Fresh talks begin on forcing Greece to accept austerity package

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14 February 2015

Representatives of Greece's Syriza-led government began three days of talks in Brussels on Friday with negotiators from the European Commission, the European Central Bank (ECB) and the International Monetary Fund (IMF)—the so-called "troika." The talks followed the failure of Syriza Finance Minister Yanis Varoufakis to reach agreement with European finance ministers Wednesday on a plan for Greece to repay its foreign debt of nearly €320 billion.

The new talks will extend to the eve of the February 16 deadline set by the Eurogroup, at which time euro zone leaders are scheduled to meet once again to discuss the Greek debt crisis. Greece's current agreement with the troika, which Syriza says it will not renew, expires on February 28. If there is no agreement with Greece's creditors by that time, the Greek government will have no source of external funding to service its debt.

The Greek negotiating team is led by Professor Giorgos Chouliarakis, who teaches at the University of Manchester. He is working with debt restructuring advisers from Lazard, a US investment bank. Greece's main creditors are represented by Declan Costello of the European Commission, Klaus Masuch of the ECB, and Rishi Goyal of the IMF. The troika's team is led by Thomas Wieser of the Euroworking Group, a hard-line proponent of austerity. *Times Of Change* noted that the talks will cover "the poor trajectory of the 2015 budget so far (with a 'hole' of about 1 billion euros in January alone due to poor revenue collection), the fiscal shortfall that had been projected by the troika before the elections, and the cost of the measures announced by the government during its policy statements in parliament."

"A key element of the three-day technical negotiations will be how the country will cover its funding needs until August," the newspaper added. By then, the Greek state is obligated to pay back some €7 billion.

According to a source close to Prime Minister Alexis Tsipras, the purpose of the 72-hour discussion will not be to "negotiate or engage in critiques of positions." Instead, the talks will "register the points where there is convergence and identify divergences."

The Greek government will outline its "red lines," demanding an end to the current arrangement whereby the troika directly formulates and monitors the austerity program. Another demand is a reduction of Greece's primary surplus target from 4.5 percent to 1.5 percent. *Times Of Change* claimed that labour deregulation and privatizations would not be discussed, but "broad agreement is expected to be found in the areas of combating corruption, tax evasion and public sector reform."

A senior EU official close to the talks told *Kathemerini*, "[N]ow we need to get down to the hard facts, explaining what is in the (bailout reform) agreement and what are the quantified results of the new Greek government's program." *Kathemerini* noted, "If Greece wanted to remove a certain reform from the list agreed under the bailout, it would have to propose in its place a measure that would have a similar fiscal effect."

Since it was elected on January 25 on an anti-austerity ticket, Syriza has made one concession after another, including ditching pre-election pledges to write off a large part of the debt, in an attempt to reach an agreement with the EU states, which hold 60 percent of the Greek foreign debt. Now it is meeting with representatives of the troika, which it had previously ruled out doing.

It is not certain that an agreement will be reached on Monday.

Eurogroup President Jeroen Dijsselbloem, leaving a summit of EU leaders Friday, said, "At this stage I'm very pessimistic about it. The possibilities, given the state of the Greek economy, are limited. I don't know if we'll get there by Monday. The Greek government has made it clear that they don't want to carry on with the programme

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as it currently stands. The Eurogroup has made it clear that there are possibilities for change only as long as the programme remains on the rails."

He warned, "We lend out money only when there's real progress and when new reforms are being carried through. For months, this has not been the case."

German Chancellor Angela Merkel, along with her finance minister, Wolfgang Schäuble, has insisted that the Syriza-led government adhere to austerity measures agreed by previous Greek governments. She said she hoped an agreement was reached, but added, "Compromises are agreed when the advantages outweigh the disadvantages."

German Finance Ministry spokesman Martin Jäger said sarcastically at a Berlin press conference, "Out of consideration for our Greek friends, we are not calling the troika the troika anymore, but 'the institutions.'" He went on to say, "It doesn't mean the assessment function of the three institutions is affected in any way whatever."

Syriza's newspaper *Avgi* (*The Dawn*) published a cartoon Friday portraying Schäuble as a Nazi. This is a reflection both of the tension between Germany and Greece and of Syriza's efforts to disorient and divert internal social opposition to austerity by playing on anti-German sentiment to whip up Greek nationalism. The German Finance Ministry responded by lodging an immediate complaint.

In a reference to the Holocaust, the cartoon featured Schäuble saying, "Negotiations have begun. We insist on soap from your fat," and "[W]e are discussing fertilizers from your ashes." Another cartoon in *Avgi* portrayed Schäuble in a German military uniform.

Whatever the outcome of the talks and the euro zone finance ministers meeting Monday, nothing will be resolved regarding either Greece's debt or the crisis in the euro zone as a whole.

On Friday, the US government again expressed disapproval of the handling of the Greek debt crisis by euro zone leaders. Caroline Atkinson, the US deputy national security adviser, said, "Greece has moved into primary surplus. How much more fiscal consolidation is necessary?"

She added, "The global economy is falling short and this is of deep concern to the US, and a key part of that weakness is tepid growth in the euro zone."

This week's *Economist* magazine wrote: "At its root, the problem is simple: Greece does not have enough income to pay its bills. Since the financial crisis began, its economy has shrunk by more than any other rich country's."

The magazine did not note that the savage austerity measures imposed by the European Union in behalf of the banks contributed massively to the contraction in the Greek economy.

Over this period, Greece's foreign debt has rocketed. From a debt of €301 billion (127 percent of gross domestic product) owed largely to the private sector, the Greek state now owes some €320 billion (175 percent of GDP), with the vast majority of the debt (€195 billion) held by European states and the ECB.

The *Financial Times* was blunter still in summing up of the implications of the still deeper attacks on the Greek working class demanded by the European ruling elite immediately after Syriza's election. "To service its debt burden would require Greece to operate as a quasi-slave economy, running a primary surplus of 5 percent of GDP for years, purely for the benefit of its foreign creditors," the newspaper wrote.

Virtually all of the €226 billion loaned to Greece since 2010 as a so-called "bailout" has gone to paying off global banks. A recent study by the Greek *Macropolis* web site concluded: "Combined with some other government financing needs (mostly relating to repayments of arrears that accumulated in the first two years of the crisis), the combined allocation to the Greek state's operating needs was just 11 percent of the total funding, circa 27 billion euros."

In the euro sceptic *Daily Telegraph*, Ambrose Evans-Pritchard said that not only Germany, but also other European countries, have a "very strong incentive to make Greece suffer." He went on to warn that "to act on this political impulse risks destroying the European project."

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