

European leaders turn against Syriza's appeals to alter Greek debt payments

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After Greece's newly-elected Syriza government repudiated its campaign pledge to write off Greek debt, European officials pressed Greek Prime Minister Alexis Tsipras to continue imposing unpopular austerity measures in order to repay Greece's creditors.

When Tsipras visited Paris yesterday for talks and a joint press conference at the Elysée presidential palace, President François Hollande insisted that Greece submit to European Union (EU) demands. "Dialog between Greece and its European partners must go forward so as to reach agreement," he said, adding that Athens should "respect European rules which apply to all, France included, and engagements that were taken on debts that are of importance to governments."

This was a signal that Paris, which holds €42 billion of Greek debt as part of the European bailout mechanism, opposes a write-off of Greece's €320 billion debts.

French officials made clear prior to Tsipras's visit that Paris fully supports the basic thrust of the policies imposed in Greece by the EU, led by Berlin. "There is no point in playing euro zone countries against each other, and especially not France and Germany," French Finance Minister Michel Sapin said Monday. "A solution that helps Greece while making sure it meets its commitments will have to go through an agreement between France and Germany."

For his part, Tsipras hailed the Socialist Party (PS) government of Hollande, whose austerity measures have made him France's most unpopular president since World War II. "We are not a threat for Europe," Tsipras declared at the joint press conference with Hollande. He called on France to be a "protagonist for a change of policy in Europe."

Since it won elections on January 25, Syriza has sought to reach an accommodation with European

banks for a modification of the terms of repayment for the debt that the country owes. The party, which speaks for a section of the Greek bourgeoisie and rests on broader layers of the upper middle class, has repeatedly insisted that it accepts the entire framework of the EU and is determined to pay back Greece's debt in some form.

In particular, Syriza has rejected any appeal to the mass opposition to EU austerity among workers in Greece, France and across Europe. Its appeal is entirely directed to the European banks and their political representatives.

These appeals, however, are falling on deaf ears. The EU views with contempt the opposition to austerity among the Greek people that underlay the vote for Syriza. Yesterday, a German government memo leaked to Reuters prior to a "euro group" meeting of EU finance ministers, made clear Berlin will not tolerate the slightest improvement in workers' living standards. Instead, it demanded that Syriza impose rapid new cuts to jobs and social spending, of the sort that have bled Greece white over the last six years.

"The euro group needs a clear and front-loaded commitment by Greece to ensure full implementation of key reform measures necessary to keep the program on track," the memo stated. "The aim is the perpetuation of the agreed reform agenda (no rollback of measures), covering major areas as the revenue administration, taxation, public financial management, privatization, public administration, health care, pensions, social welfare, education, and the fight against corruption."

According to the memo, Berlin will demand that Greece run a budget surplus of 4.5 percent of its Gross Domestic Product (GDP). This would mean that nearly €10 billion per year would be sucked out of Greece's

devastated economy, in order to pay off its creditors.

Yesterday, the European Central Bank (ECB) also banned the use of Greek government debt as collateral for loans sought by Greek banks saying that “it is currently not possible to assume a successful conclusion of the program review.”

Greek Finance Minister Yanis Varoufakis has proposed that Athens raise €10 billion by issuing short-term Treasury bills to provide “bridging finance” over the next three months while a new long-term debt agreement is worked out. Unless some sort of financing measures are established the government could be hard pressed for cash.

“This is clearly the ECB signaling to the Greek government. You’re going to have to talk to [international lenders] and get a deal. Otherwise, really bad things are going to happen,” said Jacob Kirkegaard of the Peterson Institute for International Economics.

Varoufakis traveled yesterday to Frankfurt to meet ECB chief Mario Draghi. Varoufakis abased himself before both Draghi and German Finance Minister Wolfgang Schaeuble, one of the leading architects of austerity measures against Greece.

“We established an excellent line of communication that gives me great encouragement for the future,” Varoufakis said at ECB headquarters. “I am now proceeding to Berlin, where I am extremely eager to meet not with just the finance minister, but with the intellectual force behind the project of European monetary union, Mr. Schaeuble. I look forward to it.”

Varoufakis said Berlin could count on Syriza to go further than previous right-wing or social democratic governments in Greece. “I will try to be as charming as I can in Berlin,” Varoufakis declared. “I will tell Mr. Schaeuble that we may be a left-wing riff-raff, but he can count on our Syriza movement to clear away Greece’s cartels and oligarchies, and push through the deep reforms of the Greek state that governments before us refused to do.”

“Deep reforms” is a reference to measures aimed at opening up the Greek economy more fully to European and international capital.

Speaking to the German weekly *Die Zeit*, Varoufakis called Greece a “bankrupt country” and said that Syriza would ask major international financial institutions to help determine its policies. “We’ve approached José Ángel Gurría, the secretary general of the OECD

[Organization for Economic Cooperation and Development], the organization of industrialized countries. He is supposed to help us put together a reform program,” he said.

Syriza is opposed to the only possible progressive settlement to the euro crisis: the repudiation of the Greek debt and the expropriation of the banks by the European working class. Instead, amid rising exploitation and anger in the working class reflected in the outcome of the Greek elections, it is promoting illusions in reactionary governments across Europe.



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