Greek parties in talks as banks demand deep wage, social cuts

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Talks between leaders of the three political parties in Greece's coalition government broke off yesterday without an agreement, as Prime Minister Lucas Papademos sought to arrange passage of a program of deep social cuts demanded by European financial authorities.

The meeting was held amid intense pressure from the "troika"—the International Monetary Fund, the European Commission and the European Central Bank—for Greece to mount new attacks on the working class. European officials reneged on pledges to pay an €89 billion installment of an agreed-upon €130 billion bailout. Greece needs the initial payment—which is to be limited to only €30 billion—to avoid defaulting on a €14 billion debt payment due March 20.

Antonis Samaras of the right-wing New Democracy (ND) party, Georgios Karatzaferis of the fascistic LAOS party, and former Prime Minister Georgios Papandreou of the social democratic PASOK party arrived at 5 p.m. at Maximos Mansion, the Greek prime minister's official residence. Talks dragged on late into the evening. Papademos briefly paused the meeting to call Luxembourg Prime Minister Jean Claude Juncker to schedule a meeting of European Union finance ministers in Brussels today.

The financial press initially reported that the phone call signaled a likely agreement. However, it soon became clear that no agreement had been reached, due to opposition from ND and LAOS.

Besides a €3.2 billion cut in government spending for 2012, the demands include: a 20 percent cut in the country's €750 monthly minimum wage; cuts of 15 to 35 percent in "supplementary" pensions, which Greeks can buy to supplement the income they obtain from the basic Greek state pension but which would be affected by a fall in tax revenues; and cutting 15,000 public-sector jobs.

The deal would also include a pledge by the Greek government not to default on its debts to the banks, even though international financial authorities are scrapping the agreements they made with Athens. Such proposals entail stripping Greece of its sovereignty and reducing it to the status of a colonial dependency of the European Union.

Karatzaferis granted an interview as he was leaving the meeting, claiming that the bulk of the discussion had centered on the issue of supplementary pensions, which he said had been in line for a 15 percent cut. He said: "I made my positions clear from the beginning … I wanted to support Mr. Samaras on that issue [of pensions]."

The failure of the first day of talks will lead to more demands from the financial markets and European authorities for cuts, amid deepening divisions within the Greek bourgeoisie over how best to impose the burden of the economic crisis on the Greek population. The failure of the three-party negotiations came amid rising signs of popular opposition, including Tuesday's one-day national strike, and a collapse of support for Greece's traditional parties of government.

A *Kathemerini*-Skai TV poll published yesterday found that support for PASOK, the leading party in the current government coalition, has fallen to only 8 percent. ND polled at only 31 percent, however, as the collapse in PASOK support largely benefited petty-bourgeois "left" parties.

The Stalinist Greek Communist Party polled 12.5 percent, and SYRIZA polled 12 percent. The newly-formed Democratic Left, which descends from the Renewal Wing that split off from SYRIZA in 2010, polled 18 percent. (See: "Greece: What is behind the right wing-split from SYRIZA?") This signifies that the

total electoral support for these parties stands at approximately 43 percent.

These organizations are apparently the undeserving beneficiaries of deep anger in the Greek population, which is seeking an alternative on the left to PASOK and its social cuts. The working class will not find an alternative in the Democratic Left, the KKE or SYRIZA. For years they supported Papandreou and his negotiations with the Greek trade union bureaucracy, aiming at stifling working class opposition to the cuts.

Together with the entire Greek ruling elite, they will be terrified by the possibility that shifts in public opinion could drive the working class into political struggle against the government, outside the control of the trade union bureaucracy.

The objective conditions for such a revolt have been prepared, however, over three years during which PASOK, in collaboration with the unions, played the lead role in imposing social cuts demanded by the banks that have bled the Greek working class white.

Unemployment has risen from 6.6 percent in May 2008 to 18.8 percent last month. Youth unemployment now stands at over 40 percent. Public-sector workers have taken 40 percent pay cuts, while sales taxes have risen to 23 percent.

Social conditions in Greece are undergoing a horrific degeneration. Homelessness, centered in the two largest cities, Athens and Thessaloniki, has increased at least 25 percent since the outbreak of the crisis. It is estimated that up to half of Greek homeowners will not be able to pay new, increased property taxes on their homes, and people are increasingly unable to afford electricity and other basic utilities.

The impact on health care has been particularly dire. Hospital admissions are up 25 percent, though hospital budgets have been cut 40 percent, resulting in shortages of basic supplies including bandages and syringes. The percentage of Greeks using street clinics, which previously treated mainly immigrant workers, has reportedly risen from 3 to 30 percent since the outbreak of the crisis, as people were no longer able to afford care in private clinics.

HIV infection rates have risen 50 percent amid a spread of intravenous drug use and prostitution.

Nikitas Kanekis of the Doctors of the World charity, told MSNBC that he fears “a humanitarian catastrophe” in Athens, adding: “We have all the characteristics we see in big cities in the Third World: people with no shelter, starving people, and people looking for doctors and medicine.”

Nonetheless, the European Union and the banks are pressing for renewed attacks against the working class. The current measures would accelerate the collapse of the Greek economy without eliminating Greece’s debt load any more than previous rounds of austerity measures.

The troika expects that, after contracting over 5 percent last year, the Greek economy will again contract 4 to 5 percent this year. Efforts to raise funds by selling off Greek state assets—including utility companies, ports, and airport concessions—have so far raised only €1.8 billion as opposed to the hoped-for €50 billion.

Final talks are due to begin in Paris today between Athens and its private creditors, who are negotiating with Athens how much of a loss they will accept on Greece’s debts. Reports indicated they might accept an average interest rate of 3.6 percent on new 30-year Greek bonds. However, the financial ratings agency Standard and Poor’s yesterday warned that even with a 70 percent reduction in Greece’s debts, the country would still not be able to meet its obligations.

There is still opposition, especially from Germany, to the European Central Bank (ECB) taking a haircut on its holdings of Greek state bonds. Financial analysts claim that a viable deal is impossible without the ECB accepting a cut in the value of its Greek debt holdings.

Reuters quoted S&P analyst Frank Gill: “Because only a small subcomponent of investors are actually taking the haircut and the official sector is not, or only partially, the reduction… is probably not sufficient.”