

PROGRESSIVE YEARBOOK 2023



LOUKAS TSOUKALIS

Greece and the EU: A turbulent love affair, now more mature?

Greece has had a turbulent relationship with the EU, marked by many successes and failures, the latter being mostly the result of a weak economy, made worse by populism. The relationship with Europe is both existential and transactional: Greece wants a strong and united Europe, and its main political parties are now all strongly pro-European. But ambition has not always been matched by domestic capacity to deliver. Bouts of Greek euroscepticism were directly related in the past to punishing economic policies imposed by Brussels and/or Greek frustration with insufficient lack of support in foreign policy and migration. The relationship has matured, and Greece may be expected to actively support Europe's transition to political adulthood, difficult though such transition promises to be.

The fundamentals

Greece is an old member of the European family. The country joined the bloc in 1981 as the tenth member of what was then the European Communities. Membership had been preceded by a long, yet interrupted association agreement. It has been a turbulent relationship all along, with more than its fair share of crises, but it has matured with time. The odds are that this more mature relationship will continue in the near future, although in times when big crises have become the norm, one may quickly regret any predictions based on continuity.

Let us start with some fundamentals. Greece is a medium-sized country by European standards, with heavy historical baggage which has always been there in the background, influencing the way the rest of the world treats the proud descendants of Plato, Aristotle and Alexander the Great.

In its modern incarnation, Greece has had a rather long but unstable democratic history. Its democratic institutions have been through a crash test in recent years in a succession of big crises, and they have proved their resilience. Greece has a cosmopolitan elite and

the ever-present traces of a Balkan state. It is also a country with many inequalities and a vulnerable economy relying heavily on tourism. Domestic oligarchs co-exist with a very large number of small businesses, many of them at risk of extinction in times of rapid economic concentration. Shipping constitutes the biggest world success story of Greek entrepreneurship, albeit always footloose in search of favourable tax treatment.

The level of education in the country is generally good, and there is a long tradition of many Greeks studying abroad. This adds further to the cosmopolitan nature of the educated classes, yet it also contributes to the brain drain which accelerated even further during the recent economic crisis. Too many of Greece's best and brightest live and work abroad. High life expectancy, combined with low birth rates and net emigration, has in turn produced an ageing population and one that is declining in numbers. However, poor Greek demographics are not as bad as those of its northern Balkan neighbours, or those of several countries in central and eastern Europe, which have witnessed a substantial reduction in their populations in recent decades. Free mobility inside the EU has been a mixed blessing, although it may not be politically correct to say so.

Greece has a gladiatorial tradition in its domestic politics: strongly confrontational with little room for compromise, which is almost a dirty word in Greek. Coalitions and consensus are the exceptions, not the rule, and virtually everything is heavily politicised. Winner-takes-all is the predominant tradition in Greek politics, reinforced by electoral laws that usually give a big bonus of seats to the party with the largest number of votes. Clientele practices have strong roots in Greece and corruption remains a real problem, although, again the Greek experience in this respect is not necessarily among the worst in Europe today.

Greece's close neighbourhood is difficult and highly unstable. In south-eastern Europe, nationalism is rife in many places, democratic traditions weak and irredentism ever-present. By far the largest and most populous country in the region is Turkey, which now entertains ambitions to play big on both the regional and the global stage. With an authoritarian ruler today, Turkey has an imperial past and a revisionist agenda: it tends to behave like a regional bully. Public threats repeatedly addressed to Greece by President Recep Tayyip Erdoğan that he may arrive uninvited at night point to a new low in Turkish diplomacy. Turkey is also a big gateway for people seeking to emigrate to Europe, and for most of these people, Greece is the inevitable next stop on the way to a better life in Germany or elsewhere. Many of them, however, get stuck in Greece.

Five countries of the Western Balkans have been waiting forever to become members of the EU, while many of their citizens try to emigrate and leave behind poor living conditions and bad governance. In the words of Ivan Krastev,¹ it is easier today to change your country than to change your government. Meanwhile, foreign powers continue to foment trouble and buy influence on the cheap in the region.

It should be no surprise that instability in Greece's immediate neighbourhood often breeds insecurity and/or feeds into nationalism at home. On the other hand, Greece enjoys

1 A much-quoted phrase. See also Krastev, I. and S. Holmes (2019) *The Light That Failed* (London: Penguin).

the highest standards of living in the region, despite the unprecedented fall in income during the economic crisis of the last decade. It also enjoys the highest standards of democracy and individual freedoms, despite domestic failings. It is all relative, after all.

An existential and transactional relationship

Greece's relationship with European integration has been both existential and transactional.² It is existential because in this difficult part of the world, Greeks need strong allies, and they look to the EU for an additional protective shield. EU membership counts, of course, although Europe's role in foreign and security policy remains limited. Hence Greece's repeated bouts of frustration. However, Greeks could also try to be more consistent in their support for a common European foreign policy by dropping their attachment to the right of veto.

NATO cannot be an effective shield either as long as the main threat to Greece's security is perceived to come from neighbouring Turkey, itself also a member of NATO. You might think that being protected from an ally is an oxymoron, but not necessarily so in real life. Both Greece and Turkey have long vied for the attention of the United States. The leader of the Atlantic alliance, although less keen nowadays to play the world policeman, continues to exercise by far the strongest influence in the neighbourhood.

Greece has also been looking for a European shield in the form of a common migration policy to include control of external borders and internal solidarity. It has received financial assistance and support from Frontex and other EU agencies, but relatively little in terms of relocation of refugees inside the Union. Greek expectations (and frustrations) on this topic are very similar to those of Italy. Being a European gateway on the refugee/migration trail poses some very difficult choices between respect for humanitarian values and hard political reality. In recent years, Greece and many of its EU partners have gradually adopted a 'Fortress Europe' mentality which does not always dare speak its name in public.

The relationship with the EU is existential in a different way as well. Europe has always been perceived as a high benchmark and external catalyst for higher standards of democracy, good governance and internal reforms. Modernisers in Greece have long seen the EU as a strong ally in their domestic struggle against conservative forces and the inward-looking attitudes of *la Grèce profonde*; admittedly, not always with much success.

At the same time, it is also a transactional relationship because of the enormous importance of European funds and the transfer of know-how for Greece's economic development. Funds and know-how on the one hand, but strong competition within the European single market on the other, where rules often reflect the interests of the more advanced economies: it has not always worked well for Greece. The early years of EU membership were marked by a rapid process of deindustrialisation to which domestic

² See also Tsoukalis, L., "Greece and the European Union: Strategic vision, diplomatic finesse and poor domestic delivery" in Featherstone K. and D. A. Sotiropoulos (eds) (2020), *The Oxford Handbook of Modern Greek Politics* (Oxford: Oxford University Press).

policies surely contributed. Greece has traditionally run large trade deficits and remains today one of the least open economies in the EU. This is especially true of trade in goods, since Greece's two most important exports are in services, namely tourism and shipping.

For all the above reasons, Greece needs – and generally supports – a strong and united Europe that will function more like a federation, with a strong budget and common policies, including a common foreign and security policy, as well as internal solidarity. In this respect, Greece's European policy is more consistent than the European policies of some of the EU's more recent members. Greek consistency, however, has its own limits, because ambition is not always matched by the domestic capacity to deliver. This helps to explain Greece's troubled relationship with the EU, a relationship marked by big successes and big failures.

The credit for successes goes mostly to a relatively small number of political leaders, backed by an able diplomatic service, who took bold initiatives and negotiated skilfully with their European counterparts. They delivered the first association signed by the EEC, an early membership of the EU, and later the euro. They also secured a place for the Republic of Cyprus in the 2004 big bang enlargement, and generally, they had an influence in European affairs more than the relative size of the country might justify. They made clever use of Greece's geopolitics, often succeeding in turning internal weakness into diplomatic strength. With exceptions, however: for example, Greece's policy towards its small, northern neighbour, now called North Macedonia, does not count among Greece's most enlightened policies, to put it mildly. The compromise reached in the UN-brokered Prespa Agreement between Greece and North Macedonia in 2018 was surely imperfect as all compromises are, but most importantly, it was too long in the waiting.

Most failures during Greece's turbulent relationship with the EU can be attributed to the weakness of the domestic economy coupled with a long tradition of populism. The latter was made worse with the arrival of mass parties, which in turn led to the intensification of the domestic struggle for income shares and further increased the tendency of the Greek political system to produce budget deficits and resist change. The result was a recurrence of economic crises followed each time by stabilisation programmes under the oversight of Brussels. The latest, and by far the worst, was when Greece found itself at the epicentre of the euro crisis and escaped Grexit at the very last minute, albeit at a huge price for the Greek economy and living standards. The country then found itself on the receiving end of punishing policies imposed by its creditors and was often treated no better than a colony.

Greek public opinion has been broadly pro-European, with no strong hang-ups about the sharing of sovereignty. Being part of Europe is generally a source of pride for Greeks. It is also seen as an opportunity for a better life, especially among the younger generations who feel more European and are certainly more mobile than their parents. On the other hand, in times of crisis when European solidarity was deemed to be insufficient in matters of foreign policy or immigration, even more so when Greeks found themselves under the Brussels economic diktat, public opinion turned eurosceptic and trust in EU institutions hit rock bottom. Support for the EU has recovered substantially since then, going hand in hand with the recovery of the Greek economy.

The domestic political scene

After the fall of the military dictatorship in 1974, Greek politics were dominated for a long time by two main parties alternating in power: New Democracy, right of centre, with a conservative and nationalist hardcore sprinkled with liberals and reformists, being also the party of Constantine Karamanlis who almost single-handedly brought Greece into Europe; and PASOK, left of centre, which started as a radical party and progressively turned social democratic and pro-European.

This duopoly broke down when the country went bankrupt in 2009-2010 and was finally saved by its European partners with the assistance of the IMF – but at what a price! Strong austerity programmes led to an economic implosion (as much as a quarter of Greek GDP was lost in a few years) and a huge rise in unemployment. Austerity programmes unavoidably met strong resistance in Greek society, which was quickly translated into the rise of anti-systemic movements and political parties.

The radical left coalition Syriza was the main beneficiary starting from almost nowhere and combining old communist influences with a strongly populist message. Syriza won two elections in 2015 and chose to govern with a nationalist right-wing party: an unorthodox combination in a country of Orthodox Christians! When it came to power, Syriza had a crash-landing with European reality. It organised a referendum to reject European austerity policies, which it won handsomely, only to be forced to succumb to its European creditors a few days later as the only way to prevent Grexit. It was a real shambles, but luckily short of an irreversible catastrophe. After that, the coalition led by Syriza became a ‘responsible member’ of the eurozone respecting agreements signed with European institutions and dutifully accumulating budget surpluses. Syriza also delivered the Prespa Agreement which broke an old deadlock in Greek foreign policy.

Syriza has essentially replaced PASOK in the new political duopoly that emerged as a result of the economic crisis, and there are no signs of this being reversed. PASOK ended up as the main victim of the economic crisis, which was arguably unfair since New Democracy bore a bigger part of the blame for irresponsible economic policies that had led to bankruptcy in the first place. But such is politics. PASOK was also tainted by scandals and corruption, which certainly did not help either. In the process, it lost many of its bright and less bright stars who sought refuge in the other two parties, or simply went home. In a political system that now consists basically of two and a half parties, plus a few smaller ones including a communist party of the old era, PASOK represents the half that hopes to find a role as a junior partner in a future coalition government.

Another beneficiary of social discontent in times of economic and social hardship, which partly coincided with a refugee crisis reaching its peak in 2015, was the extreme right. The party of the Golden Dawn was one of the ugliest and most violent far-right parties in Europe with strong neo-Nazi traits. It reached a peak of 7% of the popular vote in 2015 before its leaders were charged with running a criminal organisation and found guilty in court. Other far-right nationalist parties are now trying to plough the same political field, though they are not as extreme in their rhetoric and methods and certainly not as effective as Golden

Dawn had been some years back. Luckily, the conditions today are not as favourable. It is usually big crises that breed extremism.

New Democracy won the 2019 elections and has been in power ever since. It has been led by a liberal reformist and pro-European prime minister who brought with him to power several technocrats mostly of PASOK origin. They ended up co-existing in government a few hardcore right-wingers. The government of Kyriakos Mitsotakis has handled a succession of crises competently including the pandemic, a new refugee wave, an increasingly aggressive Turkey, and now the war in Ukraine and the ensuing energy crisis.

The government has promoted investment. It has also dished out considerable amounts of money in subsidies to deal with the effects of prolonged lockdowns, and now the energy crisis, while trying to please political friends and potential voters. In doing so, it took advantage of the relaxation of EU fiscal constraints. In terms of foreign policy, it has been firm with Turkish provocations, sided wholeheartedly with European and allied support for Ukraine, and invested a great deal in strengthening ties with the US, as well as France.

The Mitsotakis government has introduced some reforms, most notably in the digital liberation of Greek citizens from an often Kafkaesque state. And it has now begun to spend the funds made available through Europe's most ambitious recovery programme adopted in 2020 at the peak of the pandemic. Greece will be among the biggest beneficiaries of NextGenerationEU with a total of more than €30 billion in grants and loans: a true game-changer in integration, a most welcome manifestation of European solidarity and a (once-in-a-lifetime?) opportunity for Greece to reform and invest in the future.

Greece's resilience and recovery plan puts the emphasis on growth much more than on distribution. This is after all consistent with the overall economic policy of the New Democracy government, which represents a clear shift from the policy pursued by the previous government led by Syriza. How to reconcile growth with social justice remains one of the biggest challenges in Greece's increasingly unequal society.

The next parliamentary election will be held in the first six months of 2023. Opinion polls give New Democracy a clear lead over Syriza, albeit short of an absolute majority of seats because the next election will be held under a system of proportional representation introduced by Syriza when they were in power. It will be different, however, with the election after next, whenever it takes place. New Democracy has changed the electoral law once again by restoring the bonus of seats that go to the party with the most votes. The electoral law keeps changing in Greece, but majorities can only legislate on a new system for the election after next: a constitutional check that is meant to restrain the urge of any parliamentary majority to cook the electoral law as it pleases.

The party of New Democracy is expected to go for an absolute majority in the parliament and may therefore force a second election very soon after the first to achieve this goal. It will most probably attempt to do so under conditions of high polarisation by presenting the electorate with a binary choice: Mitsotakis or Tsipras. Opinion polls have consistently given a clear lead to Mitsotakis over Syriza-leader Alexis Tsipras, although the image of the present prime minister has been tarnished recently by a big wiretapping scandal. We have not yet heard the whole story, if we ever will.

The prospect of two parliamentary elections in quick succession in 2023 introduces a strong element of uncertainty in Greek politics and may lead to instability. On the other hand, it could impose upon reluctant political parties a new experiment in coalition government.

Does Greece want Europe to become a political adult?

We live in a world in which the geopolitical tectonic plates are shifting, a world of growing strategic rivalry where security takes over from economics. Nationalism is rising, and international cooperation is in woefully short supply despite being essential for the provision of global public goods such as a liveable environment and basic conditions of health for all not to mention peace. It is also a world of large asymmetries among state and private actors in which individual European countries, even the big ones, no longer count for very much. The post-cold war order in Europe is now dead and buried after Russia's invasion of Ukraine. War is back in all its ugly manifestations and close to our borders, while the energy crisis presents a new, big challenge for our economies in a state of permacrisis, and also for our increasingly fragmented societies.

Europe's Coming of Age is the title of my new book in which I try to look at the bigger picture and address the main challenges and political choices facing us Europeans today: from the euro as an instrument to strengthen European strategic autonomy to new ways of tackling growing inequalities, from technological dependence to the fight against climate change, from the fraught search for a geopolitical role for Europe to ways of extending democracy beyond the nation state. The key message of the book is that Europe needs to become a political adult as the only way to be able to define autonomously and defend effectively common interests and values in a rapidly changing world with little order and too many weapons around.

Political adulthood should mean among other things that European institutions begin to play an important role in trying to reconcile international economic interdependence with domestic social contracts precisely when European integration and globalisation are moving in opposite directions. It should also mean endowing a mostly inward-looking peace project, which was the case of European integration for many years, with the attributes of hard power. Industrial strategies, taxation, foreign policy and defence should reach the highest echelons of the European political agenda. And we shall of course need institutional reforms and new ways of reaching decisions together. This is a tall order indeed. But are those realists, who treat such ideas as pie in the sky, ready to face up to the likely consequences of collective European failure? Peace and prosperity, democracy and our fundamental freedoms will be at stake.

Would Greece be ready to play its part in Europe's coming of age? And how much difference will it make to Greece's European policy as to who is in power at home? To put it somewhat provocatively, to what extent does nationality trump ideology about the way we approach European integration? The three biggest political parties in Greece today are all strongly pro-European. The ones from the left were Europeanised mainly when they came

to power. But nowadays, there is not much difference among them regarding their overall European policy, unlike what happens with some of Greece's European partners.

As one moves from right to left of the political spectrum, the relative emphasis placed on growth and redistribution, market solutions and state intervention of course differs. Such differences among Greek political parties are no longer extreme, but they surely still exist. They become smaller once Greeks come to Brussels. After all, a Greek liberal in economic terms is more likely to be in favour of a European unemployment scheme than many German social democrats. Guess why!

Moving left of centre, one usually finds more liberal attitudes on identity issues, more openness towards refugees and migrants and smaller doses of nationalism – arguably, not so much difference on climate policy, where the key problem is how to reconcile lofty ideas with hard measures. The archetypal Greek European or European Greek is to be found mostly around the centre and left of centre of the political spectrum. Yet, to be fair, it is New Democracy that navigates more easily in European waters. They have a sense of ownership through inheritance. They also belong to the biggest European political family today, namely the EPP, which gives them more margin of manoeuvre in European negotiations. PASOK is no longer able to compete on an equal basis.

The capacity of Greece to play an active role in Europe's transition to political adulthood will largely depend on political stability at home, the strength of the economy and peace in its neighbourhood. It will also crucially depend on the capacity of Greek political leaders to make Greek interests an integral part of European interests and vice versa. Think Greek and think European: it has not always been easy to do both.