



CALL TO EUROPE ON GREECE

**The European Progressive Movement must
and will play a crucial role**

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There is still time to reach a fair and equitable deal with Greece, a deal that ensures the country's fiscal, financial and debt sustainability and that offers a clear pathway out of the crisis. At the same time, the lessons learnt from the Greek crisis should lead the Eurozone to greater institutional convergence. The underlying assumption of this convergence, which would comprise of concrete steps towards stronger governance, enhanced common fiscal and investment instruments, debt mutualisation, and more shared sovereignty, is the sense of common responsibility that must be gradually strengthened amongst the Eurozone's member states in how they address future challenges in the global economic and financial arena

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Five long years after the beginning of the crisis, it is truer than ever that the cliché of an ancient tragedy can aptly describe the state of affairs regarding Greece and its place in the European family. Indeed, following the announcement by Greek prime minister Alexis Tsipras of his intention to call a referendum on the country's creditors' demands, the impasse in the negotiations between Greece and its creditor institutions seems to have reached its most acute moment. A moment of existential truth of sorts, both for Greece and for our common European project as a whole has arrived. In a letter published yesterday in the Financial Times, Joe Stiglitz, Thomas Piketty, other renowned economists and ourselves propose concrete measures to be taken today and this week to facilitate a more positive outcome for all Europeans.

Despite how easy it would be to do so, this moment should not be one of naming and shaming. Whatever little time is left until the political impossibility of a Greece outside the Eurozone and the European Union becomes a very real political possibility should not be spent playing another round of a very dangerous blame game. Both sides have erred considerably, often being more concerned with being right than reaching an agreement. Cutting through the rhetoric and actions that have brought us to this potential point of no return, it is fair to argue that the collective performance of the Eurozone governments in managing the crisis and finding a solution to the Greek problem has failed to live up to the historical requirements of this moment.

And yet the fact that we have arrived at this moment only serves to underline the absolute urgency of finding a solution. The risks of not doing so and allowing Greece to leave the common currency bloc and perhaps the European family are vast and, these negative effects would be felt, not only in Greece but also across Europe, and possibly throughout the rest of the world.

In an immediate sense, the politics of a post-Grexit Eurozone will prove catastrophic for Greece, creating a major risk the country would suffer further significant impoverishment and the possibility of transforming it into a de facto geostrategic, socioeconomic and political pariah. Furthermore, even if the practical, immediate aspects of a Grexit can be contained within Greece and there is no spill over to the rest of the currency bloc, the oozing confidence expressed by several officials that the Eurozone will be intact after such a development can hardly be more misplaced. The growing uncertainty around Greece's Eurozone membership can easily turn into uncertainty about the Euro and the foundations upon which the Eurozone is constructed, which will be exposed as fragile.

In such a scenario, the very sense of inevitability that formed the core of the 60 year-long European project will be seriously undermined. A potential Grexit will pose a profound challenge to what has until now been the symbolic glue that kept Europe together: the element of a common destiny and the solidarity that this entailed. If Greece finds itself outside Europe, Europe will itself enter uncharted waters, both in political and economic terms, increasing the appetite of the Eurosceptic movement and allowing all the centrifugal forces within it to gain relevance and visibility. Ultimately, it will set a very dangerous precedent that could be replicated in the future, increasing the existential angst surrounding the success of what the European project signifies for our future.

This realisation that even if the practical consequences are limited, the failure will not only be colossal but also collective is a useful reminder that now is the time to act. The alternative to finding a solution is simply a very poisonous, bruising game of 'us versus them'. A fair deal that offers Greece some better chance for economic recovery, prevents a Grexit and salvages the inevitability of an



‘ever closer’ Union is still possible, even at the eleventh hour of negotiations. For this deal to be fair, it needs to respect the parity between the two sides, ensuring the country’s fiscal, financial and debt sustainability in a just and equitable manner. After years of strict austerity, this deal must also offer Greece a clear pathway out of the crisis, towards a pattern of normalcy, growth, employment and investment. And of course, no such deal can be complete if it does not address the full spectrum of the severe symptoms of the humanitarian crisis in Greece, including provisions for immediate assistance provided by the European Union, in order to alleviate food, medicine, and other shortages in the country.

What is more, even if this deal proves sufficient to tackle the Greek problem in the short and medium term, the Eurozone as a whole must engage in serious introspection and rethinking of its economic governance in the future. Almost as an oxymoron, the Greek crisis has had the beneficial effect of exposing a large number of structural deficiencies in the Eurozone’s institutional set-up as a monetary union without sufficient central economic governance. If we want similar crises to be averted in the future, lessons must be drawn from these experiences. Indeed, our currency union is in dire need of ‘a quantum leap in institutional convergence’, as the European Central Bank’s President Mario Draghi has stressed in a recent interview. The underlying assumption of this convergence, which would comprise of concrete steps towards stronger governance, enhanced common fiscal and investment instruments, debt mutualisation, and more shared sovereignty, is the sense of common responsibility that must be gradually strengthened amongst the Eurozone’s member states in how they address future challenges in the global economic and financial arena.

The final part of ancient Greek tragedies was the part of catharsis, an education of the mind over the emotions that proceeded, with the clear aim of purifying passions and instilling important lessons to all the spectators. After five years of improvisations and missed opportunities, we have now reached this stage in the course of the Greek crisis. The transformational effect of the risk of a failure in the negotiations between Greece and its partners will have is now more evident than ever. Let’s hope that an equally cathartic moment that profoundly benefits Greece is found, so that the term tragedy ceases to characterise the relationship between the country and its partners. It is not just about the moral dangers or the strategic failure that Europe is faced with, if we fail to do so. It is for the survival of our common destiny, it is for the continuation of our common European future and our common place in the world. There is still time.

In this fight, the European Progressive Movement must and will play a crucial role.