

Classified by DAS, A/GIS, DoS on 09/30/2015 ~ Class: CONFIDENTIAL ~ Reason: 1.4(B)(D) ~
Declassify on: 09/14/2036

From: Sullivan, Jacob J <SullivanJJ@state.gov>
Sent: Wednesday, September 14, 2011 12:31 PM
To: H
Subject: FW: What is likely to happen this week.

RELEASE IN PART
1.4(B),B1,1.4(D)

Worth a read

From: Hormats, Robert D
Sent: Wednesday, September 14, 2011 12:09 PM
To: Sullivan, Jacob J
Subject: Fw: What is likely to happen this week.

Hello from LA. On way back to SF.

[Redacted content]

1.4(B)
1.4(D)
B1

Or I could do a short summary note for her.

In any case I want to keep her up to date.

I will be seeing the greek finance Min next week in DC as well.

Regards,
Bob

From: Smith, Daniel B (Athens)
Sent: Wednesday, September 14, 2011 10:30 AM
To: Hormats, Robert D
Subject: RE: What is likely to happen this week.

Bob,

Many thanks. I will certainly let you know. Dan

SBU
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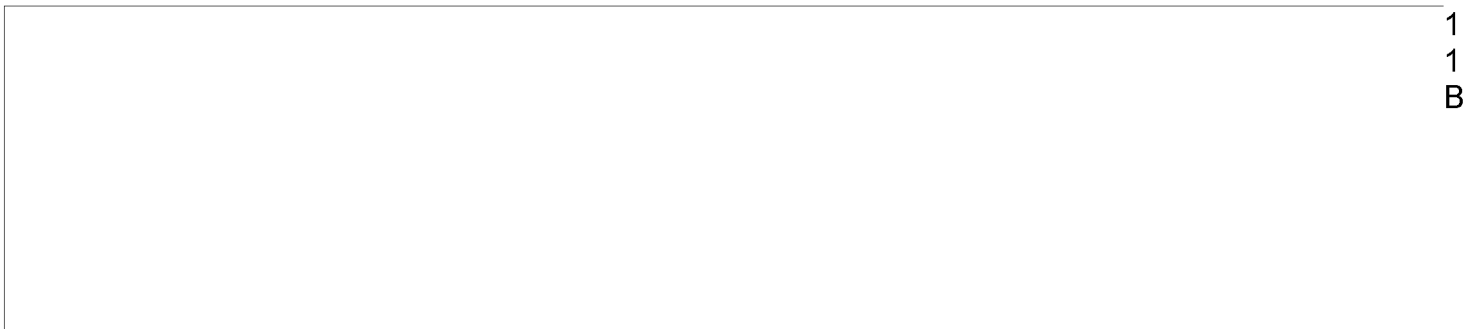
From: Hormats, Robert D
Sent: Wednesday, September 14, 2011 5:30 PM
To: Smith, Daniel B (Athens)
Subject: Re: What is likely to happen this week.

Many thanks Dan,
Sounds very serious indeed. I will be with S in san Fran toward the end of the week. I will relay any points you would like me to give her. If she needs to make a call, please let me know.

Best regards,
Bob

From: Smith, Daniel B (Athens)
Sent: Wednesday, September 14, 2011 10:12 AM
To: Hormats, Robert D
Subject: RE: What is likely to happen this week.

Bob,



1.4(B)
1.4(D)
B1

As I noted earlier, there is an increasing sense here that something is about to give – either the government has to show much greater determination and willingness to make tough choices, or the Europeans are going to decide that they need to let Greece go and protect their banks as well as they can. Thus far, during this latest crisis, the government has not reached out to the Opposition for help. I'll keep you posted, Dan

SBU
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From: Hormats, Robert D
Sent: Tuesday, September 13, 2011 7:14 PM
To: Smith, Daniel B (Athens)
Subject: Re: What is likely to happen this week.

Thanks. I hope they can hold it together until then.
Best regards,
Bob

From: Smith, Daniel B (Athens)
Sent: Tuesday, September 13, 2011 11:30 AM
To: Hormats, Robert D
Subject: RE: What is likely to happen this week.

Terrific. I don't think that Samaras will be there next week, but we will check with Venizelos.

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From: Hormats, Robert D
Sent: Tuesday, September 13, 2011 5:34 PM
To: Smith, Daniel B (Athens)
Subject: Re: What is likely to happen this week.

Hi Dan,
I would be happy to meet with both any time next week. Regards,
Bob

From: Smith, Daniel B (Athens)
Sent: Tuesday, September 13, 2011 05:51 AM
To: Hormats, Robert D
Subject: Re: What is likely to happen this week.

Bob,

[Redacted]

1.4(B)
1.4(D)
B1

From: Smith, Daniel B (Athens)
Sent: Tuesday, September 13, 2011 03:13 AM
To: Hormats, Robert D
Subject: RE: What is likely to happen this week.

Dear Bob,

[Redacted]

Prime Minister Papandreou stuck to the usual script in his annual speech in Thessaloniki over the weekend, but announced no new measures. Venizelos, however, announced a new property tax levy (to be collected via electricity bills) in a desperate effort to raise more revenue. There is widespread backlash against this latest tax increase. Even those who have supported the government up until now believe that this is the wrong way to go and that the PASOK government is refusing to do what really needs to be done which is to

slash public expenditures by eliminating positions or furloughing unneeded employees, and to get serious about collecting taxes from those who still do not pay.

Against this backdrop, we continue to hear more and more rumors of either early elections or some sort of "grand coalition" government. The problem is, of course, that early elections will not likely resolve anything. New Democracy leader Samaras has not changed his critical tone and continues to insist that somehow he would be in a better position to "negotiate" with the Troika. While New Democracy did join forces with the government last month in passing much-needed educational reform, they have not shown any inclination to help the government on much tougher measures to streamline the bureaucracy and trim public expenditures. In their defense, however, the ruling party itself remains intensely divided on this score, which is doubtless why the government keeps going back to the same well when it comes to short-term taxes or revenue "fixes."

What more can I say? Most Greeks are back from their August vacations, strikes are again a daily occurrence, and more labor and social unrest seems likely. The weather, however, is terrific. I will keep you posted. All the best, Dan

-----Original Message-----

From: Hormats, Robert D

Sent: Tuesday, September 13, 2011 7:09 AM

To: Smith, Daniel B (Athens)

Subject: What is likely to happen this week.

Hi Dan,

I have been hearing some bad things. What do you think is likely to happen in the next few days?

Hoping to see FinMin in DC next week.

Regards,

Bob

SBU

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