

# Greece Asserts Sovereignty; The Debt Cannot Be Paid

by Dean Andromidas

Feb. 9—Demonstrating a boldness not seen in a European politician in decades, Greek Finance Minister Yanis Varoufakis toured the capitals of Europe last week, asserting the sovereign right of his nation to say no to its own destruction. To the faces of rage-filled European finance ministers, he laid out Greece's straight-forward policy: Greece cannot and will not pay the debt. Greece cannot and will not continue the policy of brutal austerity. Greece demands a change not only for Greece, but for Europe as a whole, the cornerstone of which is a call for an international debt conference and a New Deal for Europe.

In every capital, the answer was no, in some cases dressed up with a few polite sophistries. All of which culminated with the European Central Bank (ECB) announcing the cut-off of the Greek banking system and government from credit. On Feb. 4, the ECB disqualified Greek government debt as collateral for ECB short-term loans to Greek banks, thus effectively terminating EU30-50 billion of ECB liquidity credit lines to those banks.

The only potential substitute available to these Greek banks is through the more expensive Emergency Liquidity Assistance (ELA) program by the Greek Central Bank, at higher interest rates, and only with the permission of the ECB. Up to EU50 billion worth of liquidity that had been extended under the normal ECB liquidity operations will have to be converted to the ELA. Furthermore, if Greek banks fail to pay back

these loans, the loss goes on to the Greek national debt. Thus, if the ECB forces the suspension of this program, not only will the Greek banks collapse, but the Greek national debt will increase by as much as EU50 billion, a move that would force Greece out of the Eurozone.

From their standpoint, the bankrupt financial oligarchy has no choice. Any "haircut" or any other change in their system would blow up the multi-trillion euro-dollar derivatives bubble hanging over the trans-Atlantic financial system.

## A Question of Survival

By the end of last week, the Obama Administration had joined the Europeans. On Feb. 5-6 a delegation from the U.S. Treasury led by Daleep Singh, the Deputy Assistant Secretary for Europe and Eurasia, and Lea Bouzidis of the Europe and Eurasia Office, along with U.S. Ambassador to Greece David Pearce, held meetings with Greek ministers and all the new government's top economic officials. After that, the U.S. Ambassador met with Prime Minister Alexis Tsipras, at the former's request.

The Ambassador then posted a statement on the Embassy website, declaring that, despite the "significant sacrifices that have already been made by the Greek people ... Greece should continue to make administrative and structural reforms and exercise fiscal prudence." The statement further declared that "Greece must make reforms that make foreign invest-



*Greek Prime Minister Alexis Tsipras (left foreground) with European Council President Donald Tusk (of Poland), in Brussels on Feb. 4. Tsipras is calling for an international debt conference to deal with the unpayable debt of Greece and several other nations; the European Union is so far blocking the initiative.*

ment in Greece more attractive so the country can meet its international obligations and return to prosperity.” In conclusion, the Ambassador is quoted: “The United States believes that it is very important for the Greek government to work cooperatively with its European colleagues, as well as with the IMF.” The message is clear: Greece must submit to its own self-destruction.

The Greek government’s answer can be summarized simply: “We were elected because the Greek people will no longer agree to the destruction of their nation.” Full stop.

This is not rhetoric. The latest opinion polls reveal that 72% of the Greek people support their new government. This includes 43% of those who voted for the former ruling party, New Democracy, in the Jan. 25 election.

This was demonstrated on Feb. 5, when tens of thousands of Greeks poured into Syntagma Square in front of the Parliament and in major squares in other cities, in support of the government. Banners were raised with the following messages: “We will not suc-

cumb to blackmail again”; “The Republic has spoken and no one has the right to not hear”; “The era of kneeling Greece and submissive governments is finished”; “Defend the republic and national sovereignty.”

### **Tsipras: We Don’t Negotiate Sovereignty**

Presenting his government policy before Parliament on Feb. 8, Prime Minister Tsipras shot back with a resounding no to blackmail and intimidation.

“We only have one commitment—to serve the interests of the people, the good of society,” he said, adding that it was the “irrevocable decision” of his government to implement campaign promises “in their entirety.” Furthermore, his government would not seek an ex-

tension of the bailout and its notorious memorandum, which he denounced as an “extension of mistakes and disaster.” He reiterated Greece’s demands for a “bridge” deal to be put in place until a “mutually acceptable agreement” is reached with creditors. “We do not intend to threaten stability in Europe,” he said, but “we are not negotiating our national sovereignty.”

Tsipras stated that his government’s chief priority “is tackling the big wounds of the bailout, tackling the humanitarian crisis, just as we promised to do before the elections.” The bailout failed, he said. “The Greek people gave us a strong and clear mandate to immediately end austerity and change policies. Therefore, the bailout was first canceled by its very own failure and its destructive results.”

“We see hope, dignity, and pride returning to Greek citizens. Our obligation and duty is not to disappoint them.... We realize that negotiations [with foreign creditors] won’t be easy, ... but we have faith in our struggle, because justice is on our side.” In a dig at Germany, Tsipras announced that his government sees it as its “historic duty” to seek war reparations and repay-

ment by Germany of loans Greece was forced to make to the Nazi occupiers during World War II.

While declaring that his government would achieve balanced budgets, the Prime Minister said it would no longer produce unrealistic primary budget surpluses, and announced the points in his program aimed at reversing the “barbarous measures” imposed by the Troika of the European Central Bank, the International Monetary Fund, and the European Commission. The new government will offer free electricity and food to poor households, and immediately rehire civil servants who had been fired under orders from the Troika. Reversing concessions made by the previous government as a condition for receiving bailout money, Tsipras announced that collective bargaining would be restored, and the minimum wage raised to EU751 per month from EU586, although this will happen gradually into 2016.

### Support for Greece Spreads

In an interview with the German weekly *Die Zeit*, Finance Minister Varoufakis was asked “Mr. Varoufakis, in just a few days, you’ve antagonized half of Europe. Was that your plan?” To which the Finance Minister answered: “I think that’s normal. It will take some time before it’s been understood everywhere that a very fundamental change has taken place in the EU.”

Indeed. While Varoufakis might have “antagonized half of Europe,” more precisely the Europe of the bankers, the other half of Europe is showing enthusiastic support.

Less than a week after the Greek elections, some 300,000 people packed Madrid’s Puerta del Sol Plaza on Jan. 31, at the “Rally for Change” organized by the new Podemos party, the Spanish allies of Tsipras’s party, Syriza. While the rally had been called long before Greece’s elections, it expressed optimism that spread through the country following Syriza’s victory. The slogan of the day was “The time is now,” and many protesters carried Greek flags.

Podemos is a sister party of Syriza in the European Left faction in the European Parliament, a faction which includes Ireland’s Sinn Fein, Germany’s Die Linke, and others. Podemos’s lead candidate, Pablo Iglesias, who has become a close friend of Prime Minister Tsipras, said to the crowd: “We are here to win; we shall defeat the ruling Popular Party in the elections of 2015. The winds of change have begun to blow in Europe.” Spanish opinion polls indicate that Podemos could win the general elections, scheduled for next December.

While the new Greek government was being denounced in Berlin and other capitals, support for Syriza’s call for a European debt conference is rapidly growing, as indicated by new petitions in support of Greece’s proposals (see box) and sympathetic commentaries. Equally significant is support from leading political parties, especially in Ireland and Italy.

Although the Irish government refuses to support a debt conference, the Sinn Fein, which could very well win the next Irish general election, the Socialist Party, and others have voiced strong support.

Sinn Fein leader Gerry Adams, in an interview with Reuters Feb. 5, denounced the ECB decision to cut liquidity to Greek banks as an “undemocratic” and “almost macho” move, which risks fuelling the growth of right-wing parties across the continent.

Sinn Fein European Parliamentarian Matt Carthy called for a European Debt Conference to be held in Dublin. He said it was in “Ireland’s best interest,” since Ireland is also suffering under an oppressive EU bailout regime. On Feb. 5, Sinn Fein introduced a motion into the parliament to call for a debt conference. Although defeated 72 to 42, the issue will not go away.

In Italy, the call for a conference has even breached layers of the ruling Democratic Party, as well as the Lega Nord (Northern League).

Syriza already enjoyed support from leftist parties, such as Italy’s SEL (Left, Ecology, Freedom), during the election campaign for the European Parliament. Recently, a prominent SEL representative, former Undersecretary of State Alfonso Gianni, who is also a signer of the Schiller Institute’s [BRICS petition](#), endorsed the proposal for a European debt conference, referencing both the 1953 Debt Conference for Germany and Franklin D. Roosevelt’s debt cancellation for Britain as historical precedents.

More surprising is the support coming from the Democratic Party, which has been so far on a strict pro-EU line. While party leader and Prime Minister Matteo Renzi limited himself to a non-belligerent attitude in his meeting with Tsipras on Feb. 2, that same day Stefano Fassina and Marco D’Attorre, leaders of the minority faction in the Democratic Party, published an open letter to Renzi proposing to “terminate the Troika phase and call for a European Debt Conference which can reduce the burden and allow an otherwise impossible recovery.” Daniele Viotti, Democratic Party member of the Budget Committee of the European Parliament, had earlier said in a newspaper interview that

European Commission President Jean Claude Juncker “intervened unduly and arrogantly in the Greek election campaign, when he said that there will never be a Debt Conference. I believe instead that it is time to have it.”

And on Feb. 6, former Prime Minister Massimo D’Alema called for a dialogue with Tsipras. “Slamming the door in the face of Tsipras would be catastrophic,” he told the daily *Il Messaggero*.

The online publication *Il Nord*, run by a Lega Nord faction, covered favorably the Syriza proposal, explaining that it would concern Italy as well: “Syriza is proposing a European Debt Conference which includes also such states as Italy, Spain, Portugal and even France, where the deficit/GDP ratio keeps being well over the 3% threshold” as defined by EU rules.

## Building an Alliance To Save Europe

While trying to convince their European “partners” of the reasonableness of their proposals, the Greek government is moving to create other alliances, especially with the BRICS countries (Brazil, Russia, India, China, South Africa). Tsipras’s first foreign visit was to Cyprus, Greece’s closest ally, which was the Eurozone’s first victim of a bail-in to save the banks at the expense of their depositors, and which now groans under an unpayable debt.

Speaking before the Cypriot House of Representatives on Feb. 2, Tsipras declared, “In this effort for social justice, to bring back an agenda of growth and employment in Europe, in the effort for the rights of our people, we want you by our side.” In response, Cypriot President Nicos Anastasiades said Greece and Cyprus will work together with other EU countries that share

## Scholars Appeal for Greece

Feb. 7—Three hundred economists from all over the world, many associated with the Economists for Peace and Security, backed Greece’s demand for a European debt conference with a Feb. 5 open letter, “Scholars Appeal for Greece.”

Published in “English Club” edition of the French online *Mediapart* newspaper, the [letter](#) reads: “We the undersigned call on the governments of Europe, the European Commission, the European Central Bank and the IMF to respect the decision of the Greek people to choose a new course and to engage the new government of Greece in good faith negotiations to resolve the Greek debt.

“The government of Greece is correct to insist on new policies because the previous policies have failed. They have not brought economic recovery. They have not brought financial stability. They have not brought jobs or foreign investments. They have stressed and damaged Greek society and weakened Greek institutions. There is therefore no value in that approach and no progress to preserve. We urge Greece’s European partners to accept this reality, without which the new government would never have been elected.

“Greece needs immediate humanitarian mea-

asures, a higher minimum wage, new jobs, new investments, and steps to restore and improve basic services such as education and health care. It needs a stronger and more progressive tax system, less dependent on VAT and better able to tax incomes and wealth. It needs to fight, punish and root out corruption. The new government needs fiscal space to implement these measures and to demonstrate their worth. . . .

“The government of Greece is correct to ask for a write-off of debts owed to European partners. These debts are unsustainable and so will not be paid in any event. There is therefore no economic loss involved, for any other nation or its taxpayers, in writing them off. On the contrary, a fresh start for Greece will help bring new activity, income, jobs and profit to her partners. We urge Greece’s creditors to seize this chance, and to explain these facts clearly and candidly to their own peoples. . . .

“Success for Greece can show the path toward renewed prosperity and stability for Europe, with a new role for democracy and a new openness to elections that bring constructive change. We stand with Greece and with Europe, with democracy and with change. We urge Europe’s leaders to recognize the special basis of Greek decision-making in hard-fought and decisive democratic choice, and to choose the path of realistic assessment and reasonable negotiation.”

the same views; “We are on the same page as regards the need for change to benefit European citizens.”

Anastasiades also agreed to Tsipras’s proposal that the two countries coordinate their positions in international forums on the issue of Russia, especially their opposition to sanctions, where “Greece and Cyprus can be a bridge of peace cooperation also between the European Union and Russia.”

It should be noted that, despite its membership in the EU, Cyprus is not a member of NATO (Greece is), and maintains strict neutrality. Anastasiades is expected to make an official visit to Russia on Feb 25.

As for the BRICS, within hours of Tsipras’s swearing-in ceremony, Russian President Vladimir Putin telephoned him to congratulate him and invite him to Moscow in May, to attend the anniversary celebrations marking the end of the war with Nazi Germany.

“The conversation was very warm and constructive. Our President invited Alexis Tsipras to visit Russia,” a Kremlin aide said, according to Sputnik News.

The invitation was accepted. The two leaders are expected to discuss routes to deliver Russian gas to Europe, including such projects as South Stream and Turkish Stream. They will also discuss the situation in Ukraine.

The Defense Minister of Greece, Panos Kammenos, was also invited to Moscow to meet his counterpart, Sergei Shoigu, in the near future. According to a statement posted by the Greek Defense Ministry, they will discuss “strategic cooperation, and the organization of the year of Greek-Russian friendship in 2016, which will take place in both Greece and Russia.”

These efforts to maintain normal relations with Russia have ruffled some feathers in NATO circles. German Defense Minister Ursula von der Leyen, who is said to dream of one day replacing German Chancellor Angela Merkel as Germany’s iron lady, told the daily *Süddeutsche Zeitung* that “Greece is jeopardizing its position in NATO by approaching Russian interests.”

In response, Kammenos issued a statement saying, “Greece always was at the side of the allies when they repelled the German occupation troops. The behavior and the statements of German officials who replace NATO and EU institutions are not only impermissible, but coercive as well. They undermine the European institutions, unless Germany aims to disband the European Union and NATO.”

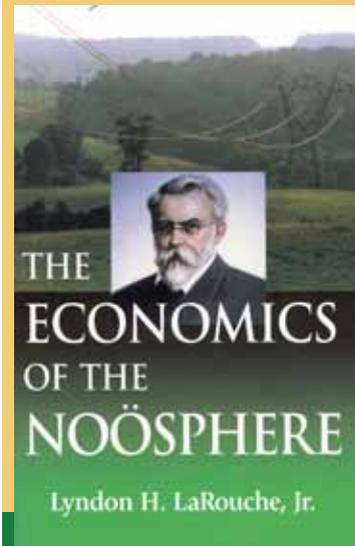
He added: “Of course Greece has political relations with Russia. These relations are not hidden; these are

open relations and we will continue to have those relations.”

Demonstrating that Greece respects its commitments, on Feb. 4, Kammenos, accompanied by the Chief of the Hellenic National Defense General Staff, Gen. Michail Kostarakos, met NATO Secretary General Jens Stoltenberg and NATO Deputy Secretary General Alexander Vershbow at NATO headquarters in Brussels where Kammenos issued a statement saying, “We assured each other about NATO’s good relations with Greece,” adding that he “clarified that relations with third countries, non-NATO members, will not affect our good relations with the Alliance.”

On Feb. 6, Representative of the Russian Federation to NATO Aleksandr Grushko released a statement saying that Russia will continue to develop “the most intimate relations with Greece,” as with all other European countries. He added that such relations create a “more dense” security system in Europe. Besides, he said, there are “deep historical ties” between Russia and Greece.

While the financial oligarchy has fired its first shot against Greece, it remains to be seen whether they will have shot themselves in the foot.



The scientific concepts of biogeochemist Vladimir Vernadsky — the initiator of the idea of the Biosphere — whose concept of the “Noosphere,” has been cited and further developed by Lyndon LaRouche.

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