

EUROPE DIRECT ELIAMEP**A new European Information Relay Centre**

Since January 1st, 2009 and after submitting a successful proposal to the Representation of the European Commission in Greece, ELIAMEP has become a member of the Europe Direct Network and host to one of the three new European Information Relay Centres in Greece.

The centre aims at **bringing Greek citizens closer to the European Union by offering them multifaceted and well-documented information on European issues** they might be interested in.

EU citizens can contact Europe Direct ELIAMEP in order to ask for information regarding for example:

- the structure and functioning of European institutions;
- European legislation;
- citizens' rights;
- participation in the drafting of European policies and in European political life;
- financial support from the EU;
- studying or working in other EU member states, etc.

The centre also offers free **information leaflets**, **internet access** in order for visitors to search for online information with the help of the centre's specialised staff, as well as **access to ELIAMEP's library**.

You can visit the centre **by appointment** every **Monday from 09.00 to 17.00** and every **Tuesday and Thursday from 10.00 to 18.00**.

For further information, as well as queries or comments, please contact Europe Direct ELIAMEP: by phone 210 7257 110, by fax 210 7257 114, by e-mail europa.direct@eliamep.gr or eliamep@europedirect.gr

RECENT EVENTS:**Dealing with the Financial Crisis in the European Union and Greece Athens, 9 February 2009**

The current financial crisis originated in the housing mortgage market of the USA, moved to the international financial system and finally reached the real economy. In the round table discussion organised by the Hellenic Foundation of European and Foreign Policy (ELIAMEP) and the Foundation for Economic and Industrial Research (IOBE), there was agreement between the speakers in three main points:

- there has not been a similar situation in the post-war period;
- it is difficult to foresee the depth and the expected duration of the crisis; and
- most probably we have not reached yet the worst point in the crisis.

According to the estimates made by the International Monetary Fund, the rate of global growth will drop to 0.5% in

2009. This drop is mainly due to a vicious circle of negative interplay between stock markets and real economies, while in emerging economies the diminution of export demand and the drop in direct foreign investments also play an important role.

Microeconomic and macroeconomic policy measures to deal with the crisis

The crisis should be dealt in two separate stages that concern, firstly, the actions taken by the central banks to protect and upgrade the existing liquidity levels and, secondly, the respective governments' fiscal policies.

The measures that should be adopted to counter the crisis include steps to secure liquidity in financial markets, improvement of banks' capital structure and the remission from toxic elements in their assets. The latter could be achieved through the formation of a "bad bank" that would relief commercial banks from toxic combined assets and allow the system to recover.



On the macroeconomic scale, measures could include boosting private consumption, relaxing monetary policies by reducing interest rates, increasing public investments on infrastructure and adopting mid-term fiscal programs.

Economic crisis and the EU: the danger of breaking the common market

In the EU the financial crisis coincided with the ten year anniversary from the introduction of the euro, adding to the anniversary the urge for reform to face future challenges.

The crisis affects the EU on two levels:

- the EU as a concrete structure; and
- the EU as a group of countries and sub-regions.

Relatively to the first dimension, the existence of the eurozone is recognised as a positive counterweight to the crisis, together with the dynamic initial reaction by the European Central Bank. The actions that followed, however, took place largely outside the Union's existing institutional framework, while any future actions will be a challenge as they demand coordinated and cohesive steps by the member states.

In contrast to the above, however, the danger of fragmentation in the common market is imminent due to the uncoordinated and unilateral measures adopted by member states. In parallel, the existing means of reactions as designed for dealing with the possibility of crises outside the eurozone come short in the case of great differentiations. Today's crisis threatens to create a gap between old and new member states, as the later are affected disproportionately both by the direct manifestations of the crisis as well as by the consequences of the measures taken inside the eurozone to tackle the crisis. The situation is similar for states in the periphery of the borders of the EU that in many cases are de facto users of the euro.

Finally, speakers concluded that in order to deal with the crisis, structural policies should be coordinated, necessarily on the international level, and the system should be adapted to deal more efficiently with possible crises in the future.

Greece and the economic crisis: the need for a long term programme of structural, fiscal and institutional adaptation.

In Greece, the financial crisis brought in the surface chronic problems of the Greek system that touch both the public and private sector. Greece's participation in the eurozone and the relatively introvert character of the Greek economy have reduced up to the moment the consequences of the crisis; it is predicted, however, that they will be more severely felt in 2009. The dangers faced by the Greek financial system are mainly related to the quality of the loans that have been provided, including the credit and currency threats in the Balkans. In case of currency devaluations in the Balkans, the assets of the Greek banks can face the threat of significant diminution.

On the whole, Greece is in need of a meaningful system of reconstruction. Short-term policies, especially in the form of allowances can be adversarial for the Greek economy, undermining its chances of quick recovery. It is of great importance, therefore, for the country to form a long-term programme of structural, fiscal and institutional adaptation focused on enhancing competitiveness, supporting the economically weaker and overall restarting the economy with the wider possible social consent. Moving away from financial profiteering, concentrating on the key sectors of growth and determining the balance between private and public sector; including dealing with the phenomenon of party-dominance that constitutes one of the basic factors holding back the Greek economy.

Speakers:

Mr. Dimitris Daskalopoulos, Chairman, SEV Hellenic Federation of Enterprises, Athens.

Professor Jean Pisani-Ferry, Director of the think-tank Bruegel, Brussels
Professor Ioannis Stournaras, Scientific Director, Foundation for Economic and Industrial Research (IOBE), Athens.

Ms. Miranda Xafa, Member of the Board of Directors, International Monetary Fund, Washington D.C.

The event and the discussion that followed was coordinated by **Professor Loukas Tsoukalis**, President of ELIAMEP.



From left to right: Ms. Miranda Xafa, Mr. Dimitris Daskalopoulos, Professor Loukas Tsoukalis, Professor Jean Pisani-Ferry and Professor Ioannis Stournaras

European Security in a Global Context Athens, 12 February 2008

The fall of the Berlin Wall and the end of the Cold War, while it certainly did not mark the “end of history”, initiated a new era in global politics, redefining in the process the role of the European Union. In a lecture organised by ELIAMEP and the Embassy of the Federal Republic of Germany, on February 12th, 2009 at the Office of the European Parliament, Athens, **Dr. Volker Stanzel, Political Director of the German Ministry of Foreign Affairs** outlined some of the current security challenges facing Europe and proposed a new approach in defining EU’s global role.

He argued that today there are a number of *pertaining regional conflicts* defining the global strategic map:

- the Palestinian question, which can only be resolved by the formation of two-states;
- the problem of ‘nuclear’ Iran, located in the middle of an extremely volatile region;
- the question of Russia and its neighboring countries, with the Georgia crisis standing out as the most recent example; and
- the case of Afghanistan, Pakistan’s role in the region and the wider problem of failing states.

The increase in the number of failed states constitutes another particular security concern. A failed state is a country where the government is unable to assert its authority and the state is not functioning anymore. Failed states constitute a source of internal threat for the expansion of civil violence while functioning as cradles for networks of international crime.

Other, less traditional security challenges Europe is facing, are the proliferation of weapons of mass destruction as well as the environmental degradation and climate change. The latter, while less obvious, can be directly linked to mass waves of migration and regional conflict outbreaks over the use of natural resources.

Finally, the current financial crisis demonstrates that without adequate provisions, the economic effects of globalisation can turn into a political threat, especially when affecting less developed states.

At the same time, however, traditional politico-military threats need to be addressed efficiently.

It is essential therefore that these new problems and challenges are recognised in order to be effectively dealt with. According to Dr. Volker Stanzel, the problem is not how much we need to do, but what we need to do in order for Europe to face these problems. New approaches are required in order to successfully implement strategies in an increasingly diverse world.

To deal with these challenges, the European Union is endowed with its own experience in drawing together national sovereignties to deal with persisting problems in its geographical space. To strengthen the European voice in the context of the global security map, it is essential, and a major challenge to all member-state governments that this process develops. Nevertheless, Europe’s “soft power” should not be confused with “talking power”, as it is often the case. In a rapidly changing world, hard choices need to be made. This, however, requires involving further the European public, informing it about challenges and opportunities and enhancing participation in dealing even with, possibly, inconvenient truths.

Senior Research Fellow at ELIAMEP

Jens Bastian former Research Associate joined ELIAMEP in January as a Senior Research Fellow with a focus on political economy in the Balkans. Prior to joining ELIAMEP he worked at the European Agency for Reconstruction in Thessaloniki, Greece in the capacity of Economist / Institution Building. Jens Bastian will assist ELIAMEP in comparative economic analysis of the Balkans. A new publication of his is available on ELIAMEP Thesis: *Falling Behind Again? Southeast Europe and the Global Crisis*.



From left to right: Dr. Volker Stanzel, Professor Loukas Tsoukalis, President of ELIAMEP and Dr. Thanos Dokos, Director General of ELIAMEP



Jens Bastian

PUBLICATIONS:

Policy Paper No 12: "European Energy Security and Natural Gas Pipelines in South-Eastern Europe: A New Field of Greek-Turkish Cooperation", Ioannis N. Grigoriadis, 2008 (in Greek)

This study focuses on the role of Greek-Turkish energy cooperation as a vehicle of increasing competitiveness, regional development and cooperation. This study begins with an examination of the Greek and the Turkish natural gas markets. It continues with an overview of European energy policies, in particular with relation to European energy security. Special attention is given to natural gas pipeline construction projects which aim to relieve European energy dependency on Russia, increase the natural gas supply to the European market and also increase the role of Southeastern Europe as energy transportation hub. To meet increasing natural gas demand and reduce energy dependency on Russia, European authorities need to promote the realisation of projects contributing to the diversification of natural gas supply, alongside improving its relationship with Russia, two targets which are not necessarily mutually exclusive.

ELIAMEP Thesis 1/2009: "Attempting the Impossible? The Prospects and Limits of Mobility Partnerships and Circular Migration", Anna Triantafyllidou, Athens, January 2009 (in English)

In ELIAMEP Thesis 1/2009 Anna Triantafyllidou, Senior Research Fellow at ELIAMEP, argues that mobility partnerships and circular migration as proposed by the Commission in its respective Communication are not likely to work. The author holds that many if not most neighbouring countries will be unable to comply and implement the conditions set by the EU. At the same time, it is questionable whether one should tie schemes of legal migration to the efficiency of the source country in combating irregular migration, as this is both economically irrational and politically questionable.

Working Paper No 2: "The Preventive War Doctrine and the War in Afghanistan: Crisis Management or War Conflict?", Alexandros Koutsoukis (in Greek)

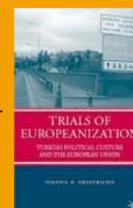
The terrorist attacks of September 11, 2001 (9.11) have lead the USA to adopt the preventive war doctrine and to the intervention in Afghanistan. However, this particular intervention is not a preventive war, but a combination of war operations and crisis management for the establishment of the new local government - a fact that the USA came to realise only during the course of their campaign - . Moreover, both the international community and the UN proved insufficient towards the national Afghan reconstruction. In particular, the shortcomings so far noted in the co-ordination of international organisations and war operations are crucial. Nonetheless, the nature of international politics has not changed after 9.11. Meanwhile, however, the USA seem to need their allies in order to tackle modern problems, like terrorism, which cannot be solved solely by military means. Last but not least, the analysis of the crisis in Afghanistan also reveals interconnections with other fields of scientific study, the restrictions imposed on civil rights as well as broader geo-strategic interests that pertain to the recent crisis in the Caucasus area, Iran, pipeline diplomacy and the role of NATO.

Working Paper No 3: "Common Security in Outer Space: Envisaging an Effective Arms Control Regime", Ioannis Tziouras (in English)

How far the USA's withdrawal from the ABM Treaty and the recent plans for a National Missile Defense opened the door to further militarisation of space? Outer space is an internationalised common area beyond national jurisdiction of individual states. Security in space must therefore be the common security of all states. The concept of common security in outer space leads to a complete ban of active military uses of space and to an arms control regime for anti-missile defense. By applying these clauses to the subject of international security in outer space, the analysis will further draw patient conclusions for the establishment of an effective regime for safeguarding the peaceful uses of outer space.

"Trials of Europeanization: Turkish Political Culture and the European Union", Ioannis N. Grigoriadis, Palgrave Macmillan, 2008 (in English)

In this book, Ioannis N. Grigoriadis, examines the impact of improving EU-Turkey relations on Turkish political culture since Turkey became a candidate for EU membership in 1999. While a multi-party political system was introduced in Turkey in 1946, political liberalism was the missing part of Turkey's democratic consolidation. Turkish political culture valued submissiveness toward state authority and did not favor citizen participation. This study evaluates the impact that Turkey's EU-motivated political reform had on civil society, state-society relations, the role of religion in politics and national identity. This leads to an assessment of whether Turkish political culture has become more participant.

**ELIAMEP Times**

Editor: Christianna
Karageorgopoulou
49 Vas. Sofias Ave.
GR-Athens 10676

T: +30 210 7257 110

F: +30 210 7257 114

christianna@eliamep.gr