Tsipras rushes to reassure EU, banks on Greek debt

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Greek Prime Minister and Syriza leader Alexis Tsipras reassured Greece's creditors Saturday that his government would do nothing to jeopardise the country's euro zone membership. He insisted Greece would not default and would not make unilateral demands in talks over its €323 billion debt.

In an e-mailed statement to the Bloomberg news agency, he said: "Despite the fact that there are differences in perspective, I am absolutely confident that we will soon manage to reach a mutually beneficial agreement, both for Greece and for Europe as a whole."

"No side is seeking conflict and it has never been our intention to act unilaterally on the Greek debt," he added.

He stressed that any declaration by his government so far—such as its refusal to negotiate with the "troika," consisting of the European Union (EU), the European Central Bank (ECB), and the International Monetary Fund (IMF)—"in no way entails that we will not fulfil our loan obligations to the ECB or the IMF."

Late Friday, Tsipras contacted ECB head Mario Draghi to personally assure him that Athens was seeking an amicable solution on the issue of debt repayment.

These comments followed Friday's press conference between Greek Finance Minister Yanis Varoufakis and Jeroen Dijsselbloem, the head of the euro group of finance ministers. Varoufakis said Greece was "working from the standpoint of the best possible cooperation with its institutional partners and the International Monetary Fund, but not with a [bailout] programme that we think is anti-European."

Responding to Varoufakis' comments that Greece was requesting an international conference to deal with Greece's total debt, Dijsselbloem said: "As for the thought of a conference on debt restructuring, you must realise that this conference already exists and it's called the euro group."

Expressing the international financial oligarchy's contempt for the democratic will of the Greek people, he added: "The problems of the Greek economy have not disappeared overnight with the elections."

While Syriza has made a few, well-publicized gestures to break with previous Greek governments' slavish obedience to the "troika," it is signalling to Greek and international finance capital that its policies are compatible with EU austerity and NATO foreign policy. Last week, it voted to support economic sanctions against Russia.

On Friday evening, Varoufakis was interviewed on the BBC "Newsnight" program about Syriza's economic policies. He said that while Greece would no longer meet with the "troika," negotiations would still be held with each of the institutions separately.

"I have never said that we are not interested in discussion with our creditors," Varoufakis declared. "Indeed, exactly the opposite. I've said we are very keen to enter into fruitful negotiations with the European Central Bank, the IMF, the European Commission, every single member state of the euro zone."

Varoufakis pledged that Syriza would push ahead with "structural reforms" in Greece, correcting the BBC interviewer, who had said that Syriza's manifesto called for EU austerity measures to be reversed. "Not only do we not want to reverse structural reforms, we want to deepen them and make them more extensive," Varoufakis said.

Asked what he thought of the government's statement that full privatisation of the port of Piraeus would be halted, he said: "The particular investment in the port of Piraeus that has been unfolding over the last few years has my full support. I would like to be part of an attempt to attract to this country foreign direct investment that has a similar effect on raising productivity and competitiveness."

His only complaint was that previous privatisations were "a kind of fire sale," where "assets that are potentially very valuable… are being sold off during a deflationary crisis for peanuts."

Varoufakis' "clarifications" and Tsipras' assurances were made as representatives of the "troika" and the German government warned that a refusal by Greece to pay off its debts would result in the cancellation of further loans. Without further loans, including a tranche postponed when the previous New Democracy government was unable to reach agreement on new austerity measures, Greece will default.

Greece must pay back €3.5 billion in the course of February and March. If it fails to reach an agreement with the nation's creditors by the end of February, the ECB could cut off credit to Greek banks, threatening their collapse. Further payments of €1.5 billion are due in June. In July, €4.7 billion is up for repayment, as is €3.6 billion in August.

An estimated €700 million to €1 billion a day was withdrawn from Greece's four main banks last week. On Friday, Standard & Poor's put the banks on review for a potential downgrade of their credit ratings as their share prices plunged.

On Saturday, German Chancellor Angela Merkel refused to countenance any moves to restructure or write down Greece's debt. She told the *Berliner Morgenpost*, "I don't see a further debt haircut." Europe would work with Greece and other debtor nations only "if these countries undertake their own reform and saving efforts."

On Friday, German Finance Minister Wolfgang Schäuble said, "If I were a responsible Greek politician, I wouldn't lead any debates over a debt haircut." He warned, "We're prepared for any discussions at any time, but the basis can't be changed."

The onerous terms of the €240 billion in loans agreed by the "troika" with Greece over the last five years were "exceptionally generous," Schäuble declared, adding that Berlin would work only "in this framework and no other."

Syriza is seeking to win support in the ruling class internationally against German-led policies of austerity and tight credit, particularly from the United States and other European countries dissatisfied with various aspects of German policy, such as France, Italy, and Spain.

This week, Tsipras and Varoufakis are visiting European capitals in what the *Guardian* described as a "charm offensive." Tsipras is to visit Italy and France and will meet European Commission President Jean-Claude Juncker ahead of the European Union leaders' February 12 summit. Greek officials are not currently scheduled to travel to Germany.

On Sunday, Varoufakis met with his French counterpart Michel Sapin. Varoufakis is also scheduled to meet with UK Chancellor George Osborne, and, according to the *Financial Times*, "may also meet investors in London, where Merrill Lynch and Deutsche Bank are trying to fix meetings."

Indications are that the French government will prove as intransigent as Germany in support of austerity measures against the working class. On Friday, Reuters cited a source close to President François Hollande who said Hollande and Merkel were agreed "that it is important to respect the choices of the Greek people and for Greece to respect its commitments" to its creditors.

The Greek government has appointed the Franco-American investment bank Lazard Frères to assist in "debt and fiscal management" ahead of negotiations over repayment. Lazard advised the Greek government on the debt restructuring agreed in 2012. Trumpeted as a substantial debt "haircut," it led Greece's debt to skyrocket to 175 percent of gross domestic product today.

Over the weekend, Russia moved to cement ties with Greece. Finance Minister Anton Siluanov told CNBC it would consider lending money to Greece if requested by Athens. He said, "If such a petition is submitted to the Russian government, we will definitely consider it, but will take into account all the factors of our bilateral relationships between Russia and Greece, so that is all I can say."