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## Greek left seeks to exploit Spain bailout

By Kerin Hope in Athens and Jamie Smyth in Dublin

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Alexis Tsipras, leader of Greece's leftwing Syriza coalition, seized on news of the Spanish bailout to bolster his position ahead of next week's crucial general election, which may determine whether the country stays in the euro.

"The developments in Spain confirm the position we adopted from the start – that the crisis is a pan-European problem, and the way it has been handled so far has been socially catastrophic and completely ineffectual," Mr Tsipras, who opposes the bailouts, told a newspaper.

Antonis Samaras, the pro-bailout conservative leader, said the Spanish bailout terms showed "the benefits of taking the road of responsibility".

Greek political leaders have pledged to renegotiate part or all of the current bailout deal, shrugging off warnings from Brussels and Berlin that they must abide by its terms or leave the eurozone. Mr Samaras hopes to avert further cuts in wages and pensions.

But a senior Greek economist said the Spanish bank rescue had highlighted Greece's own weak position. "If you behave like Spain and do the reforms, then you get support," he said. "Our problem is that we are behind with reforms, so we don't have leverage."

The Spanish deal could also leave Athens more isolated than before, warned Dimitris Katsoudas, a political analyst. "Greek politicians should take note – the core eurozone members may think the threat of contagion has receded and Greece can be abandoned," he said.

In Ireland, opposition parties sharply criticised the Irish government for failing to secure a better bailout deal with European Union authorities after details of Spain's agreement were made public. Spain will not be subject to the same scrutiny under its bailout programme as Dublin.

Fianna Fáil finance spokesman Michael McGrath said the shape of the bailout deal for Spanish banks was disappointing.

“The government here has utterly failed so far to achieve any reduction in the burden of bank debt,” he said.

Sinn Féin also sharply criticised the Irish government for failing to secure a better bailout deal with EU authorities.

Spain’s bank bailout of up to €100bn comes without the same conditionality as the programmes for Ireland, Portugal and Greece that were agreed with the troika – the European Commission, European Central Bank and the International Monetary Fund.

Under the existing troika programmes countries are subject to rigorous quarterly inspections by EU and IMF officials and must sign up to a detailed memorandum of understanding and strict targets covering tax, spending and social welfare. These quarterly visits have become political lightning rods in Athens, Lisbon and Dublin where there is public concern over a loss of economic sovereignty.

“Many Irish people looking at the deal this morning will be asking themselves why is there one set of conditions for us and another for Spain,” said Mr Doherty.

Ireland’s economic crisis closely resembles the situation in Spain, where a property crash has morphed into a banking crisis, leading to calls that Dublin should renegotiate its existing EU-IMF bail out deal. Aware that it is unlikely to persuade the troika to reopen its own bailout programme, however, Dublin moved quickly on Sunday to deny that Spain’s programme would be less onerous than its own.

The Spanish programme could also produce political problems outside current bailout countries, particularly over the issue of which of the eurozone’s two bailout funds is used for the rescue.

Dutch and Finnish officials have warned they do not want the new bailout funded through the existing rescue system, the €440bn European Financial Stability Facility, because its lending is treated like any other private lender, meaning it has no seniority in the repayment queue.

*Additional reporting by Peter Spiegel in Brussels and Matt Steinglass in Amsterdam*

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