Negotiations on Greek coalition government continue

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Negotiations over a coalition government continue in Athens following the overwhelming majority vote in Greece last Sunday for parties that spoke out against austerity measures. The aim of the talks is to find a political mechanism capable of implementing the austerity policies of the European Union in the face of the massive opposition expressed in the election result.

The former ruling parties, the social-democratic PASOK and the conservative New Democracy (ND), which were instrumental in implementing unprecedented social cuts in recent years, lost over half their support in the election.

In contrast, the Coalition of the Radical Left (SYRIZA) and a spin-off from it, the Democratic Left (DIMAR), which had opposed austerity measures during the election campaign, were able to more than quadruple their share of the vote.

Although they were elected on the basis of their opposition to the cuts, the two parties both insist that the country must remain in the EU and the euro zone "at all costs". On Thursday, SYRIZA leader Alexis Tsipras told the US television network CNBC that withdrawal by Greece from the EU would be "disastrous" and he would "do all that I can" to prevent a Greek exit.

In fact, this means nothing other than the implementation of the dictates of the EU. Representatives of the European Commission, the European Central Bank and the European Parliament had threatened Greek parties before the last round of negotiations that Greece would be thrown out of the euro zone should a new government dare to deviate from the austerity measures. A re-negotiation of terms was out of the question.

The same message has been repeated in recent days in even more graphic form. The German foreign minister, Guido Westerwelle, publicly declared, "If the binding agreed reform is abandoned then the disbursement of aid will no longer be possible."

German Finance Minister Wolfgang Schäuble said that the euro zone had created sufficient stability mechanisms to cope with an exit by Greece. He called on Greece to implement the agreed austerity measures. The chief executive of the Association of German Banks, Michael Kemmer, also agreed that a reduction in the number of euro zone members was possible.

The euro rescue fund ESFS has transferred only part of the tranche of €5.2 billion (US$6.8 billion) agreed two weeks ago. It is holding back payment of €1 billion until June. According to the head of the fund, Klaus Regling, payment of this latter sum is dependent on the agreement of the troika—the European Central Bank, the European Commission and the IMF.

These are the conditions under which negotiations are being carried out in Greece on forming a new government.

On Monday, ND chairman Antonis Samaras declared after peremptory discussions that he had been unable to cobble together a coalition. The mandate for forming a government then fell to the second placed party, SYRIZA, and its leader Alexis Tsipras. On Wednesday evening, he announced that he had also failed in his attempt to form a coalition. Tsipras had held talks with DIMAR, the Communist Party (KKE), and the right-wing nationalist Independent Greeks, as well as with PASOK and ND.

On Thursday the mandate fell upon Evangelos Venizelos, head of PASOK, which came third in the election. His aim is to form a coalition between the four parties that have declared their resolve to remain in the EU.

Mathematically, a coalition of PASOK, ND and

DIMAR without SYRIZA would be enough for a majority government, holding 168 seats out of 300. On Friday, DIMAR chairman Fotis Kouvelis initially agreed to such a coalition, only to backtrack a few hours later and declare that he would only enter such a coalition together with SYRIZA. It appears that there are divisions over this question in DIMAR, which could possibly lead to a split.

Samaras also said on Friday that he would welcome the participation of SYRIZA in forming a stable government. "There must be a stable government," he said, stressing that the decision now lies "in their hands." Evidently, wider sections of the Greek ruling elite feel they need the collaboration of SYRIZA to continue the austerity measures.

Tsipras drafted a letter to the EU institutions to pave the way for his participation in government. In the letter he argues for a re-negotiation of terms. "We urgently need to protect the economic and social stability of our country," he writes. The previous policy had exacerbated the recession and increased the national debt. He urged the EU institutions to take every possible political initiative "to reverse the cuts and the recession."

Should this not take place not only was "the social cohesion and stability of Greece" at stake, but Greece would also be "a source of instability for the entire EU," he wrote. The crisis is European and could therefore only be solved at a European level.

Tsipras avoids any concrete demands in his letter. Given the role played by the EU institutions in dismantling rights of workers across Europe, the letter represents nothing but an offer to participate in this project.

It is also possible that SYRIZA could play a much more important role than as left cover for a ND-PASOK coalition. In the event of a failure to build such a coalition, fresh elections are due to take place within a month. The latest opinion polls anticipate a victory for SYRIZA with 28 percent of the vote, which would give the party 128 seats, counting the 50-seat bonus for finishing in first place.

The ND would end up in second place with 20 percent (57 seats) followed by PASOK (13 percent, 36 seats), the Independent Greeks (10 percent, 29 seats), the KKE (7 percent, 20 seats), the fascists (6 percent, 16 seats), and finally DIMAR (5 percent, 14 seats).

While the situation is in considerable flux and such polls should be treated with caution, they indicate that new elections could result in a SYRIZA-led government, with one or two small coalition partners. This would put the anti-austerity pretensions of Tsipras to the test immediately.