Euro zone ministers tighten screws on Greece

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The Greek government has accused "forces in Europe" of seeking to drive it out of the common currency, as leading euro zone countries issued further demands that must be met before bailout funds are released.

Greek finance minister Evangelos Venizelos said the terms of the €130 billion bailout were being continually changed because key countries wanted Greece out of the euro zone. "There are many in the euro zone who don't want us anymore," he said during a meeting with President Karolos Papoulias. "We are constantly being given new terms and conditions."

Venizelos's outburst came in the wake of the cancellation of Wednesday's meeting of euro zone finance ministers group. The meeting had been expected to give approval to the bailout after Sunday's decision by the Greek parliament to agree to the terms set out by the troika (the European Commission, the European Central Bank and the International Monetary Fund). But the head of the group, Luxembourg Prime Minister Jean-Claude Juncker, called off the meeting, saying more guarantees were needed.

One of the key demands was the sending of letters from PASOK leader George Papandreou and New Democracy leader Antonis Samaras, the two leading figures in the coalition government headed by unelected Prime Minister Lucas Papademos, stating that the austerity program would continue after elections scheduled for April.

Both Samaras and Papandreou sent such a letter on Wednesday. But then euro zone officials expressed dissatisfaction with a passage in Samaras's letter, in which he stated that "policy modifications might be required to guarantee the program's full implementation." Even though Samaras insisted that any modifications would be carried out "strictly within the framework outlined by the program," the phrase was seized on as evidence that there was not full commitment.

Today's *Financial Times* (FT) reports that the group of AAA-rated governments, including Germany, Finland and the Netherlands, are leading the demand for further guarantees. According to the FT, "During a conference call among euro zone finance ministers, the three countries suggested they may want additional letters from other small Greek parties and openly discussed the possibility of postponing Greek elections."

Before the conference call, German finance minister Wolfgang Schäuble said in a radio interview that elections in Greece could be delayed and a technocratic government installed, similar to that in Italy, without including any of the leading politicians.

The chief spokesman of the German finance ministry, Martin Kotthaus, said: "It is a question of all the leading parties demonstrating their reliability. We must have that reliability beyond any election date."

But with PASOK recording only 8 percent support in opinion polls and New Democracy sitting on about 33 percent, there is no guarantee that parties formally committed to implementing the program would secure a majority in a new parliament. This is what has prompted the discussion about setting aside the elections.

The latest demands from euro zone finance ministers prompted an angry response from Greek President Karolos Papoulias, during a visit to military chiefs: "We are all obliged to work hard to get through this crisis, but we cannot accept insults from Mr Schäuble. Who is Mr Schäuble to insult Greece? Who are these Dutchmen, who are these Finns? We have always defended not only the freedom of our own country, but the freedom of Europe."

The euro zone finance ministers, with Germany in the lead, are running a kind of bait and switch operation on behalf of the banks and financial oligarchy. Demands are made of Greece, and when they are met still further demands are issued accompanied by claims that euro zone leaders are becoming impatient with the lack of action by Athens. As the operations of the euro zone ministers become ever-more gangster-like, so the language resembles dialogue from *The Godfather*. One senior Dutch official commented that as time was running out “we insist that Greek political leaders help us to help them.”

Even as the screws are tightened, discussions are taking place to implement a plan through which the banks would receive bailout funds without the money even being passed to the Greek government to pay its bills.

According to the *Financial Times*, the plan involves a debt restructuring for private holders of Greek bonds without approval of the full €130 billion bailout. “The move would continue to starve the Greek government of funds even as Greece’s private creditors agreed a separate deal,” it reported.

Meanwhile, the Greek economy is setting new records for the longest and deepest recession in the post-war period. Figures released this week show the economy shrank by 7 percent in 2011, bringing the total contraction since the recession began in 2007 to 16 percent. Uri Dasash, a former senior World Bank official, this week warned that Greece’s gross domestic product may contract by as much as 30 percent.

Unemployment has soared to more than 20 percent from 7.7 percent in 2008, and youth unemployment is more than 50 percent.

The continued refrain from the troika is that Greece is not doing enough to bring its finances into order. However according to the latest figures, the primary budget balance, which excludes interest payments, went from a deficit of 10.4 percent of GDP in 2009 to a projected surplus this year of 0.2 percent. But when the interest bill is added in, the deficit is 4.7 percent of GDP, rising to 6.3 percent of GDP by 2013, one of the highest interest rate burdens in the world.

In other words, the social conditions of the Greek people are being destroyed in order to feed to ever-expanding appetites of the banks and financial institutions.

There is no solution to the crisis within the present political order or through some “alternative plan”, based either on “default” or seeking to pressure the troika for better terms.

As the perspective published yesterday by the WSWS emphasised: “When the government and the parties supporting it are working to destroy the livelihoods of the people and gut health care and the education system, the working class must itself take responsibility for running the country.”

This means the establishment of action committees in workplaces and neighbourhoods to organise the struggle against austerity measures, seeking to develop a common revolutionary struggle against capitalism with workers across Europe and internationally. Such a struggle will lay the basis for bringing to power a workers’ government dedicated to the expropriation of the banks and corporations and the reorganisation of the economy on a socialist basis, geared to meeting social needs rather than expanding the fortunes of a financial elite.