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**EUROPEAN INTEGRATION – A CONSTANT ISSUE IN THE
BALKANS. THE CASE OF GREECE AND ITS ENDLESS “FIGHT”
WITH THE E.U.**

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**ЕВРОПЕЙСКАТА ИНТЕГРАЦИЯ – ПОСТОЯНЕН ПРОБЛЕМ НА
БАЛКАНИТЕ (НА ПРИМЕРА НА ГЪРЦИЯ И НЕЙНАТА БЕЗКРАЙНА
„БОРБА“ С ЕВРОПЕЙСКИЯ СЪЮЗ)**

European integration was, is and will continue to be a sensitive issue for most of the candidate states, but also for many of the member states of the European Union (EU). Greece is one of the member states, which has undertaken many challenges during the integration process, but also recently. In this paper, our main hypothesis is that the difficulties that this country has had to exceed in the first years as a member state of the European Community (EC) had a big influence on its later development and on its recent delicate and problematic relations with the EU. Our paper will cover the course of Greece towards the EC and its first years as a member state, in order to analyze the main features of this country’s case, as it was presented in the last few years as possibly the first piece of the “European puzzle” to change the architecture of the European project or to undo the integration process, which has had, until nowadays, no brakes and little failures.

Keywords: Greece, integration, negotiations, institutional difficulties, tense cooperation.

Introduction

During a period when there were still plenty of voices doubting whether the inclusion of the United Kingdom in the European Economic Community (EEC) had been a wise decision, the accession of Greece and, subsequently, of Spain and Portugal (which were part of the southern enlargement) was generally considered to be a positive and necessary step, especially in political and strategic terms. The downside was represented by the fact that this accession carried within a series of economic and institutional difficulties. Greece was the first European country associated to the EEC. The association agreements signed in 1961, in Athens, which contained provisions about benefits of tariffs and financial assistance, had been suspended during the era of the military dictatorship up until 1975, when Greece’s return to a democratic regime represented a new opportunity for the country to become a full member of the EEC. The country’s position on the issue of accession was not ignored by the member states

especially since the commercial relations of Greece with the EEC occupied a significant position in the economic policies of the Community. At the same time, an integrated Europe could not pass the opportunity to expand to the South, especially when we take into account the strategic importance of Greece.

In the process of European integration, Greece represents a peculiar case, due to a few “unique” features: it is a small, peripheral state, located in a region, which has faced a lot of turmoil over the years, a state that has had (and still has) problematic relations with neighbours like Turkey, Cyprus or Macedonia and, last but not least, a state with a Christian-orthodox religion, an aspect of uttermost importance, also mentioned in the Constitution (Hibou 2005: 230). Its evolution, both before the accession, but mostly during the post-accession period has been the theme of countless analyses and academic debates. As penned by the Greek author Kostas Ifantis, during the 20th century, Greece has faced numerous difficulties, both in its domestic and in its external affairs. From the economic point of view, it has been deemed, for the greatest part of the 20th century, a poor country, largely based on agriculture, depending on the economic exchanges and externally indebted (Ifantis 2005: 76). In other words, it has been deemed an under-developed country. From the political point of view, Greece has faced a polarized party system, in which the clientele parties have had as their main objective, for a long period, to collect as much as possible of the resources, in a state with an overloaded public sector and an excessive and hardly efficient bureaucracy in terms of the state’s administration.

In a study published in mid 2000s, Kostas Ifantis notes that there are three major, interlinked themes that have dominated Greece’s politics until the mid 70s, when it initiated the negotiation to adhere to the EEC (Ifantis 2005: 77):

- *the political cleavages*, the one between the royalists and the republicans in the first half of the 20th century, followed by the cleavage between the communists and the anti-communists, in the period after WW II;
- *the constant intervention of the Great Powers* in the internal problems of the country; and
- *the frequent intervention of the army in politics*, which generated political instability and maintained in power non-democratic (authoritarian) regimes.

Subsequent to the creation of the EEC, Greece has been the first state to desire an affiliation to it. Nevertheless, the fact that Greece had a weak economy, that it was still affected by WW II and the subsequent civil war following the world conflagration, but also the existence of the “Cyprus problem” have prevented it from actively participating in the initial phases of the European construction process of the 1950s.

Also, the USA’s intervention in some aspects of Greek politics (in the military, the economic or the security field) has maintained this country to a certain distance from the EEC. Thus, the signing of the Association Agreement with the EEC cannot be analyzed but in this context. Nonetheless, the American investments, which played a significant role in Greece’s economic development, have also not managed to generate an increase of the country’s exports. As a result, Greece’s “chronic” problems

in relation to the payments and the exports could not be solved as easily, all the more as a great deal of the industrial sector was controlled by foreign investors, which might have, in the long run, negative consequences for the country's economic development (Ifantis 2005: 79-80). Hence, Greece was menaced by the economic and political isolation in the 50s-60s, precisely when EEC and EFTA were created.

The Accession Treaty was signed on May 28, 1979, after three years of negotiations. The transition period for Greece had been fixed at five years, which was supposed to ensure the integration in the custom union and an alignment of the agricultural costs to the EEC costs. After this period, Greece would have been able to enter into the European Monetary System. In reality, things did not go according to plan due to the registered economic delays, which would see the Greek drachma enter the European monetary basket no sooner than 1984, where it would represent only 1.3% of the present currencies. Since Greece was an underdeveloped country, it also benefited from other facilities such as those related to ensuring that Greek workers were protected from European competitiveness. In addition, the financial agreements had further benefited the Greek state, which received a dispensation on its VAT deposits. This made Greece become a beneficiary and not a contributor to the European budget.

The short negotiations and the long road to the European success

The majority of the EU member states had been required at different points on their road to European integration to implement various reforms both in terms of implementing and developing European policies as well as in adopting and adapting the national legislation to the Community acquis. For some of the member states, these changes occurred almost naturally while for others, they represented serious challenges, which had influenced the European integration of these states. Greece could be included in the second category of states since it was confronted with numerous challenges both during the time of the ECC as well as after the transformation of the ECC into the EU. For many years, these challenges had kept Greece in a perpetual state of limbo, marked by instability and uncertainty in its relations to the EU.

Despite the lack of progress in financial and industrial sectors, the right wing government run by Constantine Karamanlis understood the importance of the orientation towards EEC, and therefore signed, in July 1961, the Athens Agreement, which represented a solid proof of Greece's interest to approach the EEC. Initially, Greece was more interested in being a part of the EFTA, due to the fact that it feared that affiliating in the EEC with more developed countries would have contributed to the development of the latter, without taking into account the problems of other states (namely, its own). Thus, Greece's general interest should have been, from the beginning, the performance of the economic convergence, which would have allowed it to solve the economic problems it was facing for some time (Verney 1987: 253-260).

Therefore, Greece saw in the EEC a possible solution for re-launching the economy, but the representatives of the Community understood that and tried to be

excessively cautious with this country's affiliation. The negotiations related to the association agreement have taken fairly long, an interesting element being that there were no internal public debates related to all these circumstances. The same happened in 1974, when Greece submitted its accession request to the EC: it was a purely political decision of a conservative majority, which saw in the membership of the EC not only a way out of the black hole represented by the economic situation, but also a way of distancing from the USA's influence and a reconfiguration of its position at a regional level.

The accession negotiations lasted for almost three years (from July 27th, 1976 until May 23rd, 1979) and were anything but an easy process. The European Commission's official opinion, presented at the beginning of 1976, revealed the Community's scepticism related to Greece's accession and suggested a pre-accession period, which would precede a possible transition period, which would have taken place after the execution of the Accession treaty. Although the accession decision would have been purely political, the Community expressed its worries related to the problems between Greece and Turkey, due to the fact that, both being Community associated states, the conflict between them was detrimental to the economic relation between them and the Community (and, had it accepted Greece as a member state, "would have become a party to the *Aegean Cold War*") (Verney 1987: 260-261).

During the negotiations, Greece's representatives tried to speed the process, wishing to conclude discussions as soon as possible, "almost at any cost" (Ifantis 2005: 87). As a result, the economic implications of the accession were not thoughtfully taken into account, which strengthens our opinion that Greece's fragile economic situation well from before the accession has contributed to maintaining an economic instability in this country and made easier the economic "collapse" it suffered in the past years. Practically, unlike other states, which have faced economic problems before accession, but have reached visible progress in the years subsequent to their accession (such as Spain, Portugal and even Ireland), Greece never managed to achieve such progress, ensuring a higher stability degree within the EU and the Euro zone. As noted by some researchers, in relation to Greece, the main objective of the negotiations has not been the alteration of the Community *acquis*, but that of adopting a series of decisions related to the transition process, enabling Greece not only to adapt more easily to the statute of member state, but also to protect the Community from the potential negative effects of the new member's admission (Ifantis 2005: 87-88). Thus, unlike the enlargement of 1973, when the arrangements for the transition were made only for the benefit of the candidate states, in Greece's case one of the objectives has been that of protecting the community from the impact the accession of a relatively under-developed state could have had.

The entrance of Greece in the Community of Nine changed the face of the ECC in several ways. Greece was and remains an Orthodox country, which differed in terms of mentalities from the Catholic and Protestant member states. Moreover, Greece was situated in the Balkans, a region known as a source of conflict over the

course of history, it was underdeveloped while its economy was dependant on the agriculture. Having said all this, the Greek state proved to have the necessary political will to ensure a democratic consolidation and an economical and commercial integration into the EEC.

During its first years within the EC, Greece has been considered as “an awkward partner” or “the black sheep”, mostly due to the fact that it adopted certain positions in its external politics that bothered its European partners, moreover as they were related to delicate international matters, which were important to them (such as the Greece’s refusal to criticize the URSS in the South Korean Boeing affair) (Dimitrakopoulos, Passas 2004: 3). Thus, in a report of 1976, the EC announced in a very blunt manner that “Greece was absolutely not prepared economically to enter the Community”, but that the integration was a political process that Greece was seen as a Western state, with a liberal society and a market economy (Hibou 2005: 231).

As some researchers have noted, the adjustment of the Greek national institutions to the European demands had been difficult since neither in the second half of the 1970s, nor during the 1980s, the Greek government and its administrative apparatus were unprepared to deal with the accession process (Christakis 2014: 87). The main reason for this state of affairs was attributed to the fact that in 1975, when the application for membership was made, Greece had not been ready neither from a political, nor from economic or social point of view to adhere to the EU. Moreover, neither did it wait for the Association Agreement to be fully and properly implemented. The registered progress had been modest, as far as the agricultural sector and the development of the national economy were concerned during the first years after the Association Agreement was signed and this situation would worsen with the installation of the military dictatorship. After Greece returned to a democratic regime, the Greek government wilfully ignored the events from its recent past and requested to be admitted into the European Community. Its membership status had political ramifications since the Greek political class was confident that the country could further consolidate its democracy as a full member of the EEC (Christakis 2014: 87). Regardless, the facts on the ground demonstrated that the membership solution to the Greek problems proved to be a failure and both the economy and the quality of the Greek democracy did not manage to improve once the accession process was finalized. The high rates of inflation and the numerous budgetary problems with Greece faced after 1979 and especially after 1983, coupled with the fact that the Gross Domestic Product per capita was less than half of the European average, made the development of the Greek state in the EU to be slow and problematic. During the 1990s, Greece proved unable to keep up with the new provisions of the Single European Act especially where in terms of the single market and of the expansion towards a tighter cooperation in areas ranging from tourism to environment protection or emigration. Moreover, the Greek state also had a great difficulty in absorbing European funds, which would have been of utmost importance for the development of various economic sectors such as the agricultural one or the local

economy. Consequently, the effects of the European accession proved to be severe for the Greek economy: if in 1980, the Gross Domestic Product per capita of Greece represented 58% of the European average, by 1992, it had fallen to 52% (Christakis 2014: 85).

Conclusions

Greece's accession to the European Community in 1981 has been deemed one of the most important post-war successes of the country. Throughout the years, the statute of member of the European Union represented an important challenge for Greece, especially taking into account its transition process from the authoritarian regime to democracy. The internal situation, here and there unstable, has been put to even more test at the beginning of the 1990s when the project of the Economic and Monetary Union (EMU) managed to destabilize the social and economic system of the country. Consequently, even if both EMU and the Unique Market represent policies that envisage the Europeanization and modernization of the member states and both have offered internal politics a direction, managing to contribute to the state's evolution, the transformation processes that these policies have implied also generated problems (bureaucratic, administrative, and even economic) that some countries did not succeed in coping with. Greece's case is one of them; this state has simply not been prepared for adhering to the Unique Market and the EMU and the dramatic effects, although not instantaneous, have led the country almost to bankruptcy, to exiting the Euro-zone and the EU.

In April 1989, when the Delors Report was published, Greece was characterized by a profound political and economic instability, which represented a troublesome reason for the Community. In a letter that Jacques Delors, the President of the European Commission, sent to Greek Prime-Minister Xenophon Zolotas, Greece's economic situation was characterized as "a serious concern for all of us" (Featherstone 2008: 165). This issue menaced not only the success of the economic integration, but also the achievement of the EMU objectives and of the Unique market. Moreover, the drachma was not a part of the European Monetary System (EMS) and neither did it seem ready to be in the foreseeable future.

Nevertheless, at the beginning of 1999, Greece's economic situation appeared as greatly improved, the state becoming a part of the Euro zone on January 1st, 2000. This achievement was, still, shaded by the numerous dissensions between the Greek officials and the EU representatives related to the exactitude of the official data presented by the Greek Ministry of Finances and the National Bank of Greece, EUROSTAT raising several questions related to these situations. As noted by Kevin Featherstone, "the rights and wrongs on how the Greek data had been calculated became somewhat obscured beneath the technicalities of accountancy rules" (Featherstone 2008: 167). But this has not been the only time that Greece had to manage a tense relationship with the EU. In a paper published in 2002, regarding the Greek presidency of the EU in 2003, George Pagoulatos argued that, during the

country's history with the EU, there are three phases during which "Greece's relations with the EU became particularly problematic" (Pagoulatos 2002: 5). The first such phase identified by the Greek researcher took place during the first PASOK government between 1981–1985 (immediately after the country's accession to the EU) because of the fact that the left-wing party was against the accession from the beginning of the negotiations and did not have an open attitude towards the European institutions. The second period during which Greece's cooperation with the EC could be described as tense was the one following the adoption of the Single European Act (1987–1989) and was generated by the fact that Greece had decided, two years earlier, to abandon the economic stabilization program, making reform in fields like agriculture, economy or regional policies all the more difficult to implement. Finally, the third tense period that the Greek researcher mentions took place at the beginning of the 1990s, when some economic difficulties made it impossible for Greece to implement the final stages of the Single Market and the future convergence criteria from the Maastricht Treaty, in order to move forward with the Economic and Monetary Union (Pagoulatos 2002: 5-6).

Therefore, the explanations for Greece's present situation must not be searched for only in certain recent events or evolutions on the internal and international scene. They can rather be identified considering its "chronic" incapacity of keeping pace with the European realities or with the objectives imposed in Brussels. The swift integration, the negotiations that did not thoroughly consider the economic problems the country dealt with as early as the 1970s, have come to be important three decades later, when its relation to the EU was most burdened. Nevertheless, the climax of the critical situation Greece has faced in the last few years seems to have passed. Confronted with the exclusion from the Euro-zone and subsequently from the European Union itself, Greece was forced to accept the "unacceptable" – the agreements with the international creditors, so blamed by the government run by Alexis Tsipras. It was only to be expected for these events to have effects on the internal political stability, the resignation of the Prime Minister, even if deemed by many a strategic decision taken by Tsipras, being able to be considered more like a secondary product of the severely tense negotiation with Brussels and not only.

Up until the Greece case, the EC did not had to deal with membership applications from countries, which had been until recently undemocratic regimes and which requested to be part of the EC as soon as they reverted to a democratic status. This shortsightedness on the part of the EC allowed Greece to accede far too soon after recovering from its undemocratic experience. If the well-known Copenhagen Criteria from 1993 had been in place during the Greek process of accession in the mid-1970s, then the negotiation process would have been much longer and more difficult, which, on the long term, would have proved more beneficial for Greece in its relationship with the EU as well as for the implementation of European policies on its territory.

Europe's hope, at present, is for the unfortunate scenario the Greeks have experienced in the past years not to be repeated. There are also other member

states of the EU, mostly from Central and Eastern Europe, which have become members not long ago and which are rather unprepared to face such extreme economic or political crises. Any error of these (or of any other member state) could become, in this uncertain period, a new ordeal, maybe too difficult for the already considerably tormented “European family”. Supposing that it wishes to perpetuate its present form, the EU shall need to find its way back as soon as possible to its major principles and objectives, which appear to have been forgotten in the latest years. “The unity in diversity” should become again, and to a greater extent now, more than a simple slogan and to represent the base of the common European politics. In the opposite event, the diversity shall continue to exist at a European level, but the unity, whatever kind of unity it may be, shall become what it was half a century ago – a mere aim.

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