

# **EU-27 WATCH**

**No. 9**  
*July 2010*

ISSN 1610-6458

[www.EU-27Watch.org](http://www.EU-27Watch.org)

# EU-27 Watch

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## On the project

Due to the new treaty provisions of the Lisbon Treaty and the economic crises the enlarged EU of 27 member states is on the search for a new *modus operandi* while also continuing membership talks with candidate countries. The EU-27 Watch project is mapping out discourses on these and more issues in European policies all over Europe. Research institutes from all 27 member states and the four candidate countries give overviews on the discourses in their respective countries.

The reports focus on a **reporting period from December 2009 until May 2010**. This survey was conducted on the basis of a questionnaire that has been elaborated in March and April 2010. Most of the 31 reports were delivered in May 2010. This issue and all previous issues are available on the EU-27 Watch website: [www.EU-27Watch.org](http://www.EU-27Watch.org).

The EU-27 Watch No. 9 receives significant funding from the **Otto Wolff-Foundation, Cologne**, in the framework of the *"Dialog Europa der Otto Wolff-Stiftung"*, and financial support from the **European Commission**. The European Commission is not responsible for any use that may be made of the information contained therein.



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**Greece****More effective economic coordination to stabilise the Eurozone**

A.D. Papagiannidis and Nikos Frangakis\*

The acute debt crisis that Greece experienced in the first months of 2010, a crisis that almost brought about default for the country, has dominated public life and monopolised the interest of public opinion. The EC/ECB/IMF agreement<sup>1</sup> for a 110 billion Euro support package, with an extremely strict programme of fiscal retrenchment and structural change, was greeted with huge relief since it followed weeks of unprecedented aggression on part of the financial markets. This assault against Greek bonds caused their spreads to rise to over 400 basis points, while Credit Default Swaps (CDSs) for insurance against Greek default also soared, thus effectively shutting Greece out of the markets.<sup>2</sup> But the days of negotiation of the EC/ECB/IMF package deeply scarred public opinion, since they associated the sense of helplessness and risk at the hands of the markets with an abrupt reversal of deep stereotypes (according to which the IMF was “the scourge of peoples”, etc.) and with a feeling of quasi hostility on the part of “Europe” or from segments of “Europe”.<sup>3</sup> The position taken by Germany on the Greek issue – both from political circles and from populist media, if not from wider public opinion – constitutes the source of a deep change in Greece regarding the notion of European solidarity.<sup>4</sup> As soon as the extent of the budget cuts and of the labour law-and-pension reform included in the EC/ECB/IMF programme was realised, social unrest came to the surface. Not only the political left (the strict Communist Party of Greece – KKE and the ex-Eurocommunist Synaspismos – SYN) but most remarkably centre-right New Democracy voted against the EC/ECB/IMF package – with the result of being aggressively criticised by members of the European People’s Party (EPP) in the European Parliament.

Both public sector and private sector unions are opposed to the stabilisation attempted. The tone of demonstrations in Greece gets more and more bellicose, while a firebombing of a bank has already claimed four victims. All the while, public opinion watches passively but unrest simmers just under the surface.<sup>5</sup>

The extreme prejudice that the debt crisis brought to Greece, a country that operated for almost a decade as a member of the Eurozone and under the Stability Pact, caused the realisation that more effective economic coordination would have to be established, if the Eurozone is to survive. Thus, the notion of “economic governance” is winning favour, notwithstanding the fact that the Greek economy would have to undergo even deeper structural change (and submit to closer scrutiny) in the future. The concept of “economic governance” supported by France is often discussed, but its effective content is construed in diverging ways according to the audience targeted.<sup>6</sup>

The Lisbon Strategy of 2000-2010 used to be cited as an important EU achievement in Greece, since it would lead to “the most competitive knowledge-based economy in the world”. The fact that the Strategy had been derailed since the mid-2000s received little attention, partly because Greece constantly ranked near the bottom in “Lisbon achievements”. Now, the wave of the financial crisis (and the specific impasse that Greece faces) has shifted attention to more pressing matters. Still, the perspective of a Europe 2020 Strategy is again greeted positively, since, due to the EC/ECB/IMF conditional assistance, the extensive, structural overhaul that will be undertaken makes it possible that, this time, the Lisbon approach will work for Greece.<sup>7</sup>

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<sup>1</sup> Agreement between the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF).

<sup>2</sup> See among others R. Someritis, in: TO VIMA, 25 March 2010; K. Iordanidis, in: KATHIMERINI, 25 March 2010; K. Botopoulos, in: METARRYTHMISSI, Vol. 35, May 2010.

<sup>3</sup> See A.D. Papayannidis: Europe “After Lisbon” and Greece as a Companion of Fate, in: International and European Politics (Vol. 17), p. 49; Eliza Papadaki, Before Greece defaulted it was the Institutional Framework of the Euro that Defaulted, p. 28.

<sup>4</sup> See G. Bakatsianos: International and European Cooperation in front of the financial crisis and Greece [in Greek], in: From Bush to Obama: International Politics in a Changing World, Papazisis, Athens 2010, p. 319.

<sup>5</sup> See, among many others, S. Kalyvas: Three (comfortable) myths about violence [in Greek], in: KATHIMERINI, 16 May 2010. Here a distinction is made between public unrest and violent acts perpetrated by small marginal groups who rely on the improbability of being arrested and punished.

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<sup>6</sup> See G. Gounaris: Europe after the economic crisis: Institutional Reform and Strategic Options [in Greek], in: From Bush to Obama: International Politics in a Changing World, Papazissis, Athens 2010, p. 330.

<sup>7</sup> The topic raises an increasing interest among academics and a small circle of politicians and opinion makers on the occasion of various colloquia. EKEME organised on 14 May 2010 a symposium: From the current Crisis to Europe 2020: The EU and Greece in front of the Challenge of Economic Governance, with eminent speakers, including Defence Minister E. Venizelos and J.V. Louis.

## Questionnaire for EU-27 Watch, No. 9

Reporting period December 2009 until May 2010 – Deadline for country reports 21 May

**All questions refer to the position/assessment of your country's government, opposition, political parties, civil society organisations, pressure groups, press/media, and public opinion. Please name sources wherever possible!**

### 1. Implementation of the Lisbon Treaty

On the 1 December 2009 the EU-reform ended with the entering into force of the Lisbon Treaty. However, the new treaty provisions still have to be implemented. Some procedures and conditions have to be determined. In other cases, procedures, power relations, and decision-making mechanisms will change due to the new provisions.

- How is the work of the new President of the European Council, Herman Van Rompuy, assessed in your country? Which changes to the role of the rotating council presidency are expected?
- How is the work of the new High Representative of the Union for Foreign Affairs and Security Policy, Catherine Ashton, assessed in your country? Please take into particular consideration both her role within the European Commission and her relationship to the Council of the European Union.
- On 25 March 2010 a "Proposal for a Council Decision establishing the organisation and functioning of the European External Action Service" was presented. How is this concept perceived in your country? Which alternatives are discussed?
- On 31 March 2010 the European Commission presented a proposal defining the rules and procedures for the European Citizens' Initiative (ECI). What are the expectations for the ECI in your country? What are the various positions concerning the rules and procedures?

### 2. Enlargement and European Neighbourhood Policy

The European Commission has given its opinion on Iceland's application for EU-membership and a decision from the Council is expected before the end of June. Croatia seems to have settled its border dispute with Slovenia. Against this background:

- Which countries does your country expect to become members of the European Union in the next enlargement round? What are the opinions in your country on the membership of these countries?
- How are the membership perspectives of those countries discussed, which are not expected to become a member in the next enlargement round?

The Eastern Partnership and the Union for the Mediterranean were the last major projects dealing with the European neighbourhood:

- How are these projects assessed in your country?

### 3. European economic policy and the financial and economic crisis

The European Council agreed on 25/26 March on the key elements of the Europe 2020 strategy, the successor of the Lisbon strategy. While not being on the formal agenda the economic and financial situation in Greece was discussed. The European Council agreed on a finance package combining bilateral loans from the eurozone and financing through the International Monetary Fund.

- How is the finance package for Greece assessed in your country? Are there any opinions on the process, how the agreement on the package was reached?
- Which lessons should be drawn from the Greek case for a reform of the Stability and Growth Pact?
- How is the idea of "a strong coordination of economic policies in Europe" perceived in your country? What concepts of an European economic governance are discussed in your country and which role do they assign to the Euro group?
- How is the Europe 2020 strategy discussed in your country? What are the priorities for the Europe 2020 strategy from your country's perspective?

### 4. Climate and energy policy

The climate conference in Copenhagen took note of the Copenhagen Accord but did not reach a binding agreement. The next conference of the parties (COP 16 & CMP 6) will take place at the end of November 2010.

- How is the Copenhagen conference assessed in your country? Please take into consideration the negotiation strategy of European Union and the results of the conference.
- Does the European Union need to change its own energy and climate policy in order to give a new impulse to the international negotiations?
- Is a global agreement within the UNFCCC the best strategy to fight climate change? If not, which alternative strategy should the European Union follow?
- What is your country's position on financing mitigation and adaptation efforts in developing countries?

### 5. Current issues and discourses in your country

Which other topics and discourses are highly salient in your country but not covered by this questionnaire?