

Raw feelings as Greece waits for E.U. rescue

BRUSSELS

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After receiving pledges from Greece's political leaders to respect the terms of a new bailout, the chief of the euro zone finance ministers said late Wednesday that he was confident that decisions could be made Monday about a €130 billion financial lifeline intended to stave off a Greek default.

The statement followed a teleconference call with the finance ministers Wednesday afternoon amid escalating tension, with claims that some countries were seeking to push Greece out of the euro zone, and continuing skepticism among euro zone creditors about the ability of Greek politicians to implement economic reforms and curb its debt. Some policy makers in Europe believe the 17-nation euro zone is better placed today to weather the impact of a Greek default than it was two years ago when the crisis erupted.

As the temperature of the debate rose, Evangelos Venizelos, the Greek finance minister, said some nations in the zone no longer wanted his country to be part of the currency union, and President Karolos Papoulias accused the German finance minister, Wolfgang Schäuble, of insulting Greece.

During the conference, the ministers
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E.U. confident of deal after Greek pledges

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discussed one proposal that would avert a default next month but see the rest of the rescue package delayed until after elections, said officials briefed on the talks. However, in a statement after the call, Jean-Claude Juncker, the prime minister of Luxembourg who heads the finance ministers, said that "substantial further progress" had been made. "I am confident that the Eurogroup will be able to take all the necessary decisions on Monday."

Earlier Wednesday, the leaders of the two parties in Greece's coalition government vowed in writing to respect the terms of the bailout, one of the last remaining conditions set by Greece's foreign creditors before they would consider releasing the funds needed to avert a potentially disastrous default.

Confusion remained over whether demands for additional measures to close a savings gap had been met — which could spell additional delays in approving the loan deal worth \$170 billion.

The head of the conservative New Democracy party, Antonis Samaras, who is widely expected to lead the next Greek government after elections set for April, said in a letter that his party was committed to the "objectives and key policies" of the bailout package.

He added that the party's commitment would not change after the early elections. The letter was sent to the heads of the European Commission, the European Central Bank and the International Monetary Fund — the so-called troika, a party official said.

The leader of the Socialist party, former Prime Minister George A. Papandreou, sent a similar letter Wednesday confirming his commitment to the bailout deal, which includes deeply unpopular cuts in wages and government jobs. It was voted through Parliament in the early hours of Monday amid violent street protests. The commitment of Mr. Papandreou, who signed Greece's first bailout with creditors in May 2010, was never in doubt, however.

The country's international lenders have also demanded details on how Athens plans to plug a shortfall of €325 million in required budget savings, which was created by the insistence of political leaders on limiting cuts to pensions.

It remained unclear whether a proposal by the government to cover the

shortfall with cuts to defense spending and public investment funds had been accepted by foreign creditors.

Officials in Brussels cautioned that big doubts remained. "We've seen things moving in the last few days," said one euro zone official not authorized to speak publicly, "but not quickly enough. The Greeks have to help us to help them."

Another official said that there was still insufficient detail over the additional savings. And with further signs of deterioration in the Greek economic situation it was unclear whether a report on the sustainability of its debt would provide a convincing picture of the nation hitting its targets.

Mr. Venizelos, the finance minister, did not state explicitly that pension cuts were on the table again. But his references to the need for sacrifices indicated that further austerity measures may be imposed. He described Greece as being "on the razor's edge" and said attempts to finalize the details of the new debt program "were proving to be very difficult."

He also said "there are many in the euro zone who no longer want us in," He added: "We have to convince them that we can stay in the euro zone, that we can regain the ground we have lost." Mr. Venizelos also announced that the president had decided to give up his annual salary, about €300,000, in a show of solidarity with average people weighed down by three years of austerity.

In Berlin, Steffen Seibert, the spokesman of the German chancellor, Angela Merkel, rejected suggestions that Germany had decided a Greek bankruptcy was acceptable. "I can say very clearly for the German government that these rumors are wrong — there is no such decision by Germany," he said, The Associated Press reported.

But in another sign of the heightened tension, Mr. Papoulias responded angrily to claims by Mr. Schäuble and other E.U. officials that the guarantees provided by Athens so far were inadequate.

"Who is Mr. Schäuble to revile Greece? Who are the Dutch? Who are the Finns?" he said. "We always had the pride to defend not only our own country but the freedom of Europe."

The president's comments were confirmed in a written statement issued by his office after the visit.

Niki Kitsantonis reported from Athens