



# Greece and Europe: Analysing the current and political landscape

This policy brief addresses, in a comparative European perspective, three interlinked challenges that explain some of the background to the predicament Greece and the rest of the European Union, in particular older member states, find themselves today.

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I would like to address, in a comparative European perspective, three interlinked situations, indeed challenges, that explain some of the background to the predicament Greece and the rest of the European Union, in particular older member states, find themselves today. But first let me state, the Greek crisis is bound up with other crises facing the EU, for example the current refugee crisis, the Ukraine situation, the promotion of 'illiberal democracy' in Hungary, the UK referendum on EU exit, and of course the crisis of the euro. In order to save the euro during the sovereign debt crisis in 2008 – 2010, Greece became a test case, but here the audience was, among others but quite important in itself, capital markets. The relationship between international capital and democracy is a topic I will touch upon near my conclusion.

1. **Political Challenge:** The Greek situation, in many respects, resembles an extreme version of trends rippling across the older member states of the European Union. For example, the pattern of party competition, including the relationship between the social democratic left and the radical left as well as with the centre-right, is leading, in many countries, to *party system change*.

- a) This is manifested by the emergence, and persistence, of social democratic parties in 'grand coalitions' in many countries, where the centre-left and centre-right govern together: the Netherlands, Germany, Austria, Italy; or supporting a centre-right minority government – briefly envisaged in the case of Portugal; or relying on centre-right support to pass a budget – a departure from the norm in Sweden. In most of these cases, the vote share by the social democratic party has been slowly falling over the past couple of elections, and coalitions with the party to their right also has a de-mobilising effect on party supporters, if not voters, leading to poor voter turnout.
- b) In some cases, Portugal and Germany – maybe Greece? – the relationship between the social democratic and radical left may need to be re-examined in order to prevent the permanent 'capture' of the social democratic party by the right as its junior coalition partner – as is the case in Ireland. Spain will be a test case after their elections in November regarding the relationship between the Spanish Socialists and Podemos.
- c) Following from the last point, common ground between social democratic parties and those to their left in order to prevent the dominance of the Right is necessary, but this implies that the radical left wishes to be a constructive party of government, not merely a critic on the outside (the Greek case is obviously an exception). Rapprochement has occurred, for

example in Denmark, when the Socialist People's Party decided it wanted to enter government and then joined a coalition consisting of itself, the Social Democrats and Social Liberals.

- d) All the while, the far right has increased its vote share and prominence, which has an effect on the centre-right, which has increasingly adopted more hard right political language. In France for example, an LR MEP has been widely criticised for speaking of defending the 'white race'. One of the original purposes of the European integration project was precisely to prevent the rise of extreme nationalism, and what we have in many EU member states, both old and new, is exactly that, in the form of the French FN, Hungarian Jobbik, Greek Golden Dawn, etc.

2. **Economic Challenge:** The troika formula, especially the wider issue of debt and growth, supported by Germany (in particular Mr Schäuble), is based on an economic philosophy that has been dominant in the EU since at least the early 1990s (recall that the Stability and Growth Pact of the mid-1990s had more to say about monetary stability than economic growth). The 'remedy' for the sovereign debt crisis, which has gone well beyond simply German support, has been based on a neo-liberal intellectual foundation that is *not* necessarily repudiated by other social democratic parties, though it may be contested within such parties (witness the internal dynamics of the Portuguese Socialist Party at the moment or even the British Labour Party). To understand how we got to the present state of affairs in terms of EU economic policy, we must also remember that 15 or so years ago, social democratic parties were in 13 of 15 member state governments, 11 of which had a social democratic prime minister. Although a European Employment Strategy was adopted, an alternative economic foundation to challenge the economic underpinnings of neo-liberalism was not formulated and entrenched. And of course since those days the social democratic party family now finds itself in a precarious electoral position. So the economic challenge for social democrats is to avoid becoming identified as the junior partner in EU austerity, or, if that is too late, to begin a renewal. Here the Party of European Socialists should be congratulated on proposals more far-reaching and comprehensive than most national parties. The difficulty with this is the following:

- a) If we think in terms of EU debtor and creditor countries – as some commentators do – social democratic parties are either in opposition in the creditor countries or else part of the 'grand coalition' (Germany and the Netherlands are the obvious suspects here); the party position on current EU economic policy may also be a condition of government coalition that the centre-right party demands; this is a dilemma that must be confronted.



b) As mentioned above, Greece may be an extreme example of wider EU trends, but the debtor status extends well beyond Greece, exemplified in what Wolfgang Streeck\* has called a transition from a 'tax state into a debt state', with implications for the relationship between capitalism and democracy and of course the welfare state as we have known it. A recognition of this fundamental shift in European political economy has been absent in many social democratic party leaderships, and has led to the impoverishment of real solidarity, not just between countries but within the social democratic party family, especially on questions of debt re-structuring.

3. **Europeanization of national politics?** Though many aspects of national policy – from economic to environmental to transport to immigration and asylum and beyond - has experienced the influence of EU policy-making, what we may label a Europeanization of national policy, party politics remains (or persists?) national or inwardly focused. In other words, a Europeanization of national politics struggles to emerge, although the recognition that the EU, especially in economic policy, has a profound impact on national economies, if not national parliamentary democracy, is apparent to many. This is a paradox. The challenge, more than ever, is to create the mechanisms that link the national and the European levels, but also transnational linkages animated by political solidarity. The deepening of EU integration, I refer here to the Fiscal Compact as an example, or discussion of a Eurozone parliament, unless challenged by an alternative economic vision, will continue to constitutionalise neo-liberal economic tenets in to national economic policy, even where it is resisted. Political leadership is an absolutely necessary factor, whether to address the political challenge as I have sketched above, but also to the economic challenge as well.

\*Wolfgang Streeck, *Buying Time: The Delayed Crisis of Democratic Capitalism*, 2014, Verso.