European Union
European Social Fund

OPERATIONAL PROGRAMME
EDUCATION AND LIFELONG LEARNING
investing in knowledge society
MINISTRY OF EDUCATION & RELIGIOUS AFFAIRS
MANAGING AUTHORITY
Co- financed by Greece and the European Union

NSRF 2007-2013
programme for development
EUROPEAN SOCIAL FUND

Danish Institute for International Studies
Copenhagen, 2 June 2014

Konstantina E. Botsiou
Associate Professor and Vice Rector, University of the Peloponnese

"Greece's Road to European integration: from Cold War frontline state to EC/EU-membership"

Greece vis-à-vis European integration

Greece did not participate in the initial stages of European unification. Her economic and political position placed her outside core Europe, where security and industrial integration took priority in the early 1950s.

Nevertheless, all OEEC countries considered the Westernization of Greece indispensable for Western security. Except from purely geostrategic concerns regarding the southeastern flank of NATO, it was also the prosperity of the Greek nation that mattered in the struggle for West European unity and cooperation. The Greek Civil War, practically the first major crisis of the Cold War, had embodied the menace of economic collapse and communist aggression that the Truman Doctrine and the Marshall Plan were devised to prevent. Ever since, Greece stood as a showcase of West European resistance against violations of freedom and democracy. Above all, it stood as a showcase of American determination to protect Western Europe from communist pressure. This fact was clearly reflected in the extensive American intervention into Greek politics throughout the 1950s.

Between East and West

When the European integration process re-started with the Treaties of Rome, Athens attempted to link Westernization with the concept of Europeanization. Economic and political considerations were equally important. The national economy was about to make the critical transition from reconstruction to development, indeed much later than most OEEC-countries. Yet, financial resources were limited and competitiveness remained low. So did also standards of living and per capita income. American assistance and NATO-membership (since 1952) had meanwhile enabled monetary stability and modest investment. But American inflows were reaching an end and foreign investment was missing despite a sweeping currency, banking and tax reform of 1953. The Greek economy was evolving into a hybrid of state capitalism allowing the government to dominate broad areas of the economy. That system –notorious today because of the latest debt crisis- offered back then an ersatz for direct private investments. Particularly, if one takes into account the exclusion of Greece from international credit markets because of unsettled foreign debt.

As the Six engaged in negotiations for a future Common Market, Greece had every reason to fear that she might end up permanently isolated from West European markets and from West European democracies. Despite positive projections, OEEC experts warned continually of a growing economic divergence that threatened to dissociate the country from the West.

While trade relations with Western Europe were waning, commercial relations with the Eastern bloc, including the Soviet Union itself, were flourishing. Clearing agreements allowed the exchange of Greek agricultural products with machines, chemicals and oil. To many Greeks, Eastern trade was not merely a safety valve in export crises, but rather a key factor for a healthy balance of trade.

Political problems made prospects even gloomier. Since 1954 the Cyprus issue had opened the Pandora's Box in Greece's relations with her NATO allies, especially Britain, Turkey and the United States. Moreover, the spread of anti-Western emotions secured political gains to the Greek Left. In the national elections of 1958, barely a decade after the Civil War, the leftists became the second largest parliamentary force. The appeal of neutralism in the Greek public opinion became a grave concern for the US and NATO ever since.

The great leap to European integration owed much to the determination of Konstantinos Karamanlis, a figure of the centre-right and the longest serving

Greek Prime Minister before the military dictatorship of 1967-1974. Karamanlis represented a new generation of conservative as well as moderate politicians that considered modernization possible only through Europeanization.

The Karamanlis governments shaped the so-called “Greek economic miracle” of the 1960s, consisting of monetary stability, high growth rates (almost 6% a year), diversification of exports, rising standards of living and expansion of the welfare state. Karamanlis himself was in the long-term recognized as the architect of Greek European policies. None of his successors George Papandreou in the 1960s, Andreas Papandreou in the 1970s attached equal priority to deeper integration in Western Europe. They did not really share Karamanlis’ view that the “Greek problem”, namely the problem of underdevelopment and instability was rooted in a perennial feeling of national insecurity as a result of poverty and weak democratic institutions. They rather believed that underdevelopment was caused by lack of national sovereignty.

EEC vs EFTA

Karamanlis’ ultimate goal in entering the Common Market was to share the benefits of security and democracy that went along with a closer European unification. That was the core issue behind the initiatives first for association with the EEC (1961), later for accession to the EC, in the 1970s.

At first, Karamanlis pursued an association with the EEC as a step towards future full membership. During the Association negotiations between 1959 and 1961 Athens requested special treatment and a long harmonization period. The argumentation was almost identical with the one she had put forward during the OEEC-talks of 1957-1958 about a possible connection of the Six with the advocates of a loose free trade area –the so-called “Greater EFTA”. The project failed mainly because of French-British differences. Greece then followed France and Germany to the EEC.

The Association Agreement -the first between the EEC and a third country-satisfied most Greek conditions: a) a long transition period of 22 years for the establishment of a customs union, b) protection of Greek exports, c) direct investments and d) financial assistance from the European Investment Bank for the Greek modernization program. Germany and France advocated fervently the inclusion of weaker economies, like that of Greece, into the Common Market as part of the continental European idea of solidarity and cooperation upon political criteria. In this, France overcame objections to commercial provisions that affected her own exports among others, as the case was also with Italy and the Netherlands. At the same time, it was realized that the opening to international competition would be a long process for Greece. To help the economy and society adjust gradually, the Greek government had excluded the option of immediate accession in the first place –despite the opposite argumentation of some Greek political forces that favored a shock therapy. The Greek Left rejected the Association Agreement just like European integration, altogether.

Contrary to a popular belief, closer ties with France and Germany when the Elyse Treaty was being discussed meant by no means endorsement of the French views on Euro-Atlantic relations. Definitely, relations with NATO and Britain were damaged because of the Cyprus issue and the 'Greater EFTA" debacle. However, an open clash with London was out of the question in Athens. Even more important was cooperation with the US, also because American diplomacy contained excessive English and Turkish demands on Cyprus. As a matter of fact, the US provided the Greek government with substantial diplomatic support in West European capitals during the negotiations with both the OEEC and the EEC. The US-British *special relationship* that so much annoyed De Gaulle seemed only natural, if not beneficial to Greek interests. Therefore, Athens could perhaps see the point of De Gaulle' first veto against the British application to join the EEC, but it was unwilling to accept a destabilizing clash within NATO on the issue of nuclear weapons, the issue that led France out of the military planning of the alliance in the mid-1960s.

The Greek position changed of course radically some 10 years later because of American policies towards the junta and the Turkish invasion of Cyprus. In August 1974 it was a Greek government under Karamanlis himself that pulled Greece out of the military integration of NATO.

From dictatorship to democratization and EC-membership

Military rule opened up a rift between Greece and Western Europe for 7 years. Political relations became frosty, trade diminished and the Association Agreement was put on ice. In practice, this meant the suspension of an EIB financial protocol of 125$ million and the interruption of harmonization on the part of Greece. The EEC continued to abolish tariffs and quotas, although the colonels did not care much for raising Greek competitiveness in the Common Market. Instead, they emphasized trade with Balkan and third world markets.

After 1974 Greek politics showed both continuities and discontinuities with the past. Europeanization became an integral part of the democratization agenda and a crucial link with previous policies. Therefore, full accession to the European Community stood out as a paramount objective. This was largely owed to the fact that Karamanlis became again a leading figure of the regime change (*Metapolitefsi*).

In 1975 his government applied for EC-membership. In Brussels, the huge political impression caused by the rapid restoration of democracy in Greece overshadowed allied criticism on Greek NATO policies and structural economic problems. This was a general trend in Western Europe at the time, as the EEC went through a period of inter-governmental soul-searching trying to digest the first enlargement and the international economic crisis. The democratization criterion matched also the zeitgeist of human rights diplomacy, a powerful Western weapon towards the Soviet Block since the mid-1970s. France and Germany were again instrumental in breaking the ice with some EC-countries in favor of Greece. The US stood now more on the sidelines insisting mainly on the linkage of Greece's EC accession to full re-integration into NATO.

Athens sought accession as quickly as possible. It aimed to separate its case from Spain and Portugal, in order to avoid delays that might work to the benefit of the anti-European minded Greek Socialists under Andreas Papandreou. He considered Greece unprepared for the challenge of European integration. Karamanlis' approach was different: Greeks would never be ready enough to join; he believed that only fast EC-accession could spark off the dynamics of economic ad institutional modernization.

Ironically, PASOK came to power in October 1981 only nine months after the Treaty of Accession became effective, in January 1981.

Electoral victory marked a turning point for the anti-European and anti-Western agenda of the socialists. Their reformist program connected rapidly to European funding as the first "solidarity packages" started to pour in. Huge public spending aimed to expand the welfare state and bridge social inequalities.

The reformist élan of the first socialist government stagnated though in 1985, when Greece was faced with economic and political destabilization. European credits saved the day again in the economic field, but political stability sank in the so-called Macedonian issue, as the Cold War was reaching the end. Economic and political prospects improved dramatically after 1995: the two-party system looked more consolidated than ever, both major parties embraced European integration and the economy took off generating an impressive picture of growth in both the public and private sector.

When Greece entered the Eurozone in 2001, she had gone a long way from the poor, insecure and isolated conditions of the war and civil-war-ridden country it used to be back in the 1940s and 1950s. In 2004, the year of the Athens Olympic Games, the Greek economy counted among the 30 strongest economies in the OECD. Living standards compared to those of West European countries, the Greek youth was highly educated and internationally mobile, unemployment rate stood under 10% and new businesses were flooding the country. Anti-European views were marginal.

But all this had a dark side, too. Between 1998 and 2008 Greece was engulfed in a cloud of unprecedented and evidently artificial prosperity, thanks to an addiction to easy and low-cost international credit. The country ranked high in corruption lists, democracy suffered from cartelization as much as the economy, political patronage destroyed competition, red tape pushed foreign investors away, statistical data was manipulated to match euro-standards and allow further immense borrowing. That vicious cycle thrived under weak EU inspection and domestic state capitalism.

Since the bubble burst in 2009 Greece stands as a negative paradigm of Europeanization – as a paradigm failure that shook the entire Eurozone and the integration process itself. This is definitely not what the Greeks signed up for when they entered the European Community and it is not what European in integration was made for. The reversal of this deviation has become the main objective of the stabilization program for Greece which is expected to remedy and restructure the damaged relation between state, economy and society, so that Greece can normalize her participation in the Eurozone and the EU itself.

European Union
European Social Fund

OPERATIONAL PROGRAMME
EDUCATION AND LIFELONG LEARNING
investing in knowledge society
MINISTRY OF EDUCATION & RELIGIOUS AFFAIRS
MANAGING AUTHORITY

NSRF 2007-2013
programme for development
EUROPEAN SOCIAL FUND

Co- financed by Greece and the European Union