

Greece Surrenders to Troika

By [Stephen Lendman](#)

Global Research, February 23, 2015

Region: [Europe](#)

Theme: [Global Economy](#)

Instead of renouncing its odious debt and walking away, Athens agreed to pay bankers first, maintain austerity, and let long-suffering Greeks continue taking the hindmost.

SYRIZA campaign pledges proved hollow. Pleasing Brussels and Washington matter more.

After weeks of negotiations, Greece got what the [Wall Street Journal](#) called “a tenuous agreement for a four-month extension of its bailout Friday removing immediate concerns over a potential exit from Europe’s currency union but setting the stage for more tense negotiations over the country’s financial future.”

A Troika statement said:

“Greek authorities commit to refrain from any rollback of measures and unilateral changes to the policies and structural reforms that would negatively impact fiscal targets, economic recovery or financial stability, as assessed by the institutions.”

Eurogroup President Jeroen Dijsselbloem said Athens “unequivocal(l)y commit(ted) to honor (its) financial obligations.”

Rolling over Friday shows what’s likely coming. German Finance Minister Wolfgang Schauble suggested it saying “(n)ow we hope that trust can grow again.”

Markets signaled approval. The Stoxx Europe 600 reached its highest level since November 2007. Even the weak euro gained against the dollar and yen.

US equities rose. The Russell 2000 small company index hit record highs.

Candidate Alexis Tsipras pledged relief from Troika-imposed harshness. Prime Minister Tsipras proved he’s no different from other Greek politicians.

Finance Minister Yanis Varoufakis tried putting a brave face on capitulation saying “(o)ur pre-electoral program was about four years. This deal is about four months.”

Left unexplained are likely worse Greek financial conditions months ahead than now.

Its debt is too onerous to repay. It won’t get easier ahead. Under Friday’s agreement, Greece must indicate more budget cuts and austerity by Monday.

Its plan must be acceptable to Troika officials. Popular needs don’t matter.

Once agreement is reached, Athens will get another 7.2 billion euros making its debt burden

more onerous than already.

It's unclear when funds will be released. On the one hand, both sides must reach agreement by April. On the other, Greece may be broke by March.

ECB officials said they're willing to resume normal lending to Greek banks for their day-to-day operations. Weeks could pass before funds arrive with no guarantee how much or for how long.

An unnamed ECB official said normal lending won't start until "there is a great likelihood of a positive conclusion of the programme."

In other words, until unconditional surrender is absolutely clear. On Friday, Athens agreed to "refrain from any rollback (or) unilateral changes" of existing policies.

Greece's debt level remains unchanged. Tsipras promised to cut it while campaigning.

Athens can opt out of some austerity measures as long as it substitutes others having just as much financial and economic impact.

Varoufakis was less than candid saying "(a)s of today, we're beginning to be co-authors of our destiny, co-authors of the reforms that we want to implement."

If he meant it, they'd be implemented already. Athens would forget about Troika help.

Plenty without austerity strings is available from Russia, China, and perhaps other BRICS countries.

The [Financial Times](#) hailed the "11th-hour deal..." Saying it ended "weeks of uncertainty that threatened to spark a Greek bank run and bankrupt the country."

Troika policies bankrupted Greece. It's a zombie country waiting for its obituary to be written.

It can rise from the ashes through responsible policies not taken. Long-suffering Greeks face continued impoverishment, unemployment and human misery as far as the eye can see.

Friday's deal commits Athens to observe earlier agreed on bailout terms. What SYRIZA campaigning rejected.

No strict compliance, no payout, said Germany's Schauble. According to the FT:

"The decision to request an extension of the current programme is a significant U-turn for Alexis Tsipras..."

While campaigning, he promised to kill existing bailout terms. He showed SYRIZA promises were empty.

According to Schauble, Athens "will have a difficult time to explain the deal to (its) voters."

[Naked Capitalism's Yves Smith](#) said "(t)here is no way of putting a pretty face on" Friday's agreement. "It represents a huge climbdown for Syriza."

“Despite loud promises,” it capitulated to existing bailout terms. Even SYRIZA supporters know far it fell from grace.

It showed “a propensity to over-promise and under-deliver,” said Smith. It faces an enormous challenge ahead to salvage anything out a rotten deal agreed to.

Open Europe economist Raoul Ruparel said Greece “folded this hand but the game of poker continues.”

Its government is “now short stack and living hand to hand (day to day).”

“It continues to be in a very tough position, and how the evaporation of the vision which SYRIZA sold at the election will go down at home is a crucial and potentially explosive unknown.”

Eurogroup finance ministers expressed appreciation to Greek governments over the past few years for addressing banker priorities ahead of popular ones.

They welcomed SYRIZA officials agreeing to continue along the same path as its predecessors – to honor their financial obligations to foreign creditors above all else.

To assure Western monied interests matter most of all no matter how much pain and suffering ordinary Greeks endure.

Capitulation best explains Friday’s agreement. [James Petras](#) wrote a masterful account of how Greece got into its present day mess.

He explained he was former Prime Minister Andreas Papandreu’s advisor from 1981 – 1984. Like Tsipras, he rose to power on promises of radical change.

“He...ended up capitulating to Brussels and NATO and embracing the oligarchs and kleptocrats in the name of ‘pragmatic compromises,’ ” said Petras.

It remains to be seen how Greeks react when they realize they again were had.

Petras hopes Tsipras will change tactics and avoid another Greek tragedy. It’s hard imagining a major turnaround after such a disgraceful climbdown.

The best time to strike a good deal is straightaway. The worst time is after surrendering too much hoping later to recoup.

Stephen Lendman lies in Chicago. He can be reached at lendmanstephen@sbcglobal.net. His new book as editor and contributor is titled “Flashpoint in Ukraine: US Drive for Hegemony Risks WW III.” <http://www.claritypress.com/LendmanIII.html> Visit his blog site at sjlendman.blogspot.com. Listen to cutting-edge discussions with distinguished guests on the Progressive Radio News Hour on the Progressive Radio Network. It airs three times weekly: live on Sundays at 1PM Central time plus two prerecorded archived programs.

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Articles by: [Stephen Lendman](#)

About the author:

Stephen Lendman lives in Chicago. He can be reached at lendmanstephen@sbcglobal.net. His new book as editor and contributor is titled "Flashpoint in Ukraine: US Drive for Hegemony Risks WW III."

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