

"The euro area rules must, once again, become mandatory for everyone to observe, as non-compliance with these rules has led several countries to a cul-de-sac and made the euro area face complicated problems," said the President, Toomas Hendrik Ilves, who was in Berlin for a working visit, in an economic presentation entitled "Frugality or Growth", which he gave at the Humboldt-Viadrina School of Governance yesterday.

"The requirements stating that the limit for a budget deficit must not exceed three per cent and the upper debt 60 per cent of GDP are commonly understood by everyone. We do know that if public debt exceeds certain limits, a downwards spiral will be launched," emphasised the Estonian Head of State, adding that the voters of countries complying with the jointly-established rules will not agree to go on helping the countries that break the rules. "This will no longer be sustainable for the perspective of democracy," told President Ilves.

"If there is no responsibility, there cannot also be endless solidarity from responsible countries," said the Estonian Head of State.

When commenting on the economic decisions taken by Estonia over the last number of years, President Ilves mentioned that Estonia's frugality programme is a growth policy in the long-term. "Serious reforms are needed to make progress. When the credit crunch began in 2008, Estonia had no option to turn to the European Central Bank. We had no other choice but to reduce our expenditure," President Ilves added.

President Ilves gave a presentation yesterday at the invitation of the German Council on Foreign Relations and the German Marshall Fund of the United States. Students, journalists, think-tank participants and politicians alike were welcome to listen to the presentation.

In March of this year, Policy Review magazine published an essay by President Toomas Hendrik Ilves entitled "I'll Gladly Pay You Tuesday", in which he gave more consideration to these issues. The essay is available from the website of the President at: <http://www.president.ee/en/media/interviews/7260-qill-gladly-pay-you-tuesdayq-policyreview/index.html>

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