

# 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).

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**Greece****Greek debt crisis strains the EU's commitment to European solidarity****A.D. Papagiannidis and Nikos Frangakis\***

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The gravity of the debt crisis and the pain experienced due to the EC/ECB/IMF sponsored stabilisation package for 2010-2014 presently dominate public discourse. Drastic cuts to salaries and pensions, combined with higher taxation are measures to be faced by the vast majority of people in Greece. It is to be expected, though, that the questions raised by limited and hesitant European solidarity in face of the onslaught of the financial markets will lead to deeper doubts as to Greece's membership in future.<sup>1</sup> In late 2009 and early 2010, the extent of Greece's budget deficit and the feeling that statistical data were intentionally fudged made for extremely negative comments on the part of EU authorities and for increasing uneasiness on the part of several European capitals; still, the new Greek Government initially insisted that a plan to bring back growth (through assistance to lower-income groups) should be applied, with moves such as cutting back public expenditure and raising taxes coming a distant second. Even more importantly, public opinion was largely supportive of this stance, while "Brussels pressures" (as well as the downgrading of Greek paper by the markets) were viewed as something close to unwarranted external intrusion in national policy-making.

Only the rough ride that Greece experienced in the financial markets – with the spreads for Greek paper surpassing 600 basis point over German Bunds and with Greek banks risking being shut out of ECB financing following the Greek debt downgrades by Fitch, then S&P, and finally Moody's – brought a belated change of attitude. The Greek government found itself in urgent need of Brussels/EC and Frankfurt/ECB support, not so much to reassure the markets but to simply survive. So, when the support mechanism of 110 billion Euros had to be pieced together under extreme market pressure in order to avoid a Greek default in late March, with a severe stabilisation programme agreed upon by Greece with the EC/ECB/IMF – a front-loaded programme of extreme severity, calling for a 10 percent or more cut in public deficits over 3 years and for deep structural changes mainly in social security and the labour market – public opinion was stunned. The very survivability of Greece's political system is under question, especially so if the implementation of the stabilisation programme were to call for incremental spending cuts/tax increases in fall 2010.

The overall series of national positions taken in the EU on solidarity with Greece – culminating in the protracted process to bend Germany's unyielding stance – has given to Greek public opinion food for thought. The fact that the stabilisation programme, conditional to which EU/IMF financial support was provided, was only supported by the governing party (PASOK) along with the far-right LAOS, while the main opposition party (center-right Nea Dimokratia – ND) voted against it (with the sole exception of ex-Foreign Minister Dora Bakoyannis, who then promptly quit ND) along with the Communist Party (KKE) and (ex) Euro-Communists (SYN-SYRIZA), should also be noted. Whatever the exact future of the stabilisation effort in Greece, the country's "European identity" will probably be radically redefined in the process.

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\* **Greek Centre for European Studies and Research.**

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<sup>1</sup> The literature regarding this matter is already immense, at least in terms of reports and articles published daily in the Greek and international press and the electronic media; it is therefore hard to summarise it in this paper. See, for a very brief overview, N. Frangakis: Greece is not just Europe's black sheep – it's truculent, too, in: *Europe's World*, Spring 2010, pp. 164-165.

## 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?