

## INTRODUCTION

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**Pol Morillas**

*Research Fellow in European Affairs, CIDOB*  
pmorillas@cidob.org

**Thanos Dokos**

*Director General, ELIAMEP*  
thanos.eliamep@gmail.com

Less than a year ago, the Greek crisis reached its highest level of tension. After arduous negotiations, the Greek government and its creditors signed the agreement for a third bailout in July 2015, which should provide liquidity to the Greek public sector in return for a severe programme of deficit adjustment and structural reforms. At the time of finalising this edited volume, the spectre of Grexit seems much less likely, although not yet impossible (especially if there is Brexit). After six years of painful austerity and the adoption of a number of structural reforms, the original sins of the Greek economy, the structural governance deficits of the eurozone and the imbalances between the European economies remain almost unchanged. The crisis that dominated the European debate in the summer of 2015 changed the perception of Greece and the EU for good.

The contents of this monograph aim at providing a comprehensive view on the changing landscape of both Greek and European politics as a consequence of the eurozone crisis. It presents the results of a research workshop jointly organised by CIDOB and ELIAMEP on December 18<sup>th</sup> 2015, which departed from the following hypothesis: If the Greek crisis became the epicentre of the eurozone crisis and Europe's economic and monetary downturn became an existential threat to the European project, then the consequences of the crisis should have transformed the behaviour of Greek authorities towards Europe and of the European authorities in facing the crisis. In other words, Greece and the EU should have adopted new visions reflecting both the transformation of the Greek political scene and the eurozone's response to a systemic crisis. The objective of the seminar and this publication is to analyse the extent of such changes at three different levels.

First, a series of papers depict the negotiations of the Syriza government in Europe and the transformation of this former opposition force into a mainstream political party. George Pagoulatos and Panagiotis Vlachos look at Syriza's negotiation tactics in Brussels and provide a broad perspective on Greece's relations with its creditors and the anti-austerity rhetoric that has dominated the Greek government, even before the election of Syriza. They argue that Syriza has been unable to cultivate

effective coalitions with other European progressive forces and build a climate of trust and credibility that would have secured better results during the negotiations and help amplify its anti-austerity message.

In chapter 3, Dimitris Katsikas takes a closer look at the contents of the negotiations of the third bailout agreement and unveils the mistakes that the Syriza negotiators committed, such as delaying the conclusion of the negotiations for too long and creating ambiguity in the objectives of the negotiations, which resulted in a loss of credibility in the eyes of the creditors and peer European governments. Katsikas argues that credibility should be a top priority for any government engaged in eurozone negotiations and that more detailed plans for dealing with internal reforms would also have secured a better outcome for Syriza.

The final contribution of the first block looks at the efforts of the Syriza government to Europeanise the Greek crisis via criticism directed towards the European elites, the lack of legitimacy of the decisions taken and the need for alternative economic policies in Europe. Filippa Chatzistavrou addresses Tsipras's first attempts to build an alliance with other leftist movements in Europe and the progressive shift towards a more pragmatic alliance strategy, including European centre-left political forces. As a result, Chatzistavrou sees the emergence of a post-left managerialism attitude in the Syriza government, tacitly accepting the premises of the third bailout programme and adjusting to its pro-austerity prerogatives.

Second, two papers take a broader look at the Greek crisis by analysing its geopolitical dimensions and the historical trends that determine the response of the Syriza government to the crisis and its relations with its European counterparts. Thanos Dokos refers to the strategic mistake that has led European governments to look at the Greek crisis from only an economic perspective. Dokos warns that allowing Greece to become a semi-failed state would have a direct impact on the capacity of the EU to provide security within the continent and to be a powerful player on the world stage. Greece's role is key to ensuring stability in the western Balkans, providing energy security, promoting peace in the southern neighbourhood and effectively tackling the refugee crisis. Its position as a buffer country and the recently established bilateral relations with other world powers such as China and Russia should lead the EU to consider the Greek crisis through broader geopolitical lenses.

In chapter 6, Effie G.H. Pedaliu looks at the geographical position of Greece as a cultural, socioeconomic, political and religious border *par excellence* and the effects of this centrality on its internal politics. For Pedaliu, studying the history of Greece unveils a propensity towards reliance on foreign borrowing to secure growth without development, fostering clientelism within, excessively counting on the support of external actors and allies and blaming external forces as the cause of all its ills. Pedaliu analyses how the DNA of the country has influenced the Greek government's position on the debt crisis and the formation of a new political system in Greece dominated by Syriza.

The last block is aimed at analysing the effects of the Greek crisis on eurozone governance and the European policies to tackle the economic crisis. Eleni Panagiotarea provides a substantial analysis of the response

of the Greek crisis and the eurozone institutional engineering that ensued. Panagiotarea argues that the response to the Greek crisis reveals a lack of coherent vision of a true economic and monetary union, where rules are matched with solidarity measures and where a more sustainable route towards long-term economic growth is promoted. The absence of proposals regarding fiscal federalism, debt mutualisation or economic convergence of the eurozone economies preclude substantive reform of the eurozone's deficiencies and explain the recent surge in intergovernmentalism and an "à la carte" method of European politics.

From a different viewpoint, Cinzia Alcidi problematises the traditional belief in the fiscal union as a solution to the eurozone's malaise. She argues that while it would be desirable from institutional and legitimacy points of view, it would not automatically end the Economic and Monetary Union's troubles. To make her case, she compares the situation in Greece with those in Puerto Rico and the Italian Mezzogiorno, only to find that structural problems of borrowing economies are not overcome via fiscal transfers. In addition, she argues that a stand-alone fiscal union recipe might exacerbate the structural problems of the Greek economy and a culture of complaint, where reliance on external assistance prevents macroeconomic stabilisation.

The contributions of this volume present insightful views on Syriza's management of the crisis in Greece and of the eurozone's policies to tackle the most severe threat to its survival to date. Behind the contributions lie profound debates about the future of new left political forces, their European agenda, their coalitions within the European political space, the democratic deficit of the eurozone and the EU and the future of austerity-driven economic policies. The effects of the Greek crisis on European policies currently occupy a prominent place in the academic and think tank debates on European politics. This publication aims to keep this debate alive.

This publication also pays special attention to the lessons learned process. Europe's rather unsuccessful management of the Greek crisis may be partly attributed to its understandably limited experience in saving a member-state of the eurozone. The Greek crisis will probably be taught at academic institutions as a case study of amateurish crisis management by both Greek and European authorities. But it is extremely important that we draw the necessary conclusions in order to avoid similar mistakes in the future.

