Syriza Promises New Austerity List as European Institutions Intensify Pressure on Greece

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Greek Prime Minister Alexis Tsipras promised to submit a new list of austerity measures following a summit of European leaders in Brussels on Thursday.

A statement issued by the European powers and Greece Friday morning declared, "Greek authorities will have the ownership of the reforms and will present a full list of specific reforms in the next days." The reforms are part of the agreement Greece reached with the Eurogroup last month.

The statement added that, in the spirit of "mutual trust," all parties were "committed to speed up the work and conclude it as fast as possible."

The Greek crisis was not on the official summit agenda Thursday. However, one European Union (EU) official is reported to have said that the situation in Athens was the "elephant in the room."

The political representatives of the European banks have taken Syriza's measure, responding to its abject capitulation last month by pressing for ever-greater commitments to austerity. Led by Germany, European governments insisted in the lead-up to the summit that the Syriza-led government in Greece begin imposing concrete measures or risk being cut off from any further loans. Athens requires billions in additional loans in the coming days and weeks to avoid defaulting on its debt of €320 billion.

"Technical talks", stipulated by the February agreement to finalize the measures that Greece must impose, have been held in Brussels, Athens and Paris over the last week. They have not, however, produced a final agreement. This was the cue for the EU, European Central Bank (ECB) and International Monetary Fund, known as the "troika," to put yet more pressure on the bankrupt Greek state.

Tsipras requested a meeting on the sidelines of the summit with leading political figures in France and Germany, as well as representatives of the EU's main institutions. The three-hour meeting, held last night, was convened by European Council President Donald Tusk. Attending were German Chancellor Angela Merkel, French President François Hollande, ECB chief Mario Draghi, European Commission President Jean-Claude Juncker and Eurogroup head Jeroen Dijsselbloem.

Merkel has also invited Tsipras to Berlin for further talks Monday. However, she made clear that neither the talks at the summit nor Monday's talks would change anything, and that Greece had to comply with the February 20 agreement.

Following the meetings on Thursday, Merkel said, "We have not changed one iota. You may have heard some of this before. But then not much has happened in the last few weeks."

Hollande added, "These reforms must be… compatible with Greece's commitments… There is no time to lose."

Tensions have boiled over between EU leaders and Greece over the past few days. On Tuesday Dijsselbloem said,

> "The pressure on Greece is growing. The amount of cash, money—at least this is what I'm told—is declining by the day. And again, they'll only get an emergency loan if there are really steps being taken, if there's progress in the reforms that are needed in Greece."

On Wednesday, the European Central Bank lent Greece just €400 million of emergency liquidity assistance (ELA) funds, instead of the €900 million the Syriza government requested. The Greek banks are only being kept afloat due to their temporary access to ELA funds.

Reuters cited a "person familiar with ECB thinking" who said that there would be no additional short-term debt insurance. "It's up to Greece to meet its commitments in order to get money from its creditors. The ECB doesn't do bridge finance."

Fears of a Greek exit (Grexit) from the euro zone have imperiled the nation's banking system, with the ELA funding now barely covering the amount being withdrawn by depositors. On Wednesday, depositors withdrew between €300 and €400 million from the banks, the largest outflow of funds since the February agreement was signed.

On the same day the Tsipras government passed a "humanitarian bill" in the Greek parliament, at a cost of just €200 million. The bill provides free electricity and food stamps to some families in dire poverty. Under constant pressure from its creditors, Syriza had already drastically scaled down the humanitarian program from a still inadequate €1.8 billion euros.

Even this was unacceptable to the European Commission, which sent Greece a note Tuesday warning that the legislation could be seen as a "unilateral" action and therefore a breach of the February agreement.

Following the vote, Greece's Deputy Prime Minister Giannis Dragasakis groveled to the EU for money. "The country faces liquidity problems and needs the cooperation of the European partners to cover its obligations," he said. "We haven't received a single loan installment since August 2014, but we've been paying all our obligations."

The *Bild* tabloid declared the Greek parliament's support for the humanitarian bill to be a "declaration of war."

On Friday it was revealed that the ECB is considering banning Greek lenders from adding to their holdings of government debt. The *Financial Times* wrote that this would "cut off a key source of funding for Athens and worsen discord with its creditors."

Juncker said to a French radio station Thursday, "I will repeat to him [Tsipras] what I've already told him twice: Greece must undertake the necessary reforms, Greece must ensure that the commitments it made to the Eurogroup in 2012 and more recently are followed up on."

This week Alex Brazier, the Bank of England's executive director for financial stability strategy and risk, said that Greece would never be able to get rid of its debt. He told the UK parliament's Treasury Select Committee, "I think there are numbers for the primary surplus Greece could run, in principle, that would deliver the repayment of debt over some horizon," but then posed the question, "Is the political pain involved in running that sort of primary surplus tolerable? I find it difficult to believe."

No elected government could do so, he suggested.

The US government has also stepped up its intervention in the crisis. Greece's location means it plays a key geostrategic role in the NATO alliance. As the US ramps up NATO's provocative encirclement of Russia, the Obama administration cannot afford a scenario of Greece being forced into the orbit of Russia. Senior Syriza figures, as well as Panos Kammenos, the leader of coalition partner, the Independent Greeks, have suggested that they would consider approaching Russia as an alternative source of funding, if they were unable to reach an agreement with Europe.

On Tuesday, US Assistant Secretary of State for European and Eurasian Affairs Victoria Nuland visited Athens to meet with Tsipras and other senior government officials. Her trip was prompted by the announcement that Tsipras' scheduled trip to Moscow in May was being put forward a month. According to Greek daily *Kathemerini* bringing forward the Moscow trip was requested "upon Athens' initiative."

Nuland said the US wants to see Greece "able to make a good deal with the [creditor] institutions."

Press reports noted that she also discussed security and defense, Ukraine, ISIS, the Middle East and energy issues. On Ukraine, Nuland said that the US was "very gratified that we've had solidarity between the EU and the US, and that Greece has played its role in helping to build consensus."

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