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Greek rhetoric turns into battle of wills

By Kerin Hope in Athens and Peter Spiegel in Brussels



The battle of wills between Athens and its eurozone lenders intensified on Wednesday, with Greece's finance minister accusing "forces in Europe" of pushing his country out of the euro while his German counterpart suggested postponing Greek elections and installing a new government without political parties.

The tongue-lashing by Evangelos Venizelos, who is expected to stand in April elections as leader of the centre-left Pasok party, came as his government scrambled to meet escalating demands from international lenders that must be met if Athens is to avoid a full-scale default.

Greece took a step closer to meeting those demands when Antonis Samaras, head of the centre-right New Democracy party and the presumptive next prime minister, sent a two-page letter to European Union leaders vowing to implement the austerity measures included in the €130bn bail-out programme.

The letter, which came along with a similar missive from George Papandreou, the former prime minister who remains head of Pasok, was demanded by EU leaders as a condition of the deal. But the letter was received coolly in Brussels, particularly as Mr Samaras reiterated his stance that "modifications might be required" to the programme.

There were signs a group of triple A-rated governments, including Germany, Finland and the Netherlands, were hardening their stance towards Athens. During a conference call among eurozone finance ministers, the three countries suggested they may want additional letters from other smaller Greek parties and openly discussed the possibility of postponing Greek elections.

Ahead of the call, Wolfgang Schäuble, the German finance minister, said in a radio interview Greece might delay its polls and install a technocratic government that does not include politicians like Mr Venizelos and Mr Samaras, similar to the model currently in place in Italy.

Karolos Papoulias, the Greek president, fired back during a visit to military chiefs at the defence ministry: "We are all obliged to work hard to get through this crisis, but we cannot accept insults from Mr Schäuble. Who is Mr Schäuble to insult Greece?"

“Who are these Dutchmen, who are these Finns? We have always defended not only the freedom of our own country, but the freedom of Europe,” Mr Papoulias added.

Further increasing the pressure on Athens, eurozone leaders were preparing to move forward on a debt restructuring for private holders of Greek bonds without immediately approving the full €130bn bail-out. The move would continue to starve the Greek government of funds even as Greece’s private creditors agreed a separate deal.

According to a timetable obtained by the Financial Times, eurozone parliaments would be asked to approve €93.5bn in aid to begin the debt restructuring in a matter of days, but deliberate remaining funds for the Greek government in early March.

“We continue to work under the assumptions of the October programme with the clear intent to help secure financial and economic viability of Greece,” said a senior Dutch official. “But time is running out and we insist that the Greek political leaders help us help them.”

A Greek finance ministry official said Athens had agreed to other demands which lenders want ahead of a meeting of eurozone finance ministers Monday, including €325m of additional spending cuts, which were made primarily in the defence and local government budgets.

Additional reporting by Quentin Peel and Gerrit Wiesmann in Berlin

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