



EUROPEAN CENTRAL BANK
EUROSYSTEM

ECB-PUBLIC

COURTESY TRANSLATION

Mario DRAGHI
President

Mr Kostas Chrysogonos
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels
Belgium

Frankfurt, 17 September 2015

L/MD/15/544

Re: Your letter (QZ-107)

Honourable Member of the European Parliament, dear Mr Chrysogonos,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 10 July 2015.

As regards your question on the right to social security and the protection of a decent standard of living, I would like to point out the following.

We certainly respect the rulings of the Greek Council of State, Greece's supreme administrative court. And it is of course the responsibility of the Greek authorities – not those of other EU Member States – to ensure sound policies which allow the Greek state to cover the fiscal costs of such rulings. As you know, the statements resulting from the Euro Summit of 13 July 2015 and the Eurogroup meeting of 14 August 2015 invited Greece to specify policies to compensate for the fiscal impact of the Council of State's ruling on pension reform.

Your claim that the President of the European Central Bank (ECB) signed the second "memorandum of understanding" is not correct. Neither is it true that the ECB requires "continuous cuts in pensions". The role of the ECB in negotiating and monitoring adjustment programmes is to act in liaison with the European Commission, providing advice and technical analysis to authorities requesting financial assistance and reporting on this to the Eurogroup Working Group and the Eurogroup. The memorandum of understanding

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contains policy commitments made by the Greek government in the context of a financial assistance programme, and decisions on these policies are the responsibility of the Greek authorities.

Over the last five years the Greek pension system has undergone significant reforms, as regards both the main pension scheme and supplementary pensions. Full implementation of these reforms will improve the long-term sustainability of the pension system, as indicated in the recent Ageing Reports produced by the European Commission and the Economic Policy Committee. The sustainability of the pension system is crucial from a social fairness perspective, not least because it is necessary to ensure that the Greek state remains able to pay pensions in the longer term. Moreover, these important reforms have simplified the system's highly fragmented structure. In addition, one of the key aims of the Greek programme has been to increase payment compliance and establish actuarial fairness. The third programme envisages further reform of the pension system, which will improve the link between contributions and benefits, harmonise contribution rules across pension funds, incentivise work and contributions, and achieve further institutional consolidation. This should ensure an environment in which pension funds have adequate financial resources and all Greek citizens pay their fair share of social security contributions.

Yours sincerely,

[signed]

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