No agreement reached between EU finance ministers and Greece

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A meeting of euro zone finance ministers in Brussels to discuss the debt crisis of the Syriza-led Greek government broke up in acrimony Monday.

With Germany taking the lead, the finance ministers, headed by Jeroen Dijsselbloem of the Netherlands, presented Greek finance minister Yanis Varoufakis with a statement to sign that unambiguously upheld the existing debt-repayment scheme, demanded further austerity measures, and reiterated the full subordination of the Greek government to the dictates of the European Union (EU), the International Monetary Fund (IMF) and the banks.

German finance minister Wolfgang Schäuble appeared to go out of his way to humiliate Syriza (Coalition of the Radical Left) and its leader, the new prime minister, Alexis Tsipras. In a German radio interview Monday in advance of the Brussels meeting, Schäuble said he was “very sceptical” about the prospects for a deal being reached at the gathering and accused the recently elected Greek government of acting “pretty irresponsibly.”

Schäuble accused Tsipras of “insulting those who have helped Greece in the past few years.”

Varoufakis refused to sign the statement, complaining that the European Commission’s economic chief, Pierre Moscovici, had offered him an earlier plan that he was prepared to sign. The meeting quickly collapsed, and the different parties held separate press conferences.

Varoufakis objected in particular to language in the EU draft stipulating Syriza’s adherence to the “current programme” of debt repayment. His opposition, and that of Syriza as a whole, amounts to pleading for terminological window dressing to obscure the capitulation of the Syriza-led government in substance to the current “bailout” programme and the brutal austerity agenda that has already reduced millions of Greek workers and youth to poverty.

Syriza desperately needs such a fig leaf, having campaigned on a pledge to end the current debt-repayment regime, which is hated by the vast majority of Greeks. Syriza’s election was the result of growing opposition to more than five years of savage cuts. This sentiment has been expressed in numerous anti-austerity protests held in Greece since the new government took office on January 25. On February 11, at least 13 demonstrations took place in Greece, with tens of thousands protesting in Athens and Thessaloniki. On Sunday, further large demonstrations were held.

However, EU governments fear that even the appearance of a concession to Greece will fuel popular opposition to austerity throughout Europe. To this point, they have coalesced behind the hard-line position of Berlin.

Varoufakis and Tsipras have bent over backwards to reassure the EU, the IMF, the European Central Bank and the international financial markets that they fully intend to meet Greece’s debt obligations and are committed to the “structural reforms”—i.e., further attacks on pensions, jobs and working class living standards—demanded by global capital.

In an op-ed piece posted by the *New York Times* Monday, Varoufakis denied that he was pursuing “some radical-left agenda,” declaring: “Our government is not asking our partners for a way out of repaying our debts. We are asking for a few months of financial stability that will *allow us to embark upon the task of reforms* that the broad Greek population can own and support, *so we can bring back growth and end our inability to pay our dues* ” (emphasis added).

Last week, he begged for a compromise in a

Guardian interview, pleading, "We are a party of the left, but what we are putting on the table is essentially the agenda of a reformist bankruptcy lawyer from the City of London."

Syriza, in fact, speaks for privileged sections of the Greek upper-middle class that want a better deal within the framework of Greek and European capitalism and the EU. It advances policies favoured by sections of the Greek and international bourgeoisie to confront a deepening breakdown of the capitalist system—at the expense of the working class. It has formed a bourgeois government in coalition with the ultra-right, rabidly nationalist Independent Greeks.

The *Financial Times* reported Monday that after the short-lived EU finance ministers' meeting, Varoufakis for the first time said publicly that he had been prepared to agree to an extension of the existing debt repayment programme on the basis of conditions agreed to by Moscovici, which, he claimed, differed from those incorporated into the draft statement presented by Dijsselbloem. *Financial Times* journalist Peter Spiegel reported he was told by euro zone officials that, in fact, there was no difference in substance between the Moscovici and Dijsselbloem texts. According to *Der Spiegel*, the euro group meeting broke up before the finance ministers even had a chance to discuss the draft statement prepared by the Greek side.

Nevertheless, Varoufakis declared after the meeting, "I have no doubt there is going to be an agreement in the end."

The draft statement, leaked to the press and published by the *Financial Times* and other newspapers, stated, in part: "The Greek authorities gave their firm commitment to refrain from unilateral action and will work in close agreement with their European and international partners, especially in the field of tax policy, privatisation, labour market reforms, financial sector, and pensions."

The EU part of the loan programme for Greece is set to expire February 28, raising the possibility of a collapse of Greece's banking system, a default on the country's €320 billion sovereign debt, and a forced exit of Greece from the euro currency bloc. Monday had been described as a deadline for an agreement between Greece and the euro group because several national parliaments needed time to vote on a deal before the end of the month.

A study by JP Morgan released as the euro group talks got under way concluded that Greece's financial reserves could be exhausted in several months. Estimating that Greek banks were losing €2 billion of deposits a week, JP Morgan said if such outflows continued, the country's banks would run out of collateral for new loans in just 14 weeks.

At a press conference after the meeting, Dijsselbloem said the euro group had told Greece that the "best way forward would be for the Greek government to seek an extension of the programme," and that in any agreement going forward Greece could not "roll back any measures" except with the agreement of the European Commission, the European Central Bank and the IMF.

Greece, he said, had to present proposals for an extension of the debt repayment programme by Friday, and warned, "We can use this week, but that's about it."

Asked if an extension or, in the words of the Greek government, a "bridging" agreement, would be very different from the existing programme, Dijsselbloem said, "I don't think so."

He added that "the ESM [European Stability Mechanism] treaty and rules and regulations talk about strict conditionalities. It would still be about fiscal sustainability and therefore also debt sustainability. It would still be about economic competitiveness…and a stable financial sector and all of the above requires next steps, more measures and reforms, some popular and some obviously not so popular."

Speaking alongside Dijsselbloem was Moscovici, until 2014 the French finance minister, and Christine Lagarde, head of the IMF.

Moscovici said no alternative to an extension of the current programme would be considered. Lagarde said the IMF's programme with Greece would end in March 2016. She warned that only if Greece accepted an extension of the current austerity package could further IMF funds be disbursed.