Germany and EU look set to reject Greece's request for six-month loan extension

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German Finance Minister Wolfgang Schäuble denounced a new Greek proposal for a six-month loan extension with the naked ultimatum, "It's not about an extension of the loan programme, it's about whether this program is fulfilled, yes or no."

He was reiterating Germany's demand that Greece honour Greece's commitment to impose savage austerity measures to the hilt, irrespective of the dire consequences for millions of working people.

A further indication of German opposition came Wednesday evening, with the decision of the European Central Bank (ECB) to grant a further extension of only €3.3 billion to Greek banks accessing the ECB's Emergency Liquidity Assistance fund.

At the current rate of deposit outflows from Greek banks, this sum is estimated to cover just one week of funding. Even this sop revealed divisions on the ECB board, with the Bundesbank's Jens Weidmann opposing even a token increase.

Greece's current loan agreement with the so-called "troika" (European Commission, European Central Bank and the International Monetary Fund) expires at the end of this month. Without further loans, it will rapidly default on its foreign debt of €320 billion and be plunged into state bankruptcy, a massive run on the banks and a forced exit from the euro-zone.

If any agreement is reached between the Eurogroup and Greece, the essential demand being made is that it will be based on a continuation of austerity and that Syriza will enforce this agenda.

Even then, the growing scale of Greece's foreign debt is such that it cannot be paid off. More and more commentators are concluding that Greece is edging toward default and a "Grexit."

The Guardian warned in its editorial Wednesday that Greece's application for an extension "would be only a temporary, if welcome, respite to the underlying problem." The editorial continued: "It would be foolish to assume that it represents a conclusive step back from the brink."

Yet such an appeal for a "temporary respite" of just six months, one made after a month of often bitter discussions, is considered to be impermissible. Greek Finance Minister Yanis Varoufakis told Germany's ZDF, "We should extend the credit programme by a few months to have enough stability so that we can negotiate a new agreement between Greece and Europe." But Schäuble responded by declaring, "I don't have any new information, but there is no loan agreement, it's an assistance programme. And in this seemingly unimportant detail lies the key: Greece would like to receive credit, but not fulfil the conditions to allow Greece to recover economically."

Germany, leading behind it the other European powers, is determined that an example is set in Greece to make clear that there is no alternative to the brutal attacks waged on workers in Portugal, Spain, Ireland, Italy and throughout the continent.

Schäuble has gone out of his way to crack the whip and display contempt for Syriza, exhibiting the arrogance and indifference of the bourgeoisie for the suffering of the masses, in the quest to make Greece an object lesson on the futility of challenging the power of capital. But, every government is imposing austerity on their own politically and socially restive populations, and fears that even the most minor "concession" to Athens can stimulate opposition. The *Financial Times* reported, for example, "No European leader has poured more scorn on the radical aspirations of the Syriza-led government in Athens than the prime minister of Portugal," Pedro Passos Coelho, who "dismissed Syriza's bid to rewrite the rules on debt repayment and bailout conditions as a ‘fairytale’…”

These essential realities of class relations in Europe and internationally have exposed the political bankruptcy of Syriza. In coalition with the right-wing Independent Greeks, Syriza, which speaks for sections of the bourgeoisie and privileged upper-middle class layers, has based its entire perspective on appealing for a more reasonable and manageable repayment agenda—while pledging to defend Greek capitalism and its place in the EU and Eurozone.

According to press reports, Greece’s latest request was scheduled to be submitted on Wednesday, but was held back by Athens in order to ensure that it was worded in a manner acceptable to the Eurogroup.

According to sources, it is based on the document authored by Pierre Moscovici, economic chief of the European Commission, which Greek Finance Minister Yanis Varoufakis said on Monday he was prepared to sign.

At Monday’s meeting of euro zone finance ministers in Brussels, the Moscovici document was withdrawn and replaced with another from Eurogroup head Jeroen Dijsselbloem demanding that Greece remain within the previous austerity agreement and impose further cuts.

On Wednesday, Varoufakis spoke by telephone with US Treasury Secretary Jack Lew seeking support. But Lew only called on Greece to "find a constructive path forward in partnership" with its creditors.

To back up its case, on Wednesday, the Greek government released documents outlining its negotiating positions and citing statements made by Varoufakis at the last two Eurogroup meetings.

In his presentation to the February 11 Eurogroup meeting, Varoufakis stressed that Syriza understood the austerity measures already in place in Greece would be permanent. “Greece has made a vast adjustment over the past five years at immense social cost” he said. “The new government takes this adjustment as its point of departure.”

Addressing concerns that Syriza might implement a few reforms partially reversing austerity measures in place involving privatisations, the firing of public sector workers, the slashing of pensions and cuts in the minimum wage, Varoufakis explained that, regarding privatizations, “we are ready and willing to evaluate each and every project on its merits alone.” He went on to insist that “foreign direct investment will be encouraged.”

On the promised reinstatement of laid-off state employees, Varoufakis told the Eurogroup meeting that just 2,013 workers would be rehired, and promised that this “tiny number” would “have no adverse effect on competitiveness and no fiscal bearing as [the reinstatements] will be paid for entirely by other savings in the state budget.”

He said the “restoration of the pension cuts we announced concern pensioners living at or below the poverty line and comes up to less than 2 euros per day per eligible pensioner—a grand total of around 9.5 million.”

On the minimum wage, Syriza is proposing only a return to the level prior to the launching of austerity measures, but he assured the finance ministers the “government will phase in its restoration to the 2012 level gradually, from September onward,” and only “after consultation with employers and trades unions.” It would apply, moreover, “only to the private sector.”

“Some of you... were displeased by the victory of a left-wing, a radical left-wing party. To them I have this to say: It would be a lost opportunity to see us as adversaries. We are dedicated Europeanists.”

The Eurogroup rejected these miserable proposals because it will not allow anything to be legislated in Greece, or anywhere else, that impinges on the ongoing transfer of wealth from the poor to the rich. The *Daily Telegraph* summed up the position of the ruling elite when it lauded Lithuania, calling it “the euro zone’s newest member… where the minimum wage is €300 per month,” contrasting this with Syriza’s pledge to “increase the Greek minimum wage to €751 per month.”