



Help . . . Papandreou

We must hold our nerve on finances



myView

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WHAT does this vote in Greece mean for the UK?

First, we should be thankful we are not in the euro. By keeping the pound, the UK has retained its independence in economic policy.

We can set interest rates to suit ourselves. And we were able to allow the pound to fall sharply in recent years which provided a competitive boost to our exporters.

Second, the fallout from this is hard to predict.

Greece needs help from the big economies in the eurozone. In return, PM George Papandreou will have to take action that spells recession, unemployment and social problems. Greece is in a hole but is being asked to dig deeper.

The risk is the problem could spread to economies such as Portugal and Spain. Such uncertainty could hit growth in Europe, our biggest export market. Problems could also spread to a host of European banks. And the last thing anyone wants is a further financial shock.

Third, it is important not to panic. The UK needs to get its borrowing under control. While this is happening, the Bank of England has to keep interest rates as low as possible for as long as possible.

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