Euro zone finance ministers demand deeper cuts in Greece, Europe

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A meeting of euro zone finance ministers on Monday refused to make a decision on providing the bankrupt Greek state with a further instalment of 31.5 billion euros from the previously agreed bailout.

Eurogroup head Jean-Claude Juncker announced that "no definitive decision" would be made at the meeting, despite the passage in the Greek parliament Sunday of a new 13.5 billion euro austerity package.

Whilst the European Commission welcomed the new austerity measures, spokesman Simon O'Connor commented, "We'll still need to analyse in detail the final version of the bill" before any further loans are made available to Greece.

Dutch Finance Minister Jeroen Dijsselbloem said, "The Greeks have left a lot of things until the last minute, so we'll also take the time to consider where we are."

This is code language for demanding yet further social misery. Following the Greek parliamentary vote it emerged that the already overdue tranche of funds would be withheld until Athens confirmed 2,000 layoffs in the public sector.

A report issued ahead of the finance ministers' meeting by the troika, consisting of the European Union, the International Monetary Fund (IMF) and the European Central Bank (ECB), noted the Greek population's growing hostility towards the austerity measures. It stated, "The key risks concern the overall policy implementation, given that the coalition supporting the government appears fragile and some components of the program face political resistance, despite the determination of the government."

The report estimated that even if Greece met its deficit reduction targets through to 2016, it would still require an additional 32.6 billion euros ($41 billion) in loans.

This coming Friday, Greece must meet a debt repayment deadline for 5 billion euros owed to the banks. The Greek government plans to issue new bonds Tuesday, repayable in one and three months, to help meet this deadline. It hopes to raise 3.12 billion euros ($4 billion) with the bond issue.

As the euro zone ministers met, German Chancellor Angela Merkel, accompanied by a delegation of German business executives, visited Portugal to meet with its president and prime minister. Merkel's visit took place just 48 hours before a one-day general strike against austerity is set to take place in Portugal, and in the midst of swelling anti-austerity demonstrations and strikes.

Merkel was met by protesters denouncing her government's insistence on deeper austerity measures in Portugal and throughout Europe. Amidst a massive police presence in Lisbon, demonstrators carried banners with slogans such as "Portugal Is Not Merkel's Country" and "Angela Merkel Assassin". Marchers chanted, "Merkel, It's Not Working!" and "Merkel, Get Out!" Placards were posted around the city reading, "We Pay, They Play, Bank Wins."

Meeting with Portuguese Prime Minister Passos Coelho at a coastal fortress outside Lisbon, Merkel said of his government's brutal austerity agenda: "The programme is being fulfilled by Portugal in an excellent way. I sense a great sense of determination here in Portugal to overcome this difficult phase."

Coelho said there would be no let-up in imposing mass austerity in return for 78 billion euros ($101 billion) in loans from the troika. He commented: "We know that the social situation is difficult and that it is easier to talk about reform than carry it out. We are aware of the difficulties, but we think this is the only way forward."

Portugal is awaiting the allocation from the troika of 2.5 billion euros in further loans. As with Greece, all such funds are disbursed in stages and are strictly conditional on the imposition of draconian attacks on the jobs, wages and living standards of working people. The troika is currently engaged in a quarterly review of the austerity measures previously agreed with the Coelho regime. Only if the measures are carried out to the letter will Portugal receive the 2.5 billion euros.

The Portuguese ruling elite are desperate to avert economic collapse and show their total compliance with the demands of the troika and the banks for unprecedented spending cuts. Thus, prior to Merkel's visit, a short film was made by the authorities, the aim of which, according to the *Financial Times*, "was to show that the 'Portuguese work longer hours, pay more taxes and have fewer holidays' than Germans." The newspaper continued, "But a bid to have it broadcast in Germany ahead of Ms. Merkel's visit proved unsuccessful."

Even as the euro zone ministers met to insist there was no alternative to crushing austerity, new economic projections by the European Commission for the next two years were refuting official claims that the austerity measures implemented by European governments since the financial meltdown of 2008 would lead to an economic recovery.

The euro zone economy, according to the projections, will remain virtually stalled throughout 2013, with the possibility of modest growth in 2014. Unemployment is set to reach 12 percent next year and remain extremely high into 2014.

In a press statement, EU Economic and Monetary Affairs Commissioner Olli Rehn insisted the figures illustrated the need for austerity to be intensified. "Europe is going through a difficult process of macro-economic rebalancing, which will still last for some time," he stated. "Europe must continue to combine sound fiscal policies with structural reforms to create the conditions for sustainable growth."

Rehn's remarks illustrate that the policy of the European bourgeoisie is to lower the living standards of workers in Europe to a level comparable with China and other cheap-labour economies.

Prior to her Portuguese trip, Merkel warned a regional meeting of her party, the Christian Democratic Union, that the debt crisis would last at least another five years. "We need rigor to convince the world it's worth investing in Europe," she said. This is coded language for deeper cuts and more brutal exploitation of labor to attract funds from global banks and speculators seeking the highest possible rate of profit.

The Irish government is also planning more cuts. Spending reductions and tax hikes of 3.5 billion euros were planned for the budget due in December, but this figure is likely to increase. This comes on top of 25 billion euros of austerity measures since 2008. Ireland's state debt is projected to rise as high as 150 percent of gross domestic product by 2015, a level broadly seen as unsustainable.

According to the European Commission's projections, Spain will miss its budgetary targets by a long way in 2013. This will only intensify the pressure on Spain to apply for a full bailout from the troika.