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GREECE  
IN  
EUROPE 2040



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## Greece in Europe 2040



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# Greece in Europe 2040



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## PREFACE



Greece in Europe 2040 is the product of a working group which I had the privilege to chair. The group consisted of Greek experts on European integration whose names and affiliations appear at the end of the text. I should like to thank them all for the time and brain effort they devoted to the project. Our starting points were different on several issues, but we converged in the process of writing this paper. Of course, we followed the tried and tested European recipe of lengthy exchanges in support of different points of view, which sometimes lead to compromise. In our case, there was no need for hard-nosed negotiations.

It is part of the White Paper on Greece 2040 produced under the auspices of the ‘Greece 2021’ Committee to mark the 200th anniversary of the Greek War of Independence. We hope that the English translation will give our European friends and partners an idea of how some people in Greece view our common European future.

November 2021, Loukas Tsoukalis



## SYNOPSIS



The path taken by the European Union (EU) between now and 2040 will be highly consequential for Greece. After all, Greece's EU membership is the most significant factor in its foreign policy, as well as being of critical importance for the nation's economy and public policy in general.

Europe's relative import in the global balance of power will decline in the years to come. An ageing Europe with a dwindling population will be called upon to defend common interests and values in an era in which the centre of gravity is moving from West to East, and in a rapidly changing international context with power more broadly distributed and multiple potential ignition points. Like every other part of the planet, Europe will have to deal with the enormous challenges posed by climate change and the next phase in the digital revolution.

The five scenarios we examined for the future path of the EU covered everything between its dissolution and the creation of a European Federation. Clearly, the scenarios in between are the most likely, though we cannot rule out extreme outcomes in periods of instability and sweeping change. The in-between scenarios highlight the serious possibility of a more differentiated EU through the creation of "coalitions of the willing", meaning forms of enhanced cooperation and unification in which not all the Member States will participate.

To date, Greece's EU participation has been marked by the right strategic choices made at critical historic turning points which determined its progress thereafter, by significant diplomatic

successes in European negotiations, but also by numerous crises which have affected our relationship with the rest of Europe – far more than Greece’s size would seem to warrant.

Greece needs a strong and united Europe that will function more like a federation and less as a form of intergovernmental cooperation in which the interests of the more powerful states will tend to dominate. However, given the prospect of a more differentiated EU in the years to come, the critical question for Greece is whether the country will be able to participate in the more advanced forms of European cooperation and unification, and on what terms.

A strong country with self-confidence, an up-to-date state apparatus, a competitive economy with social cohesion, a minimum of internal consensus on the fundamental goals of European and foreign policy, a dynamic presence in European decision-making and with well-chosen alliances will clearly be far better placed to join the ‘fast track’ in a multi-speed Europe, a position from which it could influence developments. If Greece does not make it into this group, there is a risk of it falling into a dangerous vicious circle of introversion and external insecurity, economic stagnation, and instability both political and social. It is precisely this vicious circle we must work to avoid with all the means at our disposal.

## GREECE IN EUROPE 2040



Greece's EU membership is the most significant factor in its foreign policy, as well as being of critical significance for the nation's economy and public policy in general. As we all know, European unification lies at the intersection of foreign and domestic policy.

The text that follows will present the most significant trends, with an emphasis on Europe's economic model, societies and political institutions, as well as its relations with the international context. It will then elaborate five different scenarios for the European Union (EU) of 2040, which is the most highly developed political, economic and institutional expression of a highly diverse Europe. Finally, the consequences for Greece of these different scenarios will be examined, along with the extent to which Greece can influence Europe's future path, and the political choices available to it.

### **Main trends**

Factors which are expected to impact on global developments in the years to come include changing **demographics**, **climate change** and the **technological revolution**. They will clearly influence both how Europe evolves and Greece's role within the EU.

The world population will continue to rise, albeit at a slower rate, and will exceed 9 billion by 2040. India is expected to succeed China as the most populous country in the world, while sub-Saharan Africa is projected to have in excess of 2 billion

inhabitants by 2050. The population of North and South America will also increase. In contrast, most European countries are expected to witness a gradual decline in population. It is predicted that the populations of China, Japan and Russia will also grow smaller.

Due in the main to increases in life expectancy, the median age is also expected to rise. In Europe, it is predicted to reach 47, which will mean that the so-called Old World will indeed become the part of the planet with the oldest population. In countries such as Greece, Italy and Spain, the populations are expected to age even more rapidly. The EU population over the age of 65, which currently accounts for one fifth of the total, will reach almost a quarter of the population by 2040.

The ageing of Europe's societies will have a serious impact on its labour markets, productivity, and public finances. Difficult decisions will have to be made with regard to the retirement age, investments in education and health, and adaptation strategies including automation and immigration. A prosperous Europe with a declining and ageing population will be an increasingly attractive destination, especially for people from Africa, where demographic trends, combined with a low standard of living, high youth unemployment, and regional conflicts will lead to a steady increase in the supply of would-be immigrants and refugees. Climate change must also be added to these factors.

The last decade has been described as the hottest recorded period in history. The Arctic and Europe are both heating faster than the global average. According to the current data, the increase in the temperature of the planet over the next 20 years will exceed 1.5° C. Rising temperatures will mean extensive melting of the polar ice caps, rising sea levels, and more frequent heatwaves and extreme weather events. The tackling of climate change will be a decisive factor in political mobilization and social polarization. Policies for managing climate change and handling natural

disasters are now at the epicentre of democratic choices and are redefining intergenerational relationships.

On the world map, the geopolitical implications of climate change and the transition to climate neutrality will entail changes on a truly gigantic scale. In the developing world and the poorest regions of the world, environmental degradation will make it harder still to secure food, water and energy. Extreme weather, rising sea levels and widespread desertification will become yet another key driver of population movements.

In recent decades, advances in health care and medical practices, as well as the greater availability of pharmaceuticals and vaccines, have reduced the incidence of disease and dramatically increased life expectancy. However, the experience of the current Covid-19 pandemic has shown that health challenges may continue to impact significantly on global developments. Over the next 20 years, the challenges centred on physical health and mental well-being will be exacerbated by a combination of factors including population growth, urbanization, environmental degradation, and a reduction in human antimicrobial resistance. Climate change will have a serious impact on public health, as extremely high temperatures are directly linked to high mortality rates due to respiratory conditions and heart disease.

In energy terms, the transition away from fossil fuels will require tough decisions and negotiations, given the cost of drastically cutting our greenhouse gas emissions and implementing adaptation measures. Globally, the transition to a green economy will entail a radical shift in the geopolitical balance. The oil-producing countries – and, in the next stage, gas-producing nations – are set to suffer major losses in revenue, and hence also in international influence. The countries of the Middle East and Russia belong to this category. At the same time, competition will increase for access to metals such as cobalt and lithium for batteries, as well as rare minerals for use in magnets utilized in

electric motors and generators. This competition will intensify, especially between the US and China, but also, most likely, Europe.

It is estimated that around 60% of the world's population currently has access to the internet, and this figure is predicted to rise to 90% by 2030. Digital technologies have provided the decisive kick start for the birth of a new major industrial revolution, while at the same time contributing to the development of media diversity, creating major new challenges in the process. Advances in genetics, nanotechnology, robotics, artificial intelligence and photonics in quantum and other emerging technologies are accelerating the transition to new systems of production, management and governance. At the same time, the conceptual limits of the feasible are expanding ever outwards. The impact on production, the labour market, democratic governance, defence and security is expected to be enormous.

## **Economic challenges**

Digitization has brought enormous benefits to our societies through connectivity – convenient, widespread and with easy access to services. But it has also led to new challenges in relation to the choices we make as individuals: what should we share and what should we keep private, what constitutes personal data and what is information, what should be provided for free and what should be charged for. Digitization is both inevitable and irreversible. But societies find it difficult to fully take on board the consequences of the change it brings and find it difficult to regulate and direct it.

The **digital revolution** is also creating numerous other problems such as the need to protect personal data, the dissemination of misinformation on the internet, ethical dilemmas concerning the use of artificial intelligence, and the unprecedented

concentration of power in just a handful of tech companies. How these challenges are handled will determine developments in the global economy and international relations, while also testing the resilience of liberal democracies.

Digital innovation first found fertile ground in the United States, where the coincidence of appropriate skills, funding and opportunities led to the creation of the first digital businesses. Then, the nature of the knowledge economy, which can easily be scaled up with little capital, allowed these digital pioneers to expand very rapidly and gain a significant market share. Given, too, that by definition the digital economy is not subject to borders, these companies have become global giants. As a result, powerful hubs in large and complex networks serve as ‘watchmen’ over the global digital economy, monitoring the system, and making huge oligopolistic profits from the flow of data they control for their own benefit. Both the complexity of these ecosystems and their global nature make them extremely difficult to control and supervise.

That Europe does not currently have many large high-tech companies makes these challenges even harder to meet, and European strategic autonomy in sensitive areas an imperative. Countries that can control digital technologies, whether by developing systems internally or by making the best use of them, will increasingly be in a position to mould economic, social and political developments around the world. While Europe has a high level of education, skills and innovation, it does not fulfil the prerequisites for financing high-risk business initiatives. Since the future of productivity lies mainly in the knowledge-based economy that requires high-risk financing of this kind, the EU will need to take important initiatives in this direction, including the creation of a genuine capital markets union.

The EU and its Member States also have to deal with the uneven impact of digitalization on the labour market, with those

who have the capacity to adapt to the new realities affected less than those who either lack the means or are unwilling or unable to adapt. The wider social consequences of a rapid digitalization will not be easy to manage.

According to opinion polls, the vast majority of European citizens expect their governments and the European institutions to take courageous measures to tackle climate change. But the considerable differences in the way the causes, extent and potential consequences of climate change are perceived, along with the inevitable conflicts of interest, make it difficult to deal with it effectively. Despite the many and daunting difficulties, the EU remains a pioneer in tackling climate change with the goal of becoming climate neutral by 2050 and reducing emissions by 55% by 2030.

The **European Green Deal** is expected to be the new large-scale joint venture after the single market and the euro. The new package of measures announced by the Commission in the summer of 2021 are consistent with this objective, although their implementation is expected to be extremely difficult. The degree to which the green transition is achieved will be determined by the political will of the states, but also to a large extent by how fairly the costs are shared both within and between the countries of Europe and globally.

Europe is being called upon to face the challenges of the digital revolution and climate change in an increasingly interdependent international environment, but also at a time when the uneven impact of the liberal version of globalization is becoming a major political issue, particularly in advanced nations. Globalization has impacted negatively on the functioning of the welfare state and broadened inequalities in most European countries, though much less so than in the UK and, especially, the US. While within individual Member States, the political issue will be how to achieve fair social outcomes through the strengthening

of the **European social model**, in the EU itself the call will be to reduce the distance dividing North from South and West from East. This will require *inter alia* structural changes within the euro area, notably in the fiscal sector.

The country that has benefited most from globalization in its most recent incarnation has undoubtedly been China. A member of the World Trade Organization (WTO) since 2001, China has achieved historically unprecedented economic development over the last four decades by combining capitalism with a communist regime and taking full advantage of the lax rules of international trade. This has aroused intense reactions, particularly in the US, while the WTO has been weakened, and more and more countries have resorted to unilateral measures or bilateral negotiations. The US now treats China as an economic and strategic threat, and is pushing Europe to do the same.

European economies are much more open than the economy of the US, which means that European prosperity is far more dependent on international economic developments. Europe supports multilateral cooperation, although finding allies in this endeavour is likely to be harder from this point on. A further escalation of the confrontation between the US and China will force Europeans to make extremely difficult political choices.

### **Institutions, democracy, identities**

The (neo)liberal version of globalization, combined with the current technological revolution and the increase in migration flows, has had a significant impact on the societies and the political system of European nations. The first and crucial element has been the steady decline in the two main party groupings (Christian Democrats and Social Democrats, Centre-Right and Centre-Left, or whichever form they take) that were dominant in most European countries for several decades, with power passing regularly

from one to the other and back again. Notwithstanding variations in some countries, the decline of the Social Democrats has been more pronounced overall, especially during the economic crisis. The new political landscape that has emerged is characterized by fragmentation and diversity. This has made it harder to form ruling majorities, leading to fragile coalition governments and – often – to increased political instability.

During this period, the so-called **anti-system parties** have grown in strength, primarily at the far right of the political spectrum. Far-right parties cultivate nationalism and xenophobia, exploiting a generalized dissatisfaction with increased immigration and the devolution of powers to institutions beyond the nation-state. They are a real threat both to democratic institutions and to the European project. At the other end of the spectrum, left-wing anti-system parties adopt a strongly critical stance towards the workings of globalized capitalism, with a focus on burgeoning inequalities.

Many of the new anti-system parties are described as populist because of the distinction they often make between the ‘pure people’ and ‘corrupt elites’, and their tendency to be led by demagogues proposing simple solutions to extremely complex problems. The use of the term ‘populism’ does not always help us to understand the problem and address it politically, especially if the populism to which many refer is more a symptom of a deep-seated crisis than a cause.

In societies with **growing inequalities** where the post-war social contract is under ever-growing pressure, the value ascribed to **liberal parliamentary democracy**, particularly among the younger generations, is increasingly in decline. Participation in elections is falling, and there has been an even greater decrease in **membership of** political parties. This fall in the perceived value of liberal democracy, coupled with strong doses of nationalism and xenophobia, has assumed a more intense form in

the countries of central and eastern Europe, where the transition from communism to the market economy has often been accompanied by widespread corruption and considerable inequalities. These difficulties in the governance of EU Member States, plus the great differences between them along two main axes of division (West-East and North-South), can only impact negatively on the workings of the enlarged EU of 27. Given these trends, however, and despite the enormous difficulties, it should be noted how often the 27 succeed in reaching important agreements.

The **EU's resilience** to the successive crises of recent years, as well as critical decisions that impact on the course of European integration, such as those reached in 2020 with regard to addressing the economic consequences of the pandemic, indicate the considerable importance which national political leaderships ascribe to the survival of the EU, despite the major disagreements that exist over numerous individual issues. The EU's resilience is also reinforced by the positive image which the majority of its citizens currently have of the European project. After a significant decline in the years of the economic crisis, the proportion of European citizens with a positive view of the EU have increased significantly. Brexit also seems to have contributed to this increase by highlighting the enormous impact of exiting the EU.

The vital role which France and Germany play when they agree with one another has been further reinforced. In a very different way, Italy has also had a considerable impact on European affairs, as an important but particularly vulnerable link in the Euro-chain. Everyone understands that a major crisis in Italy could drag down the entire Eurozone, if not the EU itself. **More Europe and more differentiated Europe:** this seems to be the end-result of the often contradictory trends of recent years.

**Managing the crisis facing liberal democracy** will not be easy. It will require more inclusive economic policies aimed at reducing economic and social inequalities, as well as the

intergenerational inequalities that already constitute a major problem. How these problems are managed will continue to be largely a matter for individual members. The welfare state will also remain a primarily national matter, with the European dimension complementary at best. Any success will therefore depend on the competence of the national institutions and the degree of political and social support for the European social model.

The European project is directly linked to the liberal democracy, rule of law and human rights that are threatened by the rise of far right parties. For a number of years, the EU was extremely tolerant of breaches of fundamental democratic principles by some Member States. How Europe and the institutions handle these cases will send a strong (or not) message to other candidates. If, however, authoritarian nationalists succeed in coming to power in one or more countries in the European core, things will become far more difficult. If it is already difficult to impose sanctions on Hungary or Poland, how much harder would it be in the case of countries like Italy or France? One thing is certain, though: the crisis of liberal democracy is not limited to Europe. It appears to be even more severe on the other side of the Atlantic.

The **management of climate change** will also play a crucial role: it will demand tough political decisions that will have an enormous impact on the economy, society, and people's daily lives. The Green parties are expected to increase their share of the vote, ensuring a stronger presence in the richer nations of Western Europe in the main. How they conduct themselves politically, and what alliances they form, will influence political developments.

**Immigration** will continue to be a central and extremely fraught political issue. Europe's demographic needs are likely to continue to run counter to the prevailing hostility to immigration in European societies. An increasingly elderly Europe with a declining population will need new immigrants, of which there

will certainly be a ready supply from neighbouring countries, and from Africa in particular.

In recent years, **multiculturalism** has increasingly become a defining feature of the political systems in several European countries. It is more powerfully present in sport, where several national teams are already among the most characteristic representatives of multiculturalism in Europe. The younger generations seem far more tolerant of difference, but resistance remains high in society at large, and will not easily allow new immigrants to enter in large numbers in the foreseeable future. And there will always be parties and demagogues ready to cash in on a tough stance on immigration at the polling booth.

The big question, however, is how a fortress-like Europe will be able to cope with external pressures, but also whether it can reconcile this policy with European values. Immigration and nationalism are directly linked, especially in times of sweeping change and insecurity affecting large swathes of the population. Nationalism is, after all, an important element within the broader issue of identity, which has made its presence aggressively felt in recent years and will probably continue to do so.

Will the Member States of the EU be able to proceed with a new **revision of the European Treaties**? The combination of the need for unanimity in a Europe containing several ‘misfits’, plus the prospect of new referenda, means that few believe it will. A more likely scenario is that of intergovernmental initiatives, within or beyond the constitutional limits set by the treaties, which feature the participation of a limited number of ‘willing and able’ countries.

The EU acts as an intermediary between global trends and the specificities of its individual Member States. The EU’s ability to curb centrifugal tendencies within it is, and will remain, limited. Consequently, the next stages in integration will most likely be characterized by **increased differentiation** within Europe’s

borders, whether this relates to the Eurozone and immigration or, still more so, to foreign and security policy. Nonetheless, widespread diversification also carries risks that could destabilize the European project.

We should expect more initiatives aimed at creating pan-European parties, albeit with a relatively loose form at first. The political groups in the European Parliament are likely to acquire a more coherent form in the next or subsequent European elections.

The general conclusion that emerges is that, in an era of major geopolitical upheavals and technological revolutions, as our current era is expected to remain, **political fluidity and social uncertainty** are inevitable. The pace at which these changes occur is constantly accelerating.

## **Europe and the international environment**

The international environment in which the EU will have to manoeuvre over the next twenty years will be determined by a number of factors: technological progress, the course of climate change, possible new pandemics, developments in the world economy and economic governance, arms control and nuclear proliferation, regional conflicts, terrorism. And, of course, by the emergence of other major centres of economic and political power.

**The international context will range along the spectrum from a conflict-prone anarchic system to a more organized rule-based global international order of cooperation.** The behaviour of the major international players, and primarily the US and China, will be decisive, since it is largely these two nations that will set the tone for how global challenges will be addressed, how the world economy and the international legal order will be organized, and how they will deal with one another.

**The global power shift from West to East, with the centre of economic and politico-military power** moving from the West to the East, from North America and Europe to China, India and other emerging economies, is almost certain to continue. By 2040, there will be a change – most likely radical – in the balance of power. What is much less clear is how the ‘winners’ and the ‘losers’, which will presumably include the EU, will manage this development.

The crucial question for the **US** is how it will manage the transition to a more **multipolar international system** now that American hegemony, in the form it assumed in the 1990s, is at an end. Domestically, the victory for political liberalism and social reform marked by Biden’s election to the presidency is by no means a done deal, and the return to a Trump-style trajectory, which would entail a major retreat on the democracy and freedoms front and a major blow to both the Atlantic relationship and the international legal order, cannot be ruled out. Uncertainty about the path the United States will take domestically is not something rivals and partners can take lightly. The debate about Europe’s ‘strategic autonomy’ is directly linked to it.

America’s current focus on the Pacific will intensify further. It is not certain, however, whether the current strategy of head-on confrontation with China (and, secondarily, with Russia) will be confirmed, along with the goal of building Western unity on this basis. Europe’s attitude will play an important, though probably not decisive, role in shaping American policy.

In 2040, **China** will most probably be the world’s leading economic power, approaching a strategic balance with the US, and closer to Russia in terms of its nuclear arsenal. How its domestic regime will have developed is less certain. The tension in a rapidly developing society between a capitalist economy on the one hand and the rigidities of the communist regime, as well as any inter-ethnic tensions on the other, could undermine – and, in

an extreme scenario, bring an end to – the country’s economic dynamism. However, the most likely scenario is for the current trend to continue, and for China to keep seeking hegemony over at least its immediate vicinity.

If and to what extent the behaviour of this rising China is confrontational will largely depend on how the West reacts. In the scenario currently being promoted by the US leadership, the stand-off between China and the West would be the main global confrontation, capable even of threatening world peace. However, a scenario of this sort is far from an inevitable outcome, and would come at a high cost for the West, too, given its high degree of interdependence with China as well as shared global challenges such as climate change. An alternative political framework for cooperation and engagement could have a positive impact on China’s domestic regime, as well. Economic competition between the EU and China will remain intense, but the form it takes will depend on China’s broader relationship with the West. With China’s influence in Europe perhaps increasing in the absence of the extreme scenarios.

**Russia’s** economic heft on the international stage, already disproportionately small in relation to its military and political role, will continue to decline (demographic, reduced importance of fossil fuel resources), which is ultimately likely to impact on the country’s overall power. Russia’s current political system makes modernization difficult. There is considerable uncertainty hanging over the country’s future, especially in the post-Putin era, and scenarios of decline and destabilization cannot be ruled out; given its nuclear arsenal, these would pose a major risk. Given its vast resources, scientific and technological personnel, and military power, it seems likely that Russia will remain an important global player twenty years from now.

What is clear, however, is that Russia will push back with all the means at its disposal against anything it perceives as an

attempt by the West to marginalize it, and that it will do so mostly in the military sphere, where it enjoys a comparative advantage. Its reaction to efforts to enlist nations on its 'doorstep' (primarily Ukraine) will remain particularly virulent. Given this context, it will continue to sow division within the EU and among its Member States. The Western stance will most likely influence internal developments in Russia, and Europe will play a crucial role in this respect.

The strategic importance of the **Middle East** will decrease in tandem with the importance of fossil fuels. Nonetheless, the region will continue to be a major source of tension and conflict. Their form and virulence will depend on the international climate in general, the policies pursued by the Great Powers (mainly the US and Russia) in the region, and the attitude of regional players (Israel, Iran, Saudi Arabia, Turkey and Egypt).

A military conflict between Israel / Saudi Arabia / the West and Iran constitutes a possible flashpoint and would have a major regional or even global impact. Developments in the Middle East impact directly on Europe (energy, immigration, etc.), and the possible gradual withdrawal of the US creates the preconditions for more impactful European interventions, if European foreign policy can rise to the challenge. It is likely, however, that the EU will continue to play a secondary role compared to the US and Russia, with the exception of the Maghreb and Libya.

There are several other possible sources of international tension, developments in regard to which will largely depend, in addition to intrinsic factors, on the general international climate and the interventions of the Great Powers. These include the hostility between India and Pakistan, possible continuing instability in Afghanistan, the international behaviour of the North Korean regime, and even domestic developments in Latin America. But Europe's role will, in general, remain limited on all these fronts.

With its demographic dynamism and inability to ‘take-off’ economically, Sub-Saharan Africa will remain a source of humanitarian crises and internal and transnational conflicts. The consequences of these crises and conflicts will be serious for Europe and will include rising immigration and refugee pressure. Europe and China will continue to be the main external actors. The future of the region will largely depend on the development resources made available by the international community, in particular by the EU, but also on external intervention by countries such as France.

Closer to home, the instability in the **Western Balkans**, with their local tensions and conflicts as well as an authoritarian turn, are expected to increase, as long as the road to these countries’ accession to the EU remains closed. Negative developments within the EU’s ‘inner court’ pose a serious risk through the creation of a strategic vacuum, refugee flows, and a rise in organized crime. The EU will remain by far the most important external actor, although ‘enlargement fatigue’ will likely end up increasing the role of Russia, Turkey and China. The gradual integration of the region into the EU cannot be ruled out, however, especially in the context of a variable geometry Union.

**Turkey** will remain a rising economic and politico-military regional power, though with a large question mark over the future of its domestic regime, inter-ethnic relations (the Kurdish Issue), the economy and developments on the multiple foreign policy ‘fronts’, where it now appears to be seeking to lead a Sunni political Islam. These factors could conceivably reverse the core trend, although this, or the possibility of Turkey’s generalized collapse, are not the most likely outcomes. The EU will play a key role in where Turkey goes from here. The prospect of EU membership will almost certainly be abandoned, but Euro-Turkish relations will range on the spectrum extending from deep cooperation (customs union, immigration, the eastern

Mediterranean, the Middle East, the settlement of disputes with Greece) to geopolitical confrontation and possible conflicts with EU Member States.

The **United Kingdom** will remain a significant, albeit declining, medium-sized power. As a ‘like-minded’ partner with strong economic and other ties to the rest of Europe, its relations with the EU will remain close, once the transitional turmoil of Brexit is over, with potential points of friction in the economy and on the Atlantic front. However, possible tensions in Northern Ireland, or a crisis over possible Scottish independence (neither scenario is out of the question in the medium term), could seriously disrupt relations.

If we extend the current trends forward in time, the ‘negative’ scenarios appear more realistic. The likely response to the challenges of climate change, the environment and health seems insufficient, despite the progress that is being made. The same is true of the measures taken to reduce global economic anarchy, reduce inequalities, and control private supranational power centres. Nationalism and xenophobia are on the rise in many countries, with negative consequences internationally, while democratic freedoms are in retreat. The current trends are leading to a further escalation of the antagonism between the West, on the one hand, and China and Russia on the other. The most likely outcome of all the above will be a proliferation of sources of domestic and international tension and conflict. Still, it is possible that an awareness of the dangers that accompany our present course will eventually lead to a reversal of the current trends. This is the optimistic scenario.

**An anarchic ‘Hobbesian’ international environment would be very bad indeed for Europe.** Europe does not have a comparative advantage in the military sphere. Europe needs an Atlantic relationship based on common values and international rules. However, interests often differ. A possible outright

alignment of Europe with a US confrontational strategy towards Beijing and Moscow could work to the detriment of European interests, while also fuelling intra-European conflicts – with the potential to undermine the European project. An environment conducive to international co-operation would facilitate the implementation of a common foreign policy, which would combine the defence of European interests with the promotion of European values, without however instrumentalizing these values to legitimize conflict strategies.

A strong and coherent common EU foreign and defence policy presupposes that Member States' interests and attitudes converge sufficiently, and that the unanimity rule is abolished. In an EU of 27, it will be very difficult for these two conditions to hold. This means that substantial progress is most likely to stem from initiatives taken by smaller alliances of the willing and able, which must certainly include France and Germany.

### **Five scenarios for the EU of 2040**

The following scenarios constitute 'ideal types', which is to say they are 'pure' analytical categories. The more likely outcomes are to be found in the intermediate scenarios and in possible combinations of two or more scenarios. However, the extreme scenarios are useful because they demarcate the full range of potential outcomes and remind us what both a catastrophic collapse of the European venture and its completion would look like.

#### ***Scenario 1: The Titanic***

The EU falls apart, along with its institutions, exhausted by successive crises that have heightened its internal divisions and which are beyond its institutional capacity to resolve. Nationalist political forces have come to power in critical Member States,

and demands for exit from the EU enjoy majority support in various countries. The widening divergences between Member States can no longer be bridged, the Eurozone has been swept up into a new maelstrom, and the institutions and policies of the EMU are insufficient to tackle the crisis and prevent dissolution. A majority of Member States, which include France and Germany, decide that they would have a better future outside the restrictive framework of the EU.

This extreme scenario entails the dismantling of the European single market and the loss of the right of free movement and settlement within Europe. The reinstatement of mutually damaging protectionist policies. The collapse of the EU common budget and the dissolution of the Eurozone. A long and chaotic period of transition from the single market and the euro to the new unstable equilibrium, an extensive and prolonged legal fluidity and uncertainty over contracts, a large number of financial cases pending in the courts. And, most probably, a significant increase in economic inequality between nations.

For the economically weaker countries, the return to a national currency leads to capital flight and divestment from the economy and the banking system, a collapse in the value of savings for depositors, financial crisis, exchange rate slippage, and high inflation. In a transitional phase at least, a wide-reaching decline in income, economic crisis, recession and unemployment, an increase in poverty and income inequality. The loss of European and international investment funds slows down the digital and green transition significantly, especially in the poorest countries.

The higher degrees of national autonomy in economic policy are offset by an environment of increased macroeconomic instability, inflation and divestment. Faced with fierce international economic competition, economically weak countries are under pressure to cut their tax rates and socio-environmental

regulations in order to attract business investment, while the outflow of talented human resources (brain drain) increases.

Social and political destabilization and a further fragmentation of the political systems occur in many European countries, along with a rise in populist, nationalist, anti-system, nativist and authoritarian political forces. There is also an increase in social and political polarization between pro-European liberalism and anti-European nationalism, accompanied by intense governmental and political instability in many European countries. In these countries, liberal parliamentary democracy is losing popular support, especially among the younger generations. In societies with greater inequalities, the post-war social contract finds itself under increasing pressure.

The rise of nationalism in Europe is accompanied by instability and confrontation between European nations and with third countries. A complete renationalization of European foreign and security policy, and the abandonment of any attempt at a common European immigration policy. The former EU Member States lose political and economic influence at the global level, as they can no longer represent their common interests within the international system. Europe returns to the logic of power politics but usually does the bidding of external Great Powers.

Most European countries seek the protection of the United States in the context of an asymmetrical relationship of patronage. Filling the gap left by the collapse of the EU, Russia, Turkey and possibly China play a more central role, extending their influence. Europe loses its collective influence in Africa.

In place of the now-defunct EU, the most powerful former Member States develop an autonomous European policy, form alliances and compete with one another. The smaller states are pressured to side with one or the other powerful European nation.

## ***Scenario 2: A Minimal Union***

The EU is unable to proceed any further towards integration. Member States refuse to grant the EU new areas of competence, the vision of a united Europe is lost, and the path to deeper integration is abandoned. The Member States recognize the benefits of economic integration, but cooperation within the EU is based mainly on the notion that the common market and not the common currency, or even less a common foreign policy, constitutes the core of the European venture.

Initiatives for further fiscal, economic, banking and political integration of the euro area are abandoned. The Recovery and Resilience Fund remains an isolated exception of debt mutualization and resource redistribution, and the Eurozone continues to lack both a fiscal capacity and a deposit guarantee scheme. The incomplete monetary union remains prone to crises, which weaken its internal economic, social and political cohesion. The economies on the Euro periphery are particularly vulnerable to crises that lead to rising borrowing costs as well as financial and economic instability. The investment tools introduced by the EU for digitalization and the green economy are not extended after the Recovery Fund. Efforts to introduce closer tax coordination stall. Social policy and the tackling of inequalities are an exclusively national competence.

The inertia with regard to unification increases the appeal of nationalism and populism in European societies. The political forces that support further integration now focus their efforts on crisis management and the strategy of enhanced cooperation between coalitions of Member States, which becomes the only realistic route to the further (differentiated) integration of the EU. This inevitably leads to a higher level of cooperation between specific Member States outside the legal and institutional framework of the EU. Institutional stagnation in the EU makes it

impossible to further strengthen the European identity, supranational institutions, and European democracy. In some countries, voices calling for an exit from the EU grow stronger, intensifying the pressure to weaken further the European *acquis*.

No progress is made towards the closer coordination of foreign and defence policy, and the unanimity rule is not abolished. The EU's policies towards China, Russia and the crucial fronts of the Middle East and North Africa, as well as towards Turkey, are undermined by inconsistency between Member States and by lowest common denominator approaches. The EU finds it difficult to provide credible security and defence guarantees to its members, several of whom – especially on the EU periphery – continue to seek these guarantees on the other side of the Atlantic. The influence of the EU in its own backyard and in the world is declining.

Divided internally, the EU is unable to mitigate the growing Cold War confrontation between the US and China. The pursuit of 'strategic autonomy' for the EU is abandoned in practice, and the Atlantic Alliance, with total dependence on the US, remains the only viable strategy. Enlargement into the Balkans, where instability and the forces of authoritarianism are on the rise, is put on hold, while other powers continue to increase their influence in the region.

### ***Scenario 3: A Europe of small steps***

The EU and its Member States continue to follow the traditional method of gradual progress towards closer integration. However, they do not agree on how far this deepening and enlargement should go. The Union is characterized by great resilience to crises, from which it often emerges stronger and more united than before. Nonetheless, disagreements over the future of the EU preclude any big steps towards further unification. The EU treads

cautiously, adopting common policies or consolidating areas of competence chiefly in response to crises.

The countries of the EU disagree on the future course of European economic integration. In this context, efforts are ongoing to gradually remove obstacles to the completion of the Single Market, in particular in the areas of the digital economy, energy and the single capital market. At the same time, the Commission is pushing the agenda for EMU deepening, although the response of Member States remains muted. The implementation of the programmes financed by the Recovery Fund has boosted development in the economically weak EU countries and fed into a trend towards the re-convergence of the euro area economies. However, the South remains consistently more vulnerable. European initiatives aimed at a common industrial and technological policy seek to strengthen the EU's international competitiveness. Small steps are also being taken towards European coordination in the taxation of multinational companies. Progress towards a 'social' Europe is extremely slow, and the fight against intra-state inequalities remains primarily a national concern.

At the same time, the consolidation of European integration keeps the pro-European coalitions alive and sometimes in the majority in open European societies. Differentiated integration remains a key feature of the EU. Still, there are no major qualitative changes in terms of differentiation, as even the most pro-European nations cannot agree on any meaningful deepening of European integration within or outside the EU's institutional framework.

The EU is improving its capacity to collaborate on immigration and asylum policy. However, there is still no single European policy, while the protection of external borders remains chiefly the responsibility of individual Member States. Countries of first reception, such as Greece, Italy and Spain, continue to bear the brunt of refugee-immigration flows. Immigration is

increasingly becoming a field of political exploitation, especially in the countries of first reception, putting pressure on the parties in the pro-European arc to adopt tougher approaches to immigration. The tendency to include far-right forces in the democratic arc is also likely to intensify, coupled with the adoption of at least part of their political agenda. This environment favours nationalist and authoritarian political forces which challenge the liberal European body of values and laws.

#### ***Scenario 4: Coalitions of the willing***

A group of EU Member States, led by France and Germany, are moving towards closer integration in specific areas of economic, foreign and/or other policy. The core states moving towards closer economic and political unification probably include all the members of the Eurozone, though other groupings cannot be excluded. The highest level of integration is, in the main, organized within the EU's existing legal and institutional framework through the application of relevant provisions of the EU Treaties, such as 'enhanced cooperation'. The prospect of signing a new intergovernmental treaty is also being explored, as it was in the relatively recent past. In the future, the crucial question about a possible "coalition of the willing" will clearly be whether the countries that embark on such a venture will be inspired by an inclusive vision for the future of Europe or adopt a "small and strong Europe" approach, leaving several countries out.

The most likely "coalition of the willing" forms around the Eurozone, with decisions being made by qualified majority voting. These countries are moving towards a closer fiscal integration of the euro, setting up a Eurozone budget (fiscal capacity) and consolidating tax, and even social and labour, policies. They adopt a European (re)insurance system against unemployment, joint investment financing, possibly a common industrial and

technological policy, and also complete the banking union with the addition of a common deposit guarantee system. The Eurozone becomes more robust and economically viable, with the risk shared between Member States.

The Member States in the “coalition of the willing” move towards a common European governance of integrated policies, conceding further degrees of national autonomy. The economically weakest EU countries benefit from higher productive investment flows (especially in digitization and the green economy), lower financing costs, and an environment with greater macroeconomic and financial stability, with positive impacts on growth, investment and employment. Closer economic integration in the Eurozone facilitates economic convergence and social cohesion assuming appropriate policies are adopted.

Member States that decide to proceed with further integration acquire stronger bonds of political community, which reinforce a sense of a single European identity. Mobility increases, as well as interdependence and density of trade within this core. At the same time, the surrender of degrees of national autonomy provokes reactions of a nationalistic nature within some Member States.

A “coalition of the willing” which is not necessarily identical to the members of the Eurozone could proceed with closer collaboration towards a common foreign and defence policy, laying the foundations for the creation of a European army within the Atlantic Alliance. Decisions are taken by qualified majority. Differentiated integration allows for overlapping forms of participation and cooperation that may include non-EU states. The “coalition of the willing” acquires a regional and international stature that is greater than the sum of its members, since it expresses itself with a single voice and is underpinned by significant defence capabilities. The common external borders of the countries participating in the “coalition of the willing” are protected jointly

and more effectively. A scenario of this sort also entails a redefinition of relations within the Atlantic Alliance.

The preconditions for a common European immigration and asylum policy start to fall into place. The countries that participate apply European solidarity and burden-sharing in relation to migration. The EU ensures geopolitical stability and security in its own backyard, while diversified integration facilitates further enlargement into the Balkans.

### *Scenario 5: The United States of Europe*

The EU and all its Member States summon the courage to take the historic leap towards a full Political and Economic Union. A Constituent Assembly adopts a European Constitution which transforms the EU into a true federal democracy. Important competencies are transferred to the supranational level.

The Eurozone becomes a full-fledged economic, fiscal, banking and political union (with a single government, a finance ministry and a European budget), which includes all the Member States that decide to adopt the single currency. The single market is now complete in terms of the free movement of workers, capital and services. The European Federation takes on more responsibilities in matters of taxation and social and labour policy. The federal budget increases significantly and is financed primarily by its own resource revenue. The Union borrows by issuing common debt in order to finance investment, social, defence and other public federal expenditure.

With a single government and the creation of a wider-ranging euro debt market, the single currency is upgraded to a global reserve currency alongside the dollar (and perhaps the Chinese yuan), making the EU a financial superpower, and not just the commercial and regulatory powerhouse it is today. United, Europe achieves the strategic autonomy that allows it to defend its

values and interests in the world from a position of strength. The EU's position in the global economy improves in terms of its industrial and technological competitiveness, and the collective power thus gained allows it to accelerate the digital and green upgrading of its economy. Economic disparities both within the EU and within the Member States narrow.

The creation of a full Political and Economic Union increases citizens' confidence in the European project and gradually forges a powerful European identity which coexists alongside national and local identities. Citizens feel they belong to a European Republic in which every citizen enjoys the same rights and obligations, no matter which of the United States of Europe they live in. They recognize that the European demos is in many respects the most appropriate framework within which to defend their interests. The density of the integration and interdependence of European societies, together with the increase in cross-border flows of movement and settlement, increases the number of Europeans of mixed nationality and weakens the hold of individual nationalisms.

The EU becomes a powerful guarantor of rights and the rule of law in Europe, and at the same time a stronghold for liberal democracy in the world. Pan-European parties field candidates in the European Parliament elections. Diametrically opposed to this federal dynamic, the individual nationalisms grow in strength, intensifying the divisive polarization between nationalists and federalists in European societies. The nations and citizens of the United States of Europe enjoy the unprecedented benefits of being part of a federal superpower that can provide powerful guarantees of external security, stability, resilience and prosperity.

The EU acquires a common foreign and security policy, and the European Defence Union becomes a reality through the creation of a European army. Qualified majority decision-making allows the EU to decide and implement common policies unhindered by vetoes cast by individual Member States. As a result,

the EU develops into an important international power centre, whose strategic autonomy allows it to promote its distinct interests globally. The EU is now the equal of the US within the Atlantic Alliance and acts to mitigate the Cold War confrontation between the West and China. The increase in EU power also allows it to defend its European interests more effectively against both Russia and Turkey, aiming for the right mix each time of engagement and containment, incentives and sanctions.

The EU functions effectively as a key guarantor of its members' security, protecting the EU's external borders with a fully developed European border and coast guard. The strengthening of democracy in the Member States and the increased capacity to resolve disputes between them may also allow for a common approach to migration / refugee flows which is compatible with Europe's values and long-term interests. Europe emerges as a significant power in the eastern Mediterranean, the Middle East and Africa, extending the *Pax Europaea* to its neighbours.

### **Consequences and choices for Greece**

To date, Greece's 40-year EU experience has been marked by the right **strategic choices** made at **historic** turning points which would determine its progress thereafter, by **significant diplomatic successes** in European negotiations, but also by **numerous crises** – indeed, far more than Greece's size would seem to warrant – which have impacted on our relationship with the rest of Europe.

The often contradictory elements that have defined our country's relationship with the European venture include an inward-looking and uncompetitive economy; a cosmopolitan elite and a state whose weaknesses are highlighted in its daily interaction with European institutions and its efforts to implement Community rules; intense populism and clientelistic practices in our

political affairs, though these sometimes allow political leaders to emerge who view the world beyond our borders with an open mind and have the courage to take difficult decisions; and, last but not least, a very difficult neighbourhood which breeds insecurity and at times feeds into nationalism.

Before the economic crisis, the Greeks were staunch supporters of European integration, with rates well above the EU average. The rates then fell to below the EU average, with positive EU sentiment hitting rock bottom in 2015-16. Subsequently, acceptance of European integration increased once again, although it has not yet returned to pre-crisis levels. A significant percentage of our fellow citizens continue to believe that the EU has benefited more from Greek membership than Greece has from being a member. However, Greek citizens' support for the euro remains high and stable, despite major objections to the way in which the EU handled the financial crisis and the terms of the Memoranda. Most interestingly of all, perhaps, is that even during the most profound crises, there has never been a majority in Greece in favour of leaving.

The polls also show that the majority of citizens do not see themselves as being asked to choose between a Greek and a European identity. This is especially true for young people under the age of 35. They feel more European and more optimistic about the future of the European venture, despite the fact that it is our country's younger generations that have been hit hardest by the major crises of recent years, with high unemployment, low incomes and considerable insecurity. It is no coincidence that the areas in which our young people consider our country to have gained most to date from its membership of the EU are environmental protection, culture, and Greece's status internationally.

**The European project will be judged primarily by results,** with an emphasis on material prosperity and external security, the two major issues linked directly to Greece 's membership of

the EU. The vast majority of our fellow citizens have a limited knowledge of European affairs, and the public debate on such issues remains extremely Greece-centric. Finally, despite major ideological and political differences, there is a broad cross-party consensus in the country on EU membership.

European developments in the years to come will have crucial consequences for Greece. The degree to which we can influence these developments will depend on a number of factors: how powerful and united Greece is in pursuing its European goals, how ‘European’ it thinks and acts, how actively it participates in European decision-making, and how well it chooses its allies on crucial European issues.

In **Scenario 1 (The Titanic)**, the collapse of the EU’s economically stable environment will reduce the resilience of the Greek economy, especially in the event of a crisis. The abolition of the EU common budget leads to the loss of significant annual inputs of funds for Greece, reduced incomes, and possibly to an economic crisis, resulting in increased unemployment, poverty and income inequality. Faced with fierce international economic competition, Greece is under pressure to reduce its tax rates and socio-environmental regulations in order to attract foreign investment. The unfavourable economic prospects lead to the departure of several companies and to a brain drain, while the digital and green transition of the Greek economy becomes considerably harder to press ahead with.

In terms of foreign relations, Greece loses the political-diplomatic advantages of EU membership, especially vis-a-vis Turkey. The rapid disruption of the regional power balance in south-east Europe to the detriment of Greece is likely to lead to a larger-scale arms race and the drain on financial resources this entails. Without the restraining influence of a now defunct Europe, Turkey emerges as a regional superpower. Greece seeks greater protection from the United States in the context of an

asymmetrical guardianship, while it does not rule out seeking support in other places, as well. The common European immigration policy collapses and Greece is left without political and financial support in the event of new immigration / refugee crises.

Domestically, the disintegration of the EU leads to an intensification of anti-European nationalism, to social and political polarization, to government instability, perhaps even to the erosion of aspects of liberal democracy that had been taken for granted since the return to democracy in 1974.

In **Scenario 2 (A Minimal Union)**, initiatives to further boost investment, convergence and cohesion in the Eurozone are abandoned, intensifying the forces causing the Greek economy to diverge from the European average. As a euro-region economy, Greece remains vulnerable to crises that lead to rising borrowing costs, financial and economic instability, and exposure to tax competition. The digital and green transformation of the Greek economy is now long overdue.

The EU continues to find it difficult to provide reliable security and defence guarantees to members such as Greece, which seek these guarantees on the other side of the Atlantic instead. The Western Balkans remain in limbo. As the prospect of their accession becomes less and less credible, this works to the detriment of democracy and regional stability, while also opening up opportunities for Russia, China and Turkey to increase their influence in the region. Our country remains exposed to powerful refugee-migration flows, without the EU being in a position to provide adequate solidarity and burden-sharing.

The inaction in Europe with regard to unification empowers nationalists and populists within the country. Greece is trapped between opposing forces: pro-European leaders trying to ensure that the country is included in any form of ‘enhanced cooperation’ within the EU, and the large disappointed sections of the

Greek population who are pushing in the opposite direction, in search of ‘national’ solutions.

In **Scenario 3 (A Europe of small steps)**, Greece supports efforts being made for further economic deepening, although it would like the pace to be faster. The implementation of the programmes financed by the Recovery Fund has given an impetus to growth in Greece, but the Greek economy remains quite vulnerable. European initiatives for a common industrial and technological policy which seek to strengthen the EU’s international competitiveness meet with scepticism from Greece and other smaller peripheral economies, who fear these may empower ‘European champions’, which will mostly come from the EU’s larger economies. Efforts to instigate greater European coordination in the taxation of multinational companies are welcomed by Greece.

Internationally, despite the fact that small steps have been made towards the development of European defence industry groups and Permanent Structural Cooperation (PESCO) in defence, the progress is insufficient to provide Greece with adequate security guarantees. The accession of the Western Balkans remains on hold, with the concomitant negative consequences for these countries and the region as a whole. The US remains the most reliable security provider in this part of Europe, despite declining US interest in the region.

Given the EU’s lack of an effective stabilization capacity, Greece and other southern countries face waves of migrants and refugees to whom a growing number of climate refugees are now added. Thus, countries of first reception like Greece, Italy and Spain continue to bear a disproportionate burden, leading to a pervasive sense of insufficient EU support and a lack of solidarity on the part of other Member States. Greek society continues to oscillate between recognizing the benefits of EU membership and being aware of its shortcomings. These shortcomings fuel the growing criticism of the EU by the forces of nationalism.

Greece tries to remain a member of the EU's inner core, both as a member of the Eurozone and by participating in every structure representing closer differentiated integration, such as those in the fields of security and defence.

In **Scenario 4 (Coalitions of the willing)**, if Greece is a member of the “coalition of the willing”, it will benefit from a higher flow of productive investments, lower financing costs, and an environment of greater macroeconomic and financial stability, with positive consequences for growth and employment. If, however, Greece is left out of this ambitious core of closer EU integration, either due to its own reluctance/weakness or because the powerful Member States do not want it in, economic divergence will probably worsen.

In the international environment, provided that Greece has joined the enhanced cooperation and closer integration structure, it will obtain substantial security guarantees from the EU, hence the content of the “mutual defence clause” included in the EU Treaty (Article 42, paragraph 7) will acquire more substance. Since, in the “coalition of the willing”, decisions in the spheres of common foreign, defence and security policy are increasingly taken by a qualified majority, it is possible there will be times when Greece is unable to persuade enough Member States and secure a majority in support of its positions. Such a development would create intense internal friction. The same could happen if the common European foreign and defence policy required a Greek military presence abroad: for example, in Mali or Estonia. In the field of immigration, the burden on countries of first reception such as Greece would be reduced, as the countries which have opted to integrate more closely apply European solidarity and burden sharing.

Domestically, the advantages of the country's participation in the stronger core of unification strengthen the forces of the pro-European arc in Greek society. The countries that are ready

to proceed with further unification, including Greece, have shown themselves capable of meeting their citizens' expectations. A precondition for benefiting from the above is that Greece wants and can participate in the narrower core of unification and does not lag behind. Should it be left out, the polarization within Greek society will intensify, exerting a destabilizing effect.

In **Scenario 5 (United States of Europe)**, as a member of a completed monetary, fiscal, economic and political union, Greece benefits from greater macroeconomic stability, federal fiscal transfers, lower financing costs, higher productive investment flows and an accelerating green and digital transformation, with a positive impact on growth, employment and social protection and cohesion. The federalization of the EU creates an environment favourable to Greece's de facto economic convergence with the strongest EU economies. To the extent that European social policies are strengthened, internal social cohesion will increase with it.

As a member of a European Federation, Greece enjoys the benefits of belonging to an economic and political superpower that functions effectively as the primary guarantor of its members' security. Sometimes, however, membership can also require compliance with the majority view within the federation, however unpleasant that may be. Within a European Defence Union, with a single European foreign and security policy, Greece's diplomatic and defence deterrence would significantly increase. The power of the EU could have a stabilizing effect on the eastern Mediterranean. At the same time, it can manage refugee-migration flows from the Middle East and Africa more effectively. Greece's external borders are better protected as the EU's external borders.

Domestically, Greek citizens enjoy in a full sense the benefits of belonging to a European Republic – a Republic which secures them the highest level of rights and legal and constitutional

protections in modern Greek history – the same rights and obligations in whichever of the United States of Europe they live. At the same time, however, the internal confrontation is likely to intensify, with nationalist forces rallying around the flag of national independence.

### **By way of summary**

**Greece’s relationship with European integration is both existential and transactional.** It is existential, because in our difficult corner of the world, the country needs powerful allies and a strong Europe as an additional shield. It is also existential because a European pole of democratic, economic and geopolitical stability can both serve as a reference point and contribute crucially to a qualitative upgrading of the Hellenic Republic. Greece’s relationship with the EU is obviously also a transactional relationship, given the enormous importance of European resources and the transfer of know-how for the country’s economic development – provided, however, that the Greek economy can compete successfully in an environment whose rules often reflect the interests of more advanced economies.

In other words, **Greece needs a strong and united Europe** that will function more as a federation and less as a form of intergovernmental cooperation in which the interests of the more powerful states tend to dominate.

In an extremely competitive environment such as the European internal market with a common currency, Greece can maximize the benefits of membership given two preconditions: firstly, that it has a healthy and outward-looking economy that implements its digital and green transformations at top speed, which sometimes requires difficult political choices between competitiveness and social solidarity and, secondly, a strong European

policy of cohesion and solidarity. The first condition depends mainly on us, the second clearly much less so.

A third requirement is a **modern state** that sets the basic parameters and guides the domestic economy – to what degree is a matter of ideological preference – a state that negotiates with competence and flexibility in Brussels and applies Community rules effectively. What is also required is a rudimentary political consensus on the fundamental priorities of Greece's European and foreign policy.

In a more differentiated EU, which is the most likely development in the years to come, **the crucial question for Greece is whether it will be able to participate in the “coalitions of the willing” and on what conditions.** A strong country with self-confidence, a modern state, a competitive economy and social cohesion, a minimum of consensus on the fundamental goals of European and foreign policy, ever present in European affairs and decision-making and with well-chosen alliances will clearly be far better placed to join the ‘fast track’ in a multi-speed Europe and influence developments. Furthermore, if there is significant progress in the years to come towards a common European foreign and defence policy, Greece, too, will need to view its Atlantic relationship more through a common European perspective. If Greece is left outside the “coalition of the willing”, however, there is a risk of its falling into a perilous vicious circle of introversion and external insecurity, economic stasis, and instability both political and social. It is precisely this vicious circle we must work to avoid with all the means at our disposal.