European Union Press Syriza to Deepen its Austerity Program for Greece

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After the Syriza-led government's decision to sign the February 20 Eurogroup statement and capitulate to European Union (EU) demands for more austerity in Greece, EU officials are stepping up their threats against the country.

Since then, the "troika"—the European Commission, European Central Bank (ECB) and International Monetary Fund (IMF)—have insisted that until Syriza begins actively imposing austerity, it will not receive another cent in loans.

This week Greece paid back €300 million to the IMF, but by the end of the month it must pay a further €1.5 billion. An additional €4.5 billion in maturing Treasury bills (T-bills) is due to be paid this month. More than €6 billion in debt repayments to the IMF falls due in August, immediately after the four month austerity extension expires. All told, Greece must pay back a total of €22.5 billion to its creditors in 2015.

Greece cannot meet these repayments, and without external funding, a default on its debt of around €320 billion is again a possibility.

Bloomberg reported the analysis of Nicholas Economides, a professor at New York's Stern School of Business, who said,

> "Greece has already run out of money and lives with emergency compulsory borrowing from pension funds and from European agricultural support money in transit to farmers. Unless there are new loans from Europe or alternatively the ECB allows Greek banks to buy more Greek debt, Greece will default at the end of March."

The *Economist* noted,

> "Syriza's climbdown in late February has bought time but it has not brought any money from Greece's creditors. None will be available until the government shows that it is sincere in its promise to complete the reforms that creditors still insist upon."

This week Spain's finance minister, Luis de Guindos, said he believed Greece would be unlikely to access capital markets by June and will require further loans of between €30 billion and €50 billion from its European creditors.

Since Syriza's election in January, the European Central Bank has tightened the screws. The

ECB no longer accepts Greek sovereign bonds as collateral for loans and banks are forced to rely on the emergency liquidity assistance (ELA) scheme, which has a high interest rate and will only be available temporarily. The ECB has also limited the amount of short-term T-bills that Athens can issue.

As a result, Greece's banks are more or less insolvent with even more deposits withdrawn from them in December and January (€17 billion) than at the height of the euro zone financial crisis in May and June 2012. According to official figures, outflows from the banks continue, with a weekly rate of between €2 billion and €3 billion withdrawn in the first three weeks of February.

Tax revenues are down €2 billion in January and February, compared with 2014. Under these conditions it is impossible for Greece to pay for any extended period the €4.5 billion monthly bill for the wages of public sector workers and state pensions.

On Thursday, the ECB refused to countenance a relaxation of the rules that have cut off funds to Greek banks. ECB head Mario Draghi said the bank would only lend further funds to Greece if it was able to satisfy the Eurogroup, IMF and ECB of its strict adherence to the February 20 agreement.

In a desperate response Friday, Prime Minister and Syriza leader Alexis Tsipras contacted European Commission President Jean-Claude Juncker to request an emergency meeting. Juncker gave Tsipras short shrift. He advised Tsipras that any further discussion would have to wait until after Monday's meeting of the euro zone's finance ministers.

Juncker gave an interview Wednesday to Spain's *El Pais*. Tsipras "still has to tell the Greeks that he is going to have to break certain promises," he said.

With Syriza having already signed off on everything demanded by the troika, including a clause that the government make no "unilateral" moves to implement any of the programme it was elected on, it is functioning as a tool of the EU's austerity agenda. According to a *S ü ddeutsche Zeitung* report, Juncker and Tsipras were in "permanent telephone contact."

The February 20 agreement was conditional on Syriza supplying the Troika with a list of "reforms" that must first be approved by them and then implemented.

For discussion at Monday's meeting, Greek Finance Minister Yanis Varoufakis presented a list of seven measures that his government proposes to immediately carry out, to tackle the "humanitarian crisis" and "alleviate extreme poverty." They are highly targeted measures, introducing food allowances for 300,000 households, the reconnection of domestic electricity supplies and some free electricity for 150,000 households, and a rent allowance for fewer than 30,000 households.

Syriza's initial budget to deal with the social crisis, outlined in its Thessaloniki election programme was €1.8 billion—a figure barely enough to scratch the surface of the staggering social devastation caused by five years of brutal cuts in living standards.

Now, following a month of negotiations with the troika, the total cost allotted is just €200 million, or 11 percent of the Thessaloniki programme. Even this must be approved next week by the troika. Varoufakis's letter assures them that it will be "fiscally neutral," with

€200 million of savings to be made elsewhere.

According to excerpts of an interview with Tsipras to be published in Saturday's *Spiegel*, he said on Friday, "The ECB has still got a rope round our neck."

Tsipras added that if the ECB refuses Athens permission to issue additional short-term treasury bills, "the thriller we saw before February 20 will return."

None of this pathetic posturing will wash with the representatives of the ruling elite. Speaking on Friday to the influential German business daily *Handelsblatt*, Klaus Regling, head of the European Stability Mechanism, which facilitates the EU's loan agreements, said, "The new Greek government's communication has, at times, been irritating in recent days."

He warned, "Greece must pay back these loans in full. That's what we expect and nothing has changed in that regard."

Even as the representatives of the global financial aristocracy demand that Greece be bled white, the conditions facing millions worsen. Unemployment is entrenched, and rose again in December to 26 percent, more than double the euro zone's average of 11.3 percent. The number of jobless has barely shifted since reaching a record level of 27.9 in September 2013.

Hundreds of thousands of people rely on food banks and soup kitchens to get a regular meal, with many people requiring handouts three times a day. Others resort to scavenging.

Speaking to the *Daily Telegraph*, a priest at a church involved in food distribution in west Athens said,

> "The local councils can't cope, so people come to us for food. We're feeding 270 people and it is getting worse every day. Today we discovered three young children going through rubbish bins for food. They are living in a derelict building and we have no idea who they are."

Last month, two teachers alerted Athens City Council that they were being asked to teach starving children. One of the teachers reported that one of the pupils involved had not eaten for two days.
