

THE BROOKINGS INSTITUTION

GREECE AND THE ECONOMIC CHALLENGES AHEAD:

A CONVERSATION WITH
GREEK OPPOSITION LEADER ALEXIS TSIPRAS

(remarks translated)

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P R O C E E D I N G S

MR. ANTHOLIS: Welcome, everyone. It's a full house. Welcome to Brookings. Welcome particularly to members of the diplomatic community. Ambassador Panagopoulos from Greece. I see that Ambassador Anastasiades from Cyprus is here and Ambassador De Puget from Malta. And of course, a special welcome to Ambassador Eleni Tsakopoulos Kounalakis, the U.S. ambassador to Hungary and her husband, Markos, who are here.

So many of you are here -- I know many were here for the inauguration and today is the first working day of the second term; our first major event here at Brookings in the second term. And yesterday President Obama's second inaugural address has already been called a manifesto for liberalism. He bolstered his supporters on a range of issues, and his critics are already complaining that he was preaching to the choir, or worse, that he reaffirmed their worse feelers that he's a socialist. (Laughter)

And President Obama anticipated that criticism by putting his talk into the context of his included ongoing skepticism of central authority and calling it a fiction that all societies' ills can be cured through government alone. And as the U.S. looks around the world today, President Obama highlighted a few big challenges -- Asia, Africa, Latin America, and the Middle East -- but frankly, Americans are used to trouble in those places. But for the last three years, for the first time since the end of the Cold War, Europe has been a major challenge. And perhaps for the first time since the end of World War II, Western Europe is a major challenge, particularly the eurozone.

There are many to blame for this, but certainly a spotlight has been shown on Greece. Greece is undergoing a debt crisis, but also a competitiveness crisis, and a legitimacy crisis with taxation, public spending, corruption, criminality, and a general distrust of the political system pervading. And in the ongoing negotiations with Europe, the ECB, the IMF for loans to get through from crisis after crisis after crisis, these have been three very difficult years in Greece.

For many Greeks watching the previous Prime Minister George Papandreou was quite dramatic in that he was pledging to dismantle the state that his father, Andreas Papandreou built. And for many in Europe it was too little, too late, but for many in Greece it was too much, too soon. Unemployment, negative growth, and the threat of more job cuts led to no hope. And an outcome this summer where the Socialist Party in Greece was reduced to a tiny member of government coalition that's now head by the New Democracy Party. And in second place is the SYRIZA Coalition led by our guest today, Alexis Tsipras. SYRIZA translates as the coalition of the radical left, and in an American political context, this is something entirely new for us; something that Americans are trying to understand, and understand what it means not just for the future of Europe but for U.S.-European relations and U.S.-Greek relations.

Many wonder where our guest will be taking Greece and the effect that it will have on Europe and on the United States. Some are suggesting that Greece is currently Europe's Achilles heel. We will recall the great warrior Achilles, a man filled with both pride and rage, who was brought down by an

arrow to his heel. In Iliad, that arrow came from Paris. Many in Europe today wonder if it will come from someplace else in Northern Europe or from Greece itself. So we look forward to hearing Mr. Tsipras's remarks. Afterwards, my colleague, Domenico Lombardi, who is a senior fellow in our Global Economy and Development Program, and I will sit with him and ask him a few questions, and then we will turn the questions over to you, the audience.

We will have simultaneous translation -- and my mother, may she rest in peace, was a Greek language teacher -- she will be rolling in her grave as I put my own earpiece on because I am keen to hear every word that Mr. Tsipras will be sharing with us today.

So with that I give you Alexis Tsipras.

(Applause)

MR. TSIPRAS: Let me begin by thanking you warmly for the opportunity you have given us to be here today with you and to express our opinions, our view on the cause of the crisis and our vision for the necessary changes that have to take place in Greece so that we can change from becoming the guinea pig of the crisis to the country that will serve as a starting point for new progressive changes that will lead the worldwide economy to safe harbors. And so it is a special honor for me and a joy to be here at Brookings. This is a foundation with strong traditions in documented conversations with facts. This is a foundation that can understand what's at stake both in Greece and in Europe today.

When I was young, I remember those older than me telling me

that when America catches a cold, Greece suffers from pneumonia. Today, however, I hear that some of your politicians here in America are warning the U.S. government to listen to them or else face the risk of turning into Greece. There's one thing that's clear to me; our countries may be quite different both in size and in structures. We also know that there are shadows and problems of the past that we would like to overcome. However, there are also bonds that are very strong which in a globalized community can become all stronger because our destruction, so to speak, is your business as well.

One of the things that I notice these past two days that I've been in the United States walking in the streets, I had visited San Francisco, and of course, Washington. One of the things that I've noticed is that America is a country that does not find itself in a state of depression as Greece is. I have not seen any closed shops. I haven't seen any sad faces. I haven't seen any signs of hopeless everywhere.

America avoided depression after 2008. You likely paid a heavy burden following the crisis of 2008. Your economy continues to have difficulties recovering. Your jobless rate is still very high and people are still worried. Millions of people are still having a very difficult time making a daily living. Almost all the people continue being angry with all those who are responsible for causing so much pain, but you avoided depression.

In contrast, Greece is going through a very deep depression. I'm not talking about a deep recession; I'm talking about depression. I want to make something clear. It's very clear to us that the Greece economy and the Greek

state apparatus have their own endemic problems. These problems are structural and they have deep roots. However, they are not responsible for causing the crisis in Greece. This crisis is not something that is strictly Greek. These problems did not cause the crisis; they did make it worse.

Allow me to say that the Greek people are very hardworking. You know this by looking at the Greek-Americans who have managed to make their lives here in the United States and make a good life through hard work, managing through their labors to gain mass wealth. They are not a lazy people as they were portrayed to be as they were disparaged over the previous years by their very own politicians.

At this present moment in Greece, even the healthy, profitable businesses are going bankrupt. Young people who are highly trained with doctoral degrees from American and British universities cannot find work. But why is this happening? Why is there not an end to this crisis? The basic answer is that the credit system has stopped working and instead of the government helping, it is undercutting possibilities of growth. Our banks cannot lend money nor borrow. At the same time, our bankrupt government is borrowing money from Europe and the IMF on behalf of the banks, but these profits are going up in smoke in the black holes of the banks. Our industry and our service sectors are in a wreck, and the government is now attacking and going after the already small salaries of those who are still working and trying to cover their debts.

This vicious cycle is getting out of hand. Government ministers privately admit that they, too, think that their policies are making the crisis worse,

adding, however, that they have no other option; that these policies have not been chosen by them but have been imposed upon them by the European Union. Each time that the Greek government makes yet another optimistic announcement, the people compare it with the catastrophe that they see around them and lose all faith that the people who are leading the country who are governing know what they are doing. I'm worried that many economists and students studying economic or public policy look at our country as a lab of political austerity.

If you want to see what sort of pre-cyclical economic policies have destroyed the social web turning a deep recession into a deep social crisis, all you have to do is visit Greece. If you want to see with what way the implementation of the greatest fiscal austerity program that is implemented in peacetime has failed to deal with the debt crisis, just come to Greece. If you want to see in what way plutocrats have managed to stay in power while destroying an ethnos, all you have to do is come to Greece.

The prevailing viewpoint is that the cycle of recession that I have described to you began because of the overborrowing of the Greek state during the period that came before the economic crisis of 2008. And this is not untrue. However, from an analytical standpoint, it doesn't help our efforts to understand the crisis. It's like saying a sick person who is suffering from cancer is in pain. This might well in fact be true, but this particular observation cannot help us to understand exactly what caused the cancer, what kind of cancer this person is suffering from, and what the necessary therapy will be required for the treatment.

Debt, like pain, is a symptom of a deeper problem.

If you don't believe me, that debt is not the cause of the crisis, just think about the example of Ireland or Spain. Their public debt level in 2008 was lower than Germany's. Their state deficits ran a profit in contrast to Germany, which was in a deficit. And despite all this, Ireland and Spain found themselves in the same vicious cycle with Greece -- cutting of salaries, lowering of consumption, rising unemployment, immigration, disappointment. And why? The reason is that our countries are part of a poorly planned out fiscal currency union; a currency union that did two things: It took away the ability of our economies to absorb a shock in the event that we were to face a global or regional crisis, and it managed to make the effects of the shock be much, much worse. Why worse? Because during the good old days, our fiscal union led to giant influx of capital from countries experiencing profits to countries that had debts, from the northern to the southern countries. These influxes caused bubbles, which in turn, created the impression of growth and progress.

In Spain, the money that was coming from Germany and elsewhere was borrowed from private investors. The price of homes increased. People had to borrow a great deal of money from banks in order to buy homes. Afterwards, prices spiked even higher. People felt rich, spent more, and therefore, the Spanish economy quickly developed on the back of private debt. In Greece, money from Germany and elsewhere was borrowed from the government, which subsequently gave them to private investors to build roads, Olympic facilities, et cetera.

At the same time, tax evasion and tax cuts for the rich did not allow us to have a balanced budget all the previous years. And so therefore, when the markets crashed in 2008, both Spain and Greece were heading on the road towards disaster. In Spain, just like in Ireland, the housing market crashed. Prices fell and people ended up with homes that were worth less than their loans. Many people went bankrupt.

When banks started having problems, the government intervened and took on its debts. In this way, both banks and government went bankrupt in Greece. The government quickly went bankrupt because it was the one that had borrowed to a very high degree. The banks that had lent money to the state also went bankrupt, and afterwards, investors themselves went bankrupt. Very soon, the entire country had collapsed.

Due to the structure of the eurozone where the countries without a central bank behind them needed to assist to help bail out the banks, and where the banks needed to continue lending money to bankrupt states, a domino effect was unavoidable due to bonds between untrustworthy banks and untrustworthy countries.

That was the point when the European Union refused to realistically look at the rupture caused by the situation. They decided that it was better to pretend. That it was just a crisis of public debt, and they did not claim responsibility for poorly designed currency union, they decided to implement austerity packages upon economies that were on the brink of collapse. Securing that their collapse would quickly come. In this way, they created a recession that

was not necessary, and strangely they insisted on doing this at great human cost and at an inexplicable cost for democracy.

Ladies and gentlemen, I'm standing here before you today, and I'm truly sorry that I have to say this but none of these lessons have been taken seriously by Europe. Another lesson that the crisis of 1929 has taught us is that if politicians fail in handling the effects of collapse and economic downturn leads to recession, then history will eventually retaliate. And we are now facing the outcomes of the spreading of anti-political ideologies. We are now facing the phenomenon of fascism.

This is taking place in Greece today. In Greece, Neo-Nazis have managed to not only get into Parliament, but to increase their popularity among the public. And in the Parliament of my country, we are forced to stand across from the Neo-Nazi Party that promotes anti-Semitism and salutes just like Hitler.

And because I spoke about the period prior to World War II and the Great Depression, I think it's important that we compare our central bank, the European Central Bank, and the Fed here in Washington. The fact that the head of your bank, the Fed, Mr. Ben Bernanke, wrote his dissertation on the Great Depression is very important. It might be one of the reasons why the Fed has behaved in such a different way than the European Central Bank.

If somebody compares the language used by Mr. Bernanke over the past five years with that used by the European bankers from the ECB, you will very easily see the difference. The European Central Bank, our central bank, seems untouched by the economic crisis that is taking place right in front of us. If

our central bankers had spent a little bit more of their time studying the Great Depression, things might have been different in Europe today.

I want to stand for a moment and talk about the Great Depression. Allow me to remind you of the very wise statement by Franklin Roosevelt during the time of the recession, "The worst thing that we have to fear is fear itself." In my country, it was as if they wanted to prove that Roosevelt was right. That's how they behaved. That's how the plutocrats behaved over the past few years struggling to remain in power while spreading fear. Fear over any alternative solution to their dominance. Fear about my party, SYRIZA. Fear about the left, which always operated within the lines of democracy. Fear over me, and I hope I've convinced you that I'm not as dangerous as some people think I am.

But is there really a reason for somebody to be afraid of the left in Greece today? I heard the person who spoke before me saying that I represent the radical left. This is a term that sometimes sounds foreign to many listeners. Many of you may not know that the term "radical" was used by many parties in Greece, even former Prime Minister Konstantinos Karamanlis used the term "radical union of Greece."

But how are we really radical? Those who engage in scare tactics will tell you that if our party comes to power, it will rip up our agreements with the European Union and the IMF, drive our country out of the eurozone, break off all of Greece's ties with the civilized West, and then turn Greece into a European version of North Korea.

My dear friends, this is the worst form of scare tactics. My party,

SYRIZA, doesn't want any of these things. We were always and we will remain a European party. The fact that we believe that Europe has lost its way and that it is imposing inhuman policies on its very people can be considered anti-European. Our policies have to match the best interest of the people of Europe if we want to consider ourselves pro-European. And the fact that Europe is our common home and that we have to protect it from the great depression that is spreading and threatening not only us Europeans but the entire global economy, we want to stop the splintering of Europe. And that's why we're against today's austerity policies. That's why we are standing against today's European austerity policies.

Allow me to be clear. SYRIZA, when it comes into power in Greece, will only have one goal -- to save the country -- without however allowing the people of Greece to perish because a country can't survive when its people are destroyed, and so our goal is to save the country and keep the country in the eurozone. But this does not mean that we should accept stupid and inhuman policies that are handed down to us by today's self-destructive leaders of the eurozone.

Truly, in my opinion, in order for us to remain in the eurozone over the long term, in order for the eurozone to survive, we need a radical change of plan. We need a rational reconsideration and review of our strategy to combat the crisis. And not just on a Greek level; on the European level. But this new strategy will not come until and only when a party like ours comes to power and say enough is enough. Not just in our country but in Brussels as well. Enough

with this craziness of austerity.

What we are plainly saying is that this agreement, this famous memorandum of understanding -- allow me to call it a memorandum of austerity - - this agreement is broken every day by reality itself. What we want to renegotiate is the actual terms of lending, but the memorandum of austerity is already dead for us. It has been rejected by life itself. And allow me to stress this fact -- that it's not the IMF's job to forecast what is going to happen if there is a political change that takes place in the European Union through democratic process. We could continue without these types of comments that are undercutting the stability of the economy all the more. Nevertheless, I want to hail the warning sent out to Brussels, Frankfurt, and Berlin that this agreement has already been surpassed by reality; that it is impossible for it to be successfully implemented, even if SYRIZA convinces every Greek woman, man and child to wake up and sleep and spend their entire day with the intention of complying with the current agreement. You see, this is an agreement that is contrary to the rules of economy, and for this reason, the insistence on implementing this agreement is at odds with the laws of humanity.

And if SYRIZA's radical policies have nothing to do with taking Greece out of the eurozone. And if I'm not telling you that it's about reneging on all our agreements with the eurozone, what then does the title "radical left" refer to? It means that we are ready for radical reforms in the government to create a steady environment of justice, redistribution of wealth and investments. It means that we are going to continue insisting that the eurozone needs new foundations.

It means that we are not going to accept the second coming of a European Hubert Hoover haunting the people of Europe. It means that we are going to pose against every effort that explains the European crisis as the fable of the crickets of the south spent all the money that was raised by the ants of the north. It means that we will continue explaining that the crisis facing the euro happened because the crickets in Germany and Greece had a party prior to 2008, profiting at the sake of the hardworking ants, both in the north and the south, and both in Germany and in Greece. And when the great recession came, the crickets of Germany and Greece demanded their losses to be covered by the ants of Germany and Greece. It means that we are going to demand a new deal for Europe. A European new deal that is going to set the productive abilities of the continent in motion to combat poverty and hopelessness.

Last June, SYRIZA's popularity spiked from 4 percent to 27 percent but we did not place first. Many of you are perhaps aware of the propaganda that argues that SYRIZA is a dangerously inexperienced party. Today I stand here before you ready to answer all your questions, while at the same time proudly declaring that yes, we are, in fact, inexperienced. We are inexperienced in forming shady deals with oligarchs in Greece who have been governing all these years. Yes, we are inexperienced in covering up scandals and payoffs like the infamous Siemens or Lagarde List scandals. Yes, we are inexperienced. We have never signed any memorandums that run contrary to the logics of macroeconomics. Yes, our thoughts are specific and our hands are steady and, above all, clean.

And the last thing I'll tell you, but not my final word, is that my message to the audience here at Brookings is that our party wants to establish a mutually beneficial dialogue with well-meaning, progressive intellectuals from your side of the Atlantic Ocean. I want to tell you that the people in Greece, even the people from the radical left, see you as fellow travelers in this multi-faceted but very important undertaking to reestablish the well-being and hope on both sides of the Atlantic. The rest of the world which has greatly advanced over the past few decades is looking at us Europeans and Americans with agony. We shouldn't let them down; just like we shouldn't let down our people as well. We have to prove to them that humanity has become wiser from the disasters it has faced in the past. That It has become wiser from all the mistakes we have suffered from in the past and that we are not going to go down those destructive roads of the past. I thank you very much.

(Applause)

MR. ANTHOLIS: Thank you very much for a wide-ranging and quite stimulating set of remarks. I appreciate very much your explaining what it means to be a radical party. I want to follow on that a little bit, too, to try to understand a bit better because many Americans, particularly Greek-Americans who follow Greek politics closely were familiar with the socialist party of Andreas Papandreou, the one that George Papandreou led for a while. And again, in a U.S. context, socialist is something that is out of the question. It has a certain set of views about the role of government.

To be to the left of that, when you are radical, the definition of

radical is to break from something. What is it from the traditional Greek left that the radical left breaks from?

MR. TSIPRAS: Look, every country has its own particular unique qualities. I usually answer this question by saying that every country makes its own wine which varies in quality and taste. Greece is a country with the uniqueness of having two large parties in its political scene -- what we call the Democratic and the Conservative party. In years past, this was the difference between the Venizelists and the Royalists

During the National Resistance, which was a great moment in Greek history, the democratic side fought on the side of freedom and progress and identified itself with the National Liberation Front. After the civil war -- as you know, history is usually written by the victors -- there was a continuation of this tradition. Historical analysts say that the Democratic Party in our country always was the majority. And following the dictatorship, this group was won over by Andreas Papandreou. And many say that he copied slogans from the radical left. Today, following the unfortunate choices of George Papandreou and the tragic path taken by our country, this political area is now being represented by SYRIZA, a party that does not abandon its traditions, its values, and all its beliefs from the left; however, it meets together with other parties from the socialist side and wants to express a younger generation and the social strata that are the middle class but especially, the poor class, that is being disparaged by this economic crisis, who are on the fringes of society. And unfortunately, it's a large part of the population.

From this standpoint, we understand the word “radical” to mean breaking roots with the political establishment in Greece. I cannot understand why Northern European countries can have a just tax system but we can’t have one in Greece. I can’t understand why we cannot have an effective state; why we can’t provide opportunities to young people to utilize their abilities and their knowledge in research and sciences in order to help our country. Yes, we want to break ties with a lot of things, with a lot of established, entrenched rationales -- what we want to accomplish but we may sometimes do in unorthodox way. But the situation that we are facing in our country after five consecutive years of austerity and destructive policies that destruct society is in itself unorthodox.

MR. ANTHOLIS: A follow-up question on this phrase “unorthodox” and each country has its own form of politics, just like each country has its own form of making wine. Politics on the street was something invented in Greece thousands of years ago but still happens in Greece today, and a core part of Greece’s economy and most strategy for growth in Greece involves getting the tourist industry to become more competitive. Summer after summer, as Greece looks like it might turn around, strikes seem to slow that down. And it’s not just for tourists who are worried about airlines being canceled because if air traffic controllers on strike or not being able to get a taxi because taxis are on strike, but the scenes on the street.

Looking ahead, are you going to continue with the orthodox policies of Greece in calling strikes and allowing them to continue to put a taint on what summer tourism is like in Greece? Or are you going to think about that

differently now that you're so close to having the highest ranking of Greek parties?

MR. TSIPRAS: I have to tell you that nobody should feel happy over the fact that they have a need to demand more by going on strike and losing their ability to make their wages through work instead of going on strike. You focused on the consequences that strikes have on the economy, but that's only one side of the coin. We need to look at what are the causes that lead large groups of the Greek society and social forces to follow these behaviors. People need to fight because the policies that are being implemented over the last few years are questioning their basic rights. I believe that the Greek people have shown great maturity in the face of this barbaric attack against them over these past three years that were implemented in the form of policies that have destroyed what we know as middle class. Policies that have eliminated rights and gains of the past decades.

I think that strikes were the most effective means for the everyday Greek to state their opposition. Believe me nobody wants to lose their paycheck. Nobody wants to create an impression of chaos, however, we need to look at the causes that lead to this reaction.

I recently had a discussion with a shop owner in central Athens, and I asked them what do you think now that the strikes and protests have stopped in Greece over the last six months? He said, "Oh, I like it." I asked him, "Have your sales increased?" He said, "No, quite the contrary. They've gotten less." I said, "Why? The strikes and protests have lowered." But he said, "Yes,

but the everyday Greek has gotten poorer and he can no longer afford to come to my shop and buy things.” And for me this means our greatest enemy at this moment is not the behavior of the resistance of the greatest -- the larger part of society; it is the policies that are being implemented against the people.

You also spoke about tourism. I have to tell you that Greece is very far behind in terms of national strategy in terms of tourism. Under other conditions, Greece should be charging tickets for people to enter. We're a very beautiful country and we have the blessing of having the Archipelago, the sun, the sea, a very beautiful climate. What we need is a strategic plan so that Greece can utilize its advantages, not opportunistically, not through programs that aren't going to give back to local economies but only benefit people who build these all-inclusive tourist units. You know, the guys, the ones that put on these bracelets on your hands and it doesn't matter whether you're in Greece or in nearby Turkey or anywhere else. What's only important is that you're in a hotel with a pool. No, we need to invest in tourist programs that are going to help the everyday tourist industry. And we'll bring in tourists, teach them about all the positive things that Greece has to offer, how Greeks think, Greek ideals. And most importantly, they will provide the Greek economy with an influx of liquidity.

MR. LOMBARDI: Thank you very much, Mr. Tsipras, right now you are leading in the polls. You are coming right at the top of the polls in your country, so you could very well be the next prime minister of Greece. Some expect that if this were indeed to happen you might denounce, renege, abandon the troika program. You just said that this may not necessarily be the case. And

in fact, you are going to call for a new European deal. But, you know, it takes two to tango. In a way, the effectiveness of your strategy is going to depend a lot on whether you're going to find sympathetic ears in Berlin, in Brussels. So if this strategy is not successful, if you're not going to find sympathetic ears in other European countries for this new deal, are you still going to advocate to stay in the eurozone, to stay in the European Union? And in any case, under the best possible circumstances, the Greek economy is going to face over the coming years how your interest rates, a strong euro exchange rate, the strictures of the Fiscal Compact Treaty that Greece has signed up to. So in this very demanding economic environment, how do you expect the Greek economy to grow? And how would you prioritize reforms?

MR. TSIPRAS: This is a very critical question and there are two aspects to it. Let me -- allow me to say that the first aspect is that we're not asking for Berlin's sympathy. Of course, we seek out allies all over the world because we see that the policies that Berlin is following are not only disastrous for Greece but place the entire European economy on uncertainty and on a larger level, the entire global economy. This may be a policy that is to Germany's benefit, but it is a policy that places the global economy in danger. That's why we're here; because I believe that we can find allies in our effort to not only save Greece but to avert disaster for the global economy and Europe. We are psychologically prepared for a clash, for a clash because, you know, in life and in politics there is no such thing as tea and crumpets, there are interests that are conflicting with each other.

We know what our strong points are and what our weak points are. We know what Greece's strong and weak points are. Greece is one of the 17 countries in the eurozone. If Greece was not in the eurozone, I have no doubt that nobody would care about Greece's situation. They would allow the country to just go on its way, just like many countries from the Eastern Bloc were allowed to slip and fall.

Greece is now at the center of attention. And what's the reason? I mean, its debt is only 3 percent of the European debt, and Greece's GDP is very small in relation to Europe's. It's only 2-1/2 percent. Greece is a key point of reference because it is one of the 17 countries, one of the 17 links that make up the chain called eurozone. And, you know, if one of these links breaks, it won't only be bad for the link but it'll be bad for the entire chain. We know this very well and our friends in Germany know this as well. The European Union and the euro cannot move forward without Greece.

The day after a country like Greece leaves the Euro, the very next country that will seek to leave the eurozone would be our friends and allies, Germany. We know this very well and they know it as well. And so it behooves us to find mutually acceptable solutions that are to the benefit of Europe and the European idea. And that's why we're proposing a European solution to the European debt problem that is very similar to the solution given to Germany itself at the end of World War II.

In 1953, during the London Conference, a series of countries, including Greece, decided to allow Germany the opportunity to write off 60

percent of its public debt through growth and moratoriums on payment. And this is an opportunity that must be given not only to Greece but to all the European countries that have a debt problem so that the countries can rediscover growth and get back on their feet again.

Now, the second aspect to your very important question has to do with how this magical word known as "growth" will become a reality. And we have to be very specific here. We just can't talk without facts. We have to define what it means to have growth for the few. In other words, what we had in Greece during the '90s, and growth for everybody -- the vision that we have. Growth will allow for a social profit.

Yes, Greece needs reforms. One of its biggest problems is bureaucracy, and perhaps it's even more important than the need for labor cost that is supposedly blocking competition and we also need to get rid of these plutocrats. I'll say it very simply. When it comes to investments that will bring jobs in Greece, there is a closed circle of international contractors that are in cahoots with the government and governing the country over the last 20 years, and therefore, we believe that there needs to be social justice. And at the same time, we need to see what specific sectors, like tourism which I mentioned earlier but also renewable energy. Greece has this capability due to its geographic location. We can also look at quality agricultural products. This is another capability that Greece has. We can look at energy on the whole. Today Greece is an energy hub.

The energy inroads of the 21st century run through Greece today,

and research, innovation, utilizing the country's scientific dynamic and potential.

There are so many children that are heading out to other countries today.

Greece can return to the road of growth if it can overcome its endemic weaknesses with the help of all those who do not want to take advantage of Greece but truly want to help it, and help it stabilize itself in Europe.

MR. LOMBARDI: Thank you very much, Mr. Tsipras.

Just another quick follow up question if you allow me.

You have a very busy international agenda. You said you were in San Francisco. You are now in Washington. Last month I found out you were in Brazil. And Brazil, as you know, is an emerging economy, which has been growing quite fast together with other emerging economies, especially in Asia. And these emerging economies have been also growing so fast, apparently because they have been implementing a number of market announcing reforms. So my question is what can Greece learn from these emerging economies?

MR. TSIPRAS: Let me begin by telling you that the Greek case has many differences compared to countries like Brazil and other developing countries. However, out of all these examples we have to choose a few. You know, in Brazil there are over 20 million people that are living in favelas. Of course, over 10 years ago there were 45 million that lived under these circumstances. And so the government managed to get 20 -- half of them out of them.

We, in Europe, after the Marshall Plan and the rebuilding that took place after the war, managed to overcome these weaknesses and form a social

state which has unfortunately been destroyed today due to austerity policies.

And so the conclusion that we can draw from these countries is that the policies of austerity cannot help any country overcome the crisis under any terms. The only way to help is by increasing demand and through growth, by helping justly redistribute wealth, we can overcome endemic problems and achieve major steps forward like Brazil did in recent years.

During my visit to Brazil, my meeting with President Dilma and former President Lula, I remember the following. They are concerned over the danger of the European recession being exported to other emerging countries. They worry that the European recess will even affect countries that have not chosen to go down the road of austerity. And I think that we need to pay attention to this. We have a common interest to stand up against a short-sided mentality that want to see Europe divided into the rich north and the poor south. We have a common interest to advance policies of growth, stability, and social cohesion.

During a globalized context, nobody can isolate a sickness to one particular country. In a global context, the illness of recession can affect even an economy like the United States that has taken tremendous steps to create a policy that has been aggressively promoting demand within the public. That is my conclusion from my trip there.

MR. ANTHOLIS: We have time for a few questions from the audience. Start with Peter Marudis here in the front, the second row.

Yes, we want to -- while Peter is getting the microphone we want

to give special thanks to our translator today who came in on very short notice because Mr. Tsipras's translator was stuck in Frankfurt, Germany in a snowstorm. So many thanks. And we're all going to go a little bit slower since the translator is learning all of us.

MR. MARUDIS: I'd like to shift, if I may, Mr. Tsipras, from domestic economic and European economics. I'd like to ask you the question with respect to the present government and recent past governments in Greece, do you differ in any areas of foreign policy with respect -- particularly with respect to Former Yugoslav Republic of Macedonia, Turkey? And also would you care to comment about people in Greece and here who are encouraging closer relations with Israel, some because they have fallen out with Turkey? But I'd like to get some idea how you might view current foreign policy in Greece.

MR. TSIPRAS: Let me tell you that our view is that a country has to have continuity in its foreign policy. We are going to come, not to do a 180 and turn everything around, but to be able to give a multi-dimensional and active direction to our foreign policy.

During my meeting with the U.S. ambassador earlier this week he told me, "What does this mean? What does multi-dimensional and active foreign policy mean?" Greece is a country in Europe but it's not like the other European countries. We're not lucky enough to be bordered by Luxembourg and Sweden. We are located in a hot area in the Mediterranean basin. This is an area that historically has been a region where there have been attempts to assert one's claims and make attempts associated with its special geo-strategic position.

Following the Arab Spring, we now have instability in this area. And I told you before; this is now an energy hub. We are going to help the efforts to make Greece a country that promotes stability and collaboration. We want peace and collaboration with our neighbors first and foremost, but this will depend on the mutual acceptance of the rules of international laws. We have differences and we believe that these differences have to be solved through dialogue. We also have open wounds, like the Cyprus issue, which we believe need to be solved through a just and viable solution with the help of the international community along the lines of the efforts taken by the president of Cyprus, Dimitris Christofias, which unfortunately haven't panned out.

Our relations with the Former Yugoslav Republic of Macedonia need to be relations of collaboration. We have nothing to fear from the small neighboring country to our north. Our difference over the name issue is a difference that needs to be solved in the context of a mutually agreeable solution -- of a solution that is mutually acceptable with a geographical qualifier. This is an opinion that our party has had back during the Panera package was submitted in the early '90s. This was an opinion that the other parties and current Prime Minister Samaras did not share when he was foreign minister and what worries us in our relations with FYROM is not so much the name but the nationalism that is being fermented. We believe that nationalism is the greatest foe to peaceful co-existence and friendship among the countries. We are very concerned when we see nationalistic parties placed first in the neighboring country and start withdrawing iridescent thoughts and policies that were a thing of the past.

In relation to Israel, we believe that our country, along the lines of a multidimensional and act of foreign policy needs to develop collaboration with Israel along the lines of mutual interests. We are in favor of cultural cooperation, commercial cooperation, the ability of exchanging knowledge and know-how. Where we have some reservations is in military cooperation, and this is because we consider -- we believe that our country should not run the risk of gaining new enemies.

Our country needs friends, not enemies, in order to promote stability in the region. And so I need to tell you that Greece must develop its traditionally close ties with countries in the Arab world as well. It needs to serve as the bridge between the Western world and Europe with countries in the Arab world. And so a multidimensional active foreign policy means that despite the fact that Greece is a European Union country, at the same time it needs to develop bonds of friendship and collaboration with a series of countries that are not in the European Union; otherwise, Greece will be a country that follows. Strictly follows the EU strategy and the most important countries in the European Union. And so Greece will not be able to serve as a bridge that would be able to make a greater contribution both to the European Union and to the Western world.

SPEAKER: -- that you're walking a tightrope; that you are trying to build a profile of a responsible European party, while at the same time trying to build up a rhetoric of canceling the memorandum. But if the memorandum is -- if there are alternatives to the memorandum, why have the previous Greek prime

ministers -- Mr. Papandreou, Mr. Samaras, and Mr. Papademos not tried to change it? What guarantees do the Greek people have that you are not going to follow the policies of Mr. Samaras, who was initially opposed to the memorandum and now supports it? Thank you.

MR. TSIPRAS: The memorandum is, in fact, a one-way street, but it is a one-way street to disaster. And when this one-way street that you follow leads to the cliff, the only thing that you can do is turn the other way and look to see what alternative routes you passed by. Not to continue and head off the cliff.

We honestly believe that the memorandum and the austerity policies are what threatens Europe today and our goal is, yes, we truly want to -- what is it that we would be decrying? Something that's already been decried and condemned and rejected by life itself? You don't decry cadavers; they decay by themselves. The memorandum has already been revised twice up until today. And the reason for this is not that it was not implemented properly but because it, in fact, was implemented and carried out. And so we are going to proceed with -- what is going to come next is going to be a newer vision, something that nobody wants to talk about publicly but that everybody knows what's coming. A new haircut. A new haircut that will follow after the German elections. The Greek debt is not viable.

And the question is why should the Greek people suffer and should the global community live with the fear that the crisis will spread to the entire world in 2013 just so that Ms. Merkel can proceed with elections in

Germany without telling her voters that we have, in fact, failed; that her policies have failed. All the analysts in the IMF now point to the fact that a new haircut is necessary, but there are attempts to cover this up until we get to next September, October. And so in the final analysis, what is most important for us is not the political machinations that are in place in Germany but so that we can save whatever is left to save in Greece and stop the tragedy that is being experienced by the Greek people.

Now, in regards to the last part of your question, I know that there is a problem of credibility in the Greek political world but, you know, this is nothing new for us in Greece. We have become used to the fact of seeing politicians that say one thing prior to the elections and one thing after; who promise one thing before they get elected and another thing once they come to power. As you see, we only say things that we believe and that we are going to try to implement. We're not saying anything that's crazy. We're not saying anything that's too wordy. In many instances we feel like the scientists from the Middle Ages who were trying to tell everybody that the world revolves around the sun and yet we're threatened with ex-communication because they were talking sense. We're talking sense. We are being -- we're heading off a cliff. We're not going to be like Galileo and say that the earth doesn't revolve around the sun.

MR. ANTHOLIS: Let me ask a follow-up question and then turn to the audience on that.

I think one thing that people in the United States were quite sympathetic to the idea that austerity by itself isn't going to create growth

certainly. That was President Obama and many democrats, and even some republicans' view of our own economy. But the question that they have for Greece is will each round of loans lead to the right kind of investments and the right kinds of restricting? End of licensing and of other things that constrain the Greek economy and many consider it the last Communist economy in Europe.

So I think when they see the rise of SYRIZA and they hear of it as a radical left party, the question is not just how the end of austerity will bring growth but how competitiveness will come to the Greek economy. Because either inside or outside the eurozone, the Greek economy has to become more competitive.

MR. TSIPRAS: I have to tell you that I completely disagree with the view that Greece was the last Soviet-type European or the last Communist economy in Europe. Greece is a country that from the 1990s onwards has proceeded to many privatization programs. If you compare Greece with other European countries, you'll see that a large part and a strategic part of the public sector have now come into the hands of private owners. And this was the reason -- or is one of the reasons -- that all the grandiose plans for privatizations -- it was a \$50 billion privatization plan is what their initial plan was -- never panned out because there's not a lot of things left that somebody can privatize today. It's a myth. It's a myth that Greece is a Soviet-type economy. Of course, Greece has some weaknesses in terms of its structure, especially in the way that it built its public sector. It's not that the Greek public sector is too large but that it's built the wrong way. It was built on governments assigning their own people into

positions to win votes.

And so we need to proceed with structural reforms, in many instances, copying models that are effective and work in other European countries. But the solution is not to implement in Greece what Pinochet did in Chile and destroyed it. It's not a program of privatization of every business that might be profit-generating. Our program, precisely because we understand the need for what economists call FDI, foreign direct investment, we want to follow a model that's being successfully implemented in Scandinavian countries and Norway where the public sector participates in partnerships with private funds or through bilateral international agreements that will have two points for Greece. That will allow Greece to create jobs and that will respect the job market and that will respect the environment. The second point is to secure what we call social reciprocity. I believe that we can proceed with these kind of investments and that they can work. On the other hand, I believe that the investments that we in Greece call looting; the only investments whose sole goal is to generate a quick profit will not be successful and will not contribute to the Greek economy.

MR. ANTHOLIS: Right here. Yes, right there.

SPEAKER: Thank you, Bill.

Mr. Tsipras, you're in Washington, D.C., at a time when this capital is focused on several foreign policy and national security crises in Greece's immediate periphery. There is the Syrian civil war and the refugee crisis in Turkey. There is the growing threat of Iranian nuclear ambitions with the ballistic missile capacity aiming towards Europe. And of course, there's the

emergence now of the al Qaeda in the Islamic Maghreb in Libya and in Algeria. The United States and Greece have been NATO allies for 60 years, but Greece's defense expenditures will likely be drastically reduced in coming years because of the crisis you've been describing here. How do you envision Greece contributing to European regional and international security in the years ahead? Thank you.

MR. TSIPRAS: If I understood you correctly, your question had to do with how Greece can contribute to Europe for more stability. Greece is a country that finds itself or that borders countries that are in a state of flux. It is a country that is in the European Union and NATO. Our perspective is that Greece needs to be a bridge of friendship and stability in the greater area. Of course, Greece cannot face and solve these series of issues all, alone as you mentioned earlier, which have other causes irrespective to Greece and that harms stability not only in the region but on the worldwide scale. Greece could help and contribute within the framework of the organizations to which it belongs in order to alleviate the crisis in these areas.

A major issue that is of concern to us in recent times is what's going to happen in Syria? You know, there's a danger of a change of government, change of rule in Syria, which some people may find quite -- may lead some people to breathe a sign of relief because Syria did not have a democratic government. But the new rulers may be even worse. And we may end up with millions of refugees heading west after being persecuted because of their beliefs. Millions of Christians may end up fleeing Syria in order to survive.

Perhaps the first country that they come across on their way west will be Greece, and you can appreciate how a country facing such a large scale of economic and social destruction and that is already experiencing an intense immigration problem with hundreds of thousands of immigrants coming in wanting to head west but the European Union not accepting them and Greece ending up becoming a holding center for them. You realize that Greece cannot handle this issue by itself without the close support, cooperation, coordinated collaboration of the international organizations to which it belongs. The United States will play a very crucial role here.

Perhaps this is just one aspect, a very small aspect of the problems that you mentioned. However, I believe that we live in an age that is changing very quickly, where everything is in flux. And in order for Greece to play the role that it needs to play in the international community, it needs to be able to stand on its own two feet. The drama that it has been facing the past three years has not allowed it to do so. And here is yet another reason to convince it to realize that something needs to change.

MR. ANTHOLIS: Well, unfortunately, we are at the end of our time. This has been a really fascinating and interesting hour and a half with many old friends and many new friends. And we look forward to continuing our dialogue with Mr. Tsipras. And we thank all of you for coming today, and we wish you all the best in the New Year. Thanks.

(Applause)

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