

The Constantinos Karamanlis Institute
for Democracy Yearbook Series

Constantine Arvanitopoulos
Konstantina E. Botsiou
Editors

The Constantinos Karamanlis Institute for Democracy Yearbook 2010



Springer

The Constantinos Karamanlis Institute for Democracy Yearbook

series features collections of essays on international politics, written from a European point of view. Each volume reflects on events that marked the previous year and addresses the challenges ahead. Eminent political figures, academics, diplomats, journalists, and professionals offer their views on diverse political, economic, social, and ideological issues that have shaped and continue to affect contemporary political and social dynamics within and beyond state borders.

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Terrorism and instability in the Middle East are as pressing as ever, while, at the same time, poverty and war force thousands of people to join the great waves of migration to the developed world, thus creating a potentially explosive social situation.

The Constantinos Karamanlis Institute for Democracy continues to address the domestic and international issues that affect growth, individual freedom and democracy. The 2010 Yearbook presents analyses of current developments, but also essays that reflect deeper long-term approaches to economic, political and social challenges. Prominent politicians, scholars and researchers provide us with insight into the past and the present, thus stimulating political thought and action for the future.

Ioannis M. Varvitsiotis

President of the Constantinos Karamanlis Institute for Democracy,
former Minister

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Greek Foreign Policy: Past, Present and Future Strategies

Dimitris Keridis

Introduction

At the end of the first decade of the twenty-first century, Greek foreign policy is faced with old and new challenges. The Turkish threat, albeit in changing shape and form, provides continuity with a past that goes back to the period before the end of the Cold War in 1989. Turkey remains Greece's main foreign policy preoccupation. Dealing with the Turkish problem has consumed enormous Greek resources, financial and diplomatic, and it seems that this will remain the case for some time to come.

However, new challenges and issues have emerged, including Greece's leadership role in the Balkans, its active support for deepening and enlarging European integration, economic diplomacy and, more recently, for dealing effectively with climate change and related issues such as developmental aid and poverty reduction in the Third World. Thus, Greek foreign policy is both traditional and new in content as well as conventional and radical in approach, as it struggles to cope with a changing and very demanding international environment.

In some important ways, current Greek foreign policy is a reflection of the dramatic changes that have taken place inside Greece and in its international standing during the last 20 years. Greece is no longer a poor laggard lingering on the European periphery. It has grown into a mature and prosperous democracy with increasing international responsibilities, mainly regional. However, old habits die hard and Greece has often appeared to be struggling to respond to the role that its past success has earned it and, instead, it has often allowed itself to be consumed by domestic dramas, among which 'Macedonia' has been the most prominent and damaging.

Recent History

Starting with a brief historical overview of the past 20 years, one can say that change came abruptly, unexpectedly and forcefully in 1989 with the end of the Cold War, the fall of Communism and the disintegration of the Soviet empire and the Soviet Union itself two years later. The so-called *annus mirabilis* or miracle year of post-war European history, 1989, was a watershed for Greece since it was among the Western nations most affected by the geostrategic change following the fall of the Berlin Wall. The opening of Greece's northern neighbourhood and the Eastern Europeans' economic and political convergence towards liberal markets and democratic politics provided a huge new space for potential interaction and mutual cooperation. Greece acquired a hinterland where before it had had none, since the northern border was mostly closed during the Cold War. For the first time in its modern history, with the brief exception of the immediate aftermath of the First World War, Greece was no longer preoccupied with its mere survival but could project its influence beyond its borders. Thus, 1989 presented Greece and its elites with a real, historic change that shook old certainties to their core and demanded the formulation of effective new policy responses. Initially, Greece reacted defensively to changes in the Balkans and in the rest of Eastern Europe. Although the break-up of Yugoslavia benefited Greece in power terms, since it allowed Athens to assume a certain leadership role in the Balkans that would have been unthinkable had Yugoslavia still been in existence, the Greeks strongly objected to the changing of borders. All Western countries, including the United States and Canada, initially supported the unity of Yugoslavia. But as violence mounted they changed their policy from favouring unity to sanctioning the independence of the break-away republics. Greece was the last Western country to come to terms with this new reality and its continued support for Yugoslavia was increasingly misinterpreted as direct support for Milosevic's Greater Serbia policy. Furthermore, Greece's maximalist position on the Former Yugoslav Republic of Macedonia's (FYROM) name, adopted by Greek leaders in 1992, gave the wrong impression internationally that Greece was more part of the Balkan problem than its solution.

In contrast to politicians, journalists and the emotionally driven and volatile public opinion, Greek businessmen, broadly speaking, saw the changes in the Balkans as an opportunity for expansion and growth and

engaged in exporting and investing heavily abroad. Today, Greece is the primary foreign investor in Albania, FYROM and Bulgaria and the third largest in Serbia and Romania. Greek banks, utilities, food and agricultural industries, textile, retail and tourist groups have used the opening of these countries to expand their business to better withstand increased international competition. Given the pressure of globalisation, Greek business cannot afford to restrict itself to its own small market. In the Balkans, Greece looms large and lucky. Greece has a larger economy than all the other Balkan countries combined. In 2009 Greek GDP will surpass \$400 billion, while FYROM's GDP will be around \$9 billion, or 2.4% of Greece's.¹

A Paradigm Shift

If 1989 was the year of change, 1999 was the year of truth for Greek foreign policy. The Oçalan crisis grew into a diplomatic disaster but ended with the promising Helsinki compromise when Greece lifted its objections and lent its support to Turkey's European orientation and EU accession prospects. Thus, in 1999, starting with Turkey, a paradigm shift took place in Greece's perceptions of the international order. The shift involved turning away from a realist, security-obsessed, 'Clausewitzian' paradigm of international relations towards a liberal, cooperation-focused, 'Kantian' paradigm.

The reasons for this paradigm shift are multifaceted. To begin with they have to do with the failure of past policies which, instead of resolving Greece's problems, have complicated them. Greek policy makers slowly realised that the US, in the absence of the pressure of the Cold War and often diverted by crises elsewhere, could not always be relied upon to be ready and willing to intervene and manage relations between Greece and Turkey, as Washington last did in 1996 over the Imia crisis in the eastern Aegean.

Another reason is globalisation and the pressures of intensified international competition. As a small country with a stagnant and aging population,

¹ In particular, according to the *Economist Intelligence Unit*, in 2006 FYROM's GDP was \$6 billion, Serbia's \$29 billion, Slovenia's \$36 billion, Bulgaria's \$31 billion and Greece's \$299 billion (Country profile 'Macedonia 2007,' p. 24). According to the EU's 2009 reports, 'Greece 2009' and 'Macedonia 2009', FYROM's GDP has risen to \$9 billion and Greece's to \$400 billion.

Greece needs to put its resources to better use than simply misspend them on armaments.²

Participating in the process of European integration has also been extremely helpful. Mentalities and attitudes learned in Brussels naturally spill over into Greece's relations with the outside world more broadly, and especially with the part that aspires to join the EU itself, the Balkans. Since 1999, Greece Europeanised its foreign policy in two important ways: first, in embracing a policy of engagement abroad rather than solely counter-balancing, and second, in using European integration as the best process for the resolution of its bilateral problems with its neighbours, mainly Turkey and FYROM. Success has been slow in coming but has been real nevertheless. Greece achieved the accession of the Republic of Cyprus into the European Union despite Turkey's and the Turkish Cypriots' objections and forced upon Turkey a change of policy on Cyprus, towards unification and away from partition. Its veto of FYROM's accession to NATO and subsequently to the EU is pushing the young country to the north to start negotiating seriously for a compromise resolution of the name dispute.

After 2004, the election of a Conservative administration under Kostas Karamanlis slowed down some of the activism exhibited earlier between 1999 and 2004 but did not reverse Greece's main foreign policy direction. The main new development, of which the Conservatives were particularly proud, was the attempt to build a strategic partnership with Russia,³ based mainly on energy cooperation that put some distance between the Greek government and the United States, in ways parallel to the fairly pro-Russian policies followed by the old Europe of Germany, France and Italy. In sum, Greece will continue to explore opportunities internationally for counter-balancing Turkey while, at the same time, engaging it through Europe.

² On 15 November 2009, the daily newspaper *TO VIMA* published a story signed by M. Spithourakis that the European Commission was asking Greece, once again, to reduce its defence expenditures in order to reduce its budget deficit.

³ See www.mfa.gr/foreign-policy, the official site of the Greek Foreign Ministry.

A New Strategy?

Since October 2009, the Socialists under George A. Papandreou have been back in power. The new Prime Minister has kept the foreign affairs portfolio to himself and appears confident about his foreign strategy. One can argue that this strategy resembles a 'Matryoshka' Russian doll. The larger doll on the outside is Turkey. This is the main focus of Greek foreign policy. The next doll is Europe, then the Balkans, and the smallest one inside is 'Macedonia'. In other words, the Greek strategy aims at building up political capital and alliances internationally by being helpful and constructive in its neighbourhood, mainly in the western Balkans, through its membership in Europe, in order to be better placed to deal with Turkey.

Greece is particularly concerned with the growing international influence of Turkey under Recep Tayyip Erdoğan. The settlement of the historic dispute with Armenia, Turkey's increased involvement in the Middle East and its privileged relationship with the United States under Barack Obama have given Greece much to think about. Today, Greece understands that it cannot afford to be idle or conservative. It needs to match Turkey's activism with its own strengthened presence internationally, which is further underlined by Papandreou's strong personal commitment to foreign policy.

In his first foreign trip to Istanbul, Papandreou launched the cornerstone of his new strategy: Greece is to champion the accession of all the western Balkan nations to the European Union by 2014, the centenary of the outbreak of the First World War.⁴ In a sense, Papandreou wants to revive the spirit of Thessaloniki 2003 when the EU, under the presidency of Greece at the time and Athens' strong lobbying, agreed to speed up the accession of the countries of the western Balkans. The goal is ambitious because of the current widespread scepticism in many European capitals about further enlargement. But it remains realistic given the small size of the countries involved and the huge benefits derived from reviving the prospects for accession.

⁴ See www.mfa.gr/articles for a full text of Papandreou's speech in Istanbul. Excerpts include: 'A roadmap for this enlargement [...] of the Western Balkans, a roadmap for accession which I think could be a date which is both symbolic but also realistic. It could be 2014, one hundred years after 1914 when World War I began and unluckily over these hundred years we have still had many divisions and many wars and many conflicts in this region'.

Even if the strategy fails to achieve its accession goals by 2014, Greece can credibly claim to be representing the Balkans in Brussels, while, at the same time, applying pressure both regionally towards further reform and towards its large European partners so that they match this progress with a tangible prospect for membership. Thus, through Europe, Greece can play a leadership role in its region and offer its support for the normalisation of the Balkans, constructively working together with the United States. The aim is to unleash a certain virtuous cycle that will eventually make it easier for Greece to negotiate with Turkey the final resolution of their old dispute over the Aegean, something which could build up the trust needed to support the reunification of Cyprus.

The one open question remaining is 'Macedonia'. This is the smallest doll at the core of the whole strategy. Greece cannot credibly appear to be championing the EU's south-eastern enlargement while blocking the accession hopes of its neighbour to the north. The continuation of the dispute undermines the fundamentals of Greece's Balkan and wider foreign policy. A resolution is very much needed both for its own merits and for unblocking the wider Greek strategy.

Unfortunately, 'Macedonia' has become a highly charged and inflammable domestic problem inside Greece, fed by the nationalism of the VMRO government in Skopje. The new Greek government needs to quickly confront the rejectionists and allow FYROM's accession negotiations to start as the European Commission recommended on 14 October. The negotiations themselves can unleash a positive dynamic for reform that could enhance the realists against the nationalists inside FYROM and facilitate the resolution of the name dispute.

After all, this was the logic of the Helsinki compromise vis-à-vis Turkey back in 1999. What Greece accepted for a neighbour that has the power and the proven will to threaten Greek sovereignty in the eastern Aegean while occupying Northern Cyprus should be, at least, equally acceptable for the small, weak, poor and internally divided neighbour that FYROM is today. For the Matryoshka dolls to fit nicely into place, 'Macedonia' needs to be resolved. And its resolution will help Greece deal with Turkey, where the real danger lies.⁵

⁵ Another good example where Greece 'sacrificed' some of its interests because of the burden of the Macedonian dispute is Albania. There are all sorts of outstanding issues between Greece and Albania, the most recent one being the

Problems and Prospects

What we have today is a bifurcated reality where Greek business and much of the political elites have embraced the new paradigm but large parts of the electorate remain suspicious of change, opposed to Turkey no matter what, uncompromising on 'Macedonia' and so on. At the same time that the two main parties, PASOK and New Democracy, support Turkey's European vocation, 70% of Greeks, according to *The Economist*⁶ and many opinion polls, remain hostile towards Turkey and oppose any type of Turkish membership in the EU. Thus, as in many other Western democracies, there exists a growing divergence between Greece's leadership and the Greek people. This gap often provides many opportunities for unscrupulous demagogues to carry the day.

Another problem is that many differences might be hibernating but remain unresolved, with the potential of erupting forcefully through a repetition of an Imia-style crisis. The general public discourse in the country is not helpful. It remains dominated by the view that Greece is the perennial victim of international politics and needs to close ranks in defence of its inalienable rights instead of being an active and credible player with interests that are best served by alliances with others and through beneficial compromises. To achieve this, Greece needs a political system that produces and implements policies instead of passively barricading itself behind a high-minded rhetoric that might sound compelling in the short run but it is very costly in the long run.

The third problem is that Greece's strategy is heavily dependent on the strength of the EU's drive for integration and enlargement. This drive in turn depends on Europe's economic health. In times of economic stagnation, Europe loses its dynamism, protectionist instincts are revived, further integration becomes more difficult and European citizens, afraid of unemployment and losing their social benefits, grow resistant to enlargement

expropriation of the property of members of the Greek minority in Albania by government-related agencies in Tirana. However, the Greek government that signed and the Greek parliament that ratified the deal accepted Albania into NATO with no reservations and did not raise any objections, preoccupied and consumed as they both were by the veto against FYROM. For more see the minutes of the plenary session of the Greek parliament of 17 February 2009 (www.parliament.gr/ergasies).

⁶ 'Better late than never', *The Economist*, 4 October 2005.

and to bringing in additional new members. Thus, for better or worse, Greek foreign policy finds itself hostage to the broader trends shaping Europe today. Thankfully, the European economy seems to be moving again, adding some wind to the sails of Greek policy in the Balkans.

A fourth problem can easily be identified as having to do with the inefficiency and corruption of the Greek state and its public administration. The Greek state machinery is notoriously slow to respond to the changing times and to facilitate Greek business endeavours both at home and abroad. For example, Greek aid to the Balkans is mismanaged; most of the promised €550 million remain unspent eight years after the start of the Hellenic Plan for the Economic Reconstruction of the Balkans; issuing visas at Greek consulates abroad remains a very cumbersome process; Greek diplomats hesitate to promote Greece's economic interests, afraid of being accused of corruption and kickbacks on the side, while they are often schooled solely in old-fashioned geopolitics; the Greek education system fails to prepare young Greeks for the new borderless world they live in; and so on.

Finally, as important for Greece as its Balkan backyard may be, this is not enough. New regions, such as the Middle East with reforming countries such as Egypt, Libya and Jordan, have recently opened up and Greece should not be absent, politically, economically or culturally. The world is becoming increasingly more interdependent and an interlinked wider region from the Mediterranean to the Black Sea and the Caspian Sea, with Greece at its centre, has emerged. The reorientation of Greek interests towards the Balkans was necessary and healthy for a time but it has now run its course. Today the focus should be broadened. The surroundings in which Greece lives form an interrelated and interdependent whole and they should be understood as such. Ours is a dynamic world with multiple linkages, trade-offs and exchanges.

Through its engagement with the Balkans, Greece's horizons have expanded as never before. The process was not easy nor is its happy end assured. But today a new Greece, a partner in Europe and a leader in its region, can play the constructive role that its history, culture, geography, economics and international politics provide. A reformist government in Athens should use these advantages for the benefit of the country's long-term national interest within a more peaceful and cooperating world.

The Origins of Greece's European Policy*

Konstantina E. Botsiou

May 28, 2009 marked the 30th anniversary of the treaty on Greece's accession to the European Communities. This 'round' anniversary was coupled with the 35th anniversary of the restoration of democracy, which sealed the collapse of the seven-year military dictatorship (1967–74). Both events are persistent reminders of the major political goals that shaped Greek domestic and international priorities over the past three decades following the political change of 1974, namely, democratisation, economic prosperity, international security and Europeanisation.

These goals promised to meet long-standing social demands and initiate an irreversible course of comprehensive modernisation through the inclusion of Greece in the European Communities. As this key policy was defined and promoted by the centre-right governments of the 1970s under the leadership of the then Prime Minister, Konstantinos Karamanlis, the impact of his personality and style of governance on the basic policies opted for by Greece right after the junta can hardly be overrated.

In fact, when Karamanlis linked Europeanisation with the democratisation agenda of the new party he founded in 1974 – which was duly named *Nea Demokratia* – he reintroduced the historically most relevant legacy of his pre-1967 government. The radical break with pre-junta domestic politics in the name of genuine democratisation was thus accompanied by a strong element of continuity with the Western identity of the country. Democracy

* A short version of this essay, entitled 'Greece–European Union, 30 years since the Accession Treaty, 1979–2009', was published in a special edition of the newspaper *Kathimerini*, on 24 May 2009.