotion of public interest while ensuring banks' business autonomy in order to help secure financial stability.

We are committed to a rapid and smooth implementation of the official sector and PSI financing strategy agreed with our European partners. This will help Greece achieve its targeted fiscal sustainability objectives and provide the necessary financing to support our country's adjustment and reform efforts.

We recognize that achieving the aforementioned objectives and key policies will take political resolve and determined policy implementation over many years. In the event of being elected Greece's next government, we will remain fully committed to the effective implementation of the Program's objectives and targets as described above and as set out in detail in the MoU/MEFP.

From our side we will fulfill our commitments as agreed upon.

I do however want to point out from experience that in the midst of otherwise necessary cuts, Greece in particular and Europe as a whole need new sources of growth funding.

European decisions that will continue to enhance the effectiveness of the wider firewall, calm the international bond markets, and oversee the European and global financial system in areas such as rating agencies, will be crucial for the effectiveness of all countries in similar programs.

We strongly support, to that effect, FTT and stability and project Eurobonds, with infrastructure projects (such as in green energy grids, broadband, transportation, education and innovation) that will enhance the Single Market and would have a major impact on the countries under loan programs.

I also believe that fighting tax evasion requires Europe to re-focus its attention on regulating tax heavens and imposing transparency. Fighting tax evasion in one country is further undermined when there are very different tax regimes in our Common Market. Financial market reform and supervision are urgently needed.

We pledge to contribute constructively to these ends within the European structures.

Very truly yours,

A handwritten signature in black ink that reads "George A. Papandreou" followed by a long horizontal flourish.

George A. Papandreou

President of PASOK