

PRESS CONFERENCE STATEMENT BY YANIS VAROUFAKIS, IMMEDIATELY AFTER THE EUROGROUP MEETING OF 16TH FEBRUARY 2015

I am pleased to report that the negotiations were conducted in a collegial spirit, clearly revealing a unity of purpose – the purpose being to establish common ground, over the next 4 to 6 months, so as to reach a meaningful, sustainable new long term contract between Greece, official Europe and the IMF. Moreover, I have no doubt that they will continue tomorrow and the day after until there is an agreement.

So, if this is so, why have we not managed to agree on a communiqué, a simple phrase, that will unlock immediately this period of deliberation?

The real reason concerns a substantial disagreement on whether the task ahead is to complete a program that this government was elected to challenge the logic of - or to sit down with our partners, with an open mind, and re-think this program which, in our estimation, and in the estimation of most clear-thinking people, has failed to stabilise Greece, has generated a major humanitarian crisis and has made reforming Greece, which is absolutely essential, ever so hard. Remember: a debt-deflationary spiral does not lend itself to successful reforms, of the form that Greece needs in order to stop being dependent on loans from its partners and from the institutions.

Last Wednesday, in the previous EG meeting, we turned down a pressing demand to subscribe to “extending and successfully concluding the current program”. As a result of that impasse, on the following afternoon (last Thursday, and prior to the Summit) EG President Jeroen Dijsselbloem and Greek PM Alexis Tsipras agreed on a joint communiqué to the effect that the two sides would explore “common ground between the current program and the plans of the new government for a New Contract with Europe.

It was a genuine breakthrough, bridging over the current program and the new contract that we are seeking with our partners.

This afternoon there was another breakthrough. Prior to the Eurogroup meeting, I met with Mr Moscovici, whom I want to thank for his highly positive role in this process, who presented me with a draft communiqué (see Annex 3 below) which, as I told him, I was happy to sign there and then – as it recognised the humanitarian crisis, and spoke of an extension of the current loan agreement, which could take the form of a [four-month] intermediate programme, as a transitional stage to a new contract for growth for Greece, that will be deliberated and concluded during this period. It also stated that the European Commission would provide technical assistance to Greece to strengthen and accelerate the implementation of reforms, effectively replacing the troika.

On the basis of this understanding between us and the Commission, we were more than happy to apply for the loan agreement to be extended, while we offered the following conditionalities:

Reiterate its commitment to the terms of its loan agreement to all our creditors
Take no action that threatens to derail the existing budget framework or that has implications for financial stability

Our only condition for the other side was that we should not be asked to impose measures that are recessionary – such as pension cuts or VAT hikes.

Unfortunately, that fine document was replaced by the Eurogroup President, minutes before the Eurogroup meeting, with another document that took us back not even to last Thursday – but indeed to last Wednesday, when we were pressurised to sign up to an extension not of the loan agreement but of the programme itself, being offered only the nebulous two word phrase ‘some flexibility’. When asked what that meant, we got no concrete answer. Did it mean that, over the next few months, pensions would be cut but not as much as originally prescribed? By none at all?

Under those circumstances, it proved impossible for the Greek government, despite our infinite good will, to sign the offered communiqué.

And so the discussions continue. We are ready and willing to do whatever it takes to reach an honourable agreement over the next few days. Our government will accept all the conditions that it can deliver upon and which do not reinforce our society’s long crisis.

No one has the right to work toward an impasse – especially one that is mutually detrimental to the people of Europe.