Syriza Capitulates to the EU

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The Greek government has repudiated its election pledges, agreeing Friday to a four-month extension of the existing loans and austerity programme dictated by "troika" of the European Commission, European Central Bank and the International Monetary Fund.

After nearly a month of negotiations with the political representatives of the European banks, Syriza has accepted the conditions demanded by the troika. The Eurogroup statement noted the agreement remained conditional on Greece presenting, on Monday, a "first list of reform measures, based on the current arrangement."

Syriza's proposals must be approved the following day by the Eurogroup and the troika, who will "provide a first view whether this is sufficiently comprehensive to be a valid starting point for a successful conclusion of the review."

April was set as a deadline for Greece to complete a final list of austerity measures, which will be "further specified and then agreed" by the troika.

The statement asserts the

> "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".

Without Greek compliance with these orders it will not receive billions of euros in further loans it requires in order to avoid defaulting on its debt of €320 billion.

Opening the press conference following five hours of talks, Eurogroup chairman Jeroen Dijsselbloem said Greece had given "their unequivocal commitment to honour their financial obligations" to creditors. He stressed, "Economic recovery cannot be put in danger, fiscal stability cannot be put in danger, financial sector stability cannot be put in danger."

Before the Eurogroup meeting began, German Chancellor Angela Merkel held a press conference with French President François Hollande. She insisted that the Greek government had still not moved far enough in accepting the brutal cuts agreed to by the previous New Democracy-led government.

Merkel warned, "There is a need for significant improvements in the substance of what is being discussed so that we can vote on it in the German Bundestag, for example next week."

As negotiations were taking place, at least a billion euros were withdrawn from Greece's banks due to fear that no agreement would be reached. A reporter from Greece's SKAI TV commented, "They came here determined to have a political solution, otherwise on Tuesday it would have been necessary to enforce capital controls [on Greek banks]."

Syriza's agreement to continue enforcing austerity measures under the dictate of the European banks is the inevitable outcome of its class position and social interests.

Commenting on the political and social backlash Syriza will face, Pavlos Tzimas, a Greek political commentator, said, "Very heavy concessions have been made, politically poisonous concessions for the government. It's going to be a crash test on the domestic front for the government."

Immediately following the press conference German Finance Minister Wolfgang Schäuble spoke in similar terms: "The Greeks certainly will have a difficult time to explain the deal to their voters. As long as the programme isn't successfully completed, there will be no payout."

Greek Finance Minister Yanis Varoufakis earlier signalled that Syriza was ready to accept virtually anything. Athens had "gone not an extra mile [but] an extra 10 miles" in its proposal for the extension, he said. Other euro zone nations would have to meet Greece "not half way, but one-fifth of the way" in order to reach agreement.

The announcement on Friday followed by only one day the German governments' emphatic rejection Thursday of a proposal by the Greek government for an extension of its previous credit agreement with the EU.

In that proposal, presented by Varoufakis, Greece insisted that the "new government is committed to a broader and deeper reform process aimed at durably improving growth and employment prospects, achieving debt sustainability and financial stability." In the vaguest terms, it called for "enhancing social fairness and mitigating the significant social cost of the ongoing crisis."

As soon as the text of the proposal from Varoufakis was made public, the German Finance Ministry rejected it. *Financial Times* writer Peter Spiegel pointed out that Germany took particular exception to language that "seems to leave main points open to negotiation" by stating that the "purpose of the requested six-month extension of the Agreement's duration" is "to agree the mutually acceptable financial and administrative terms…"

For Europe's ruling elite, there are no "mutually acceptable financial and administrative terms," only an unconditional surrender.

Reuters published a document it said, "describes Germany's position" in response to Varoufakis's letter. It states that Greece's request "opens immense room for interpretation" and includes no clear commitment to successfully conclude the current programme, and it falls short of a clear freeze of Greek measures."

The document spelled out the precise wording that would be acceptable. It stated,

> "We need a clear and convincing commitment by Greece, which may just contain three short and well understandable sentences: 'We apply for the extension of the current programme, making use of built-in flexibility. We will

> agree with the institutions any changes in measures from the existing MoU. And we aim at successfully concluding the programme'."

In the end, this is what Syriza agreed to. It balked only at returning with an agreement that explicitly called on it to impose the hated "Memorandum of Understanding"—the list of austerity measures originally agreed to as part of the loan agreement. Syriza was allowed to have the "troika" renamed as the "institutions" and the "Memorandum of Understanding – MoU" recast as the "Master Financial Assistance Facility Agreement" (MFAFA)

However, the MFAFA, the official name of the loan agreement, includes language requiring that Greece "comply with the measures set out in the MoU," that is, with the austerity measures dictated by the European banks.

The abject capitulation of the Syriza government exposes the utter political bankruptcy of the myriad petty-bourgeois pseudo-left organizations throughout the world who just a few weeks ago hailed the electoral victory of Tsipras as an earth-shaking event. Far from denouncing Syriza's betrayal, these groups will work overtime conjuring up excuses and justifications. But broad sections of the Greek working class will see the agreement for what it is: a cynical and cowardly act of political treachery.