

Greece Can ‘Make It’ Without Restructuring, OECD’s Padoan Says

By James G. Neuger

June 15 (Bloomberg) -- Greece’s “powerful” steps to overhaul the economy should enable it to escape the fiscal crisis without having to restructure its debt, said [Pier Carlo Padoan](#), chief economist of the Organisation for Economic Co-operation and Development.

Speaking a day after Moody’s Investors Service downgraded Greece’s debt to junk status, Padoan lauded Prime Minister George Papandreou’s efforts to cut the [deficit](#) and make the economy more competitive.

“I am convinced that Greece can make it without restructuring because they are doing all the painful things -- both in the fiscal and in the structural domain -- which need to be done,” Padoan said at the [Lisbon Council](#) in Brussels.

Greek bonds fell today, pushing the 10-year yield to 9.28 percent, the highest since European leaders on May 10 followed up a 110 billion-euro (\$135 billion) aid package for Greece by offering another 750 billion euros to other fiscally distressed governments.

Buyers of credit-default swaps put the probability of a Greek default at 48 percent within five years, according to CMA DataVision.

Papandreou delivered a “very, very powerful speech” about Greece’s economic revamp at a June 11 forum in Vienna, Padoan said. “Why should I not believe the prime minister?”

Padoan said the euro’s decline from an all-time high of \$1.60 in July 2008 is helping prop up the European economy, cushioning the impact of the debt crisis as it spreads from Greece to countries such as Spain and Portugal.

“The euro has depreciated significantly,” he said. “Frankly, I don’t complain. It’s better to have a euro at \$1.20 than \$1.50. It adds a little bit of growth.”

The euro rose for a second day against the dollar, trading at \$1.2257 at 11:45 a.m. in London.

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