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Greece must reform politically as well as economically

By Marko Attila Hoare, 28th February 2010

EXECUTIVE SUMMARY:

1. The outpouring of anti-German vitriol in Greece, in response to Germany's reluctance to bail the latter out of its debt crisis, indicates that Greece's malaise extends far beyond the economic sphere.
2. The profligacy and corruption of the Greek state, that threaten to undermine the entire Eurozone, are the flip-side of an aggressive nationalism that violates the rights of Greece's national minorities and destabilises South East Europe.

3. Political as well as economic conditions should be placed on Greece as the price for an EU financial bail-out; at the very least, these should include full compliance with the rulings of the European Court of Human Rights with regard to minority rights and the lifting of the Greek veto on Macedonia's EU and NATO membership.

It was only a matter of time. Once it became clear that the EU was not bending over backwards to bail Greece out of the debt crisis created by the latter's own profligacy and corruption, it was inevitable that loud voices would be raised in Greece presenting the country as the victim of dastardly plotting foreign imperialists. Greek Prime Minister George Papandreou [led the charge](#), loudly turning reality on its head to complain that it was actually the EU that was failing Greece and was responsible for Greece's crisis, rather than the other way around: 'Greece is not a political or an economic superpower to fight this alone. The EU gave political support in the last few months of this crisis, but in the battle against impressions and the psychology of the market it was at the very least timid.' Indeed, according to Papandreou, the EU's errors went beyond 'timidity' in response to the Greek crisis, to actually being guilty of creating the crisis in the first place: 'There was speculation about our country which created a psychology of imminent collapse, prophecies which risked becoming self-fulfilling'. Indeed, 'There was a lack of co-ordination between various bodies of the union, the commission, the member states, the European Central Bank, even different opinions within those bodies.'

Deputy prime minister Theodoros Pangalos has [responded](#) to Germany's unwillingness to bail Greece out by bringing up the Nazi occupation of Greece in World War II: 'They [the Nazis] took away the Greek gold that was in the Bank of Greece, they took away the Greek money and they never gave it back.' Consequently, 'I don't say they have to give back the money necessarily, but they have to say thanks. And they [the German government] shouldn't complain much about stealing and not being very specific about economic dealings.' It may seem inappropriate for the deputy head of a democratically elected government of an EU and NATO member-state to

bring up the Nazis just because Germany does not want to pay for someone else's mess, but Pangalos's views are entirely representative of the wave of anti-German bile currently washing over Greece. Margaritis Tzimas of the opposition New Democracy party [asks rhetorically](#) 'How does Germany have the cheek to denounce us over our finances when it has still not paid compensation for Greece's war victims?' Deputies of the Left Coalition party last week not only demanded that the government press Berlin over the issue of reparations, but [blamed](#) Germany for Greece's financial crisis: 'By their statements, German politicians and German financial institutions play a leading role in a wretched game of profiteering at the expense of the Greek people.'

One step further down in tastelessness is the joke apparently doing the rounds in Athens, concerning the government's attempt to make citizens collect receipts to flush tradesmen out of the black market: 'For every VAT receipt not collected, the Germans will shoot 10 patriots.' This Greek sense of victimhood is attaining comical levels. As *Reuters* [reports](#), 'Greeks recall that Greek "Gastarbeiter" (guest workers) were among migrants who contributed to Germany's economic miracle in the 1960s and 1970s while their homeland was ruled by a military dictatorship backed by NATO, of which West Germany was a member.' In other words, Germany should feel both grateful to Greece for sending it immigrants and guilty because Greece was ruled by a dictatorship.

Of course, the reality of who has helped whom economically is somewhat different. Germany is by far the largest contributor to EU funds, while Greece is the largest net recipient of EU funds after Poland and alongside Romania, and the largest per capita recipient after Luxembourg and Belgium, according to Open Europe's [figures](#). Germany [claims](#) that it has contributed 33 billion deutschmarks in aid to Greece since 1960, both bilaterally and in the context of the EU, on top of 115 million deutsche marks for war reparations. Given the gratitude the Germans are now receiving for these vast sums, it is unsurprising they are somewhat reluctant to cough up still more.

Yet in one sense, the Greeks are right, and the EU must bear some of the

responsibility for the Greek financial mess. It is, after all, the EU which has been subsidising Greek profligacy for the past three decades, although Greece's public sector corruption, high levels of tax evasion, overblown bureaucracy and low retirement age have been no secret. The EU is like the mother who spoils her child rotten, then must suffer its ingratitude and tantrums when it doesn't have every one of its demands met. Ultimately, the mother does bear responsibility if her child is a spoilt brat who doesn't respect her. Greece's current anti-German tantrum is not an isolated quirk; the country is a veritable hotbed of anti-Western nationalism, even descending into terrorism, as the brilliant Greek journalist Takis Michas has [described](#). The paradox of why a country that has received so much from the West – from huge EU subsidies, through military protection against the Warsaw Pact during the Cold War to diplomatic support over Cyprus and Macedonia – should be so awash with anti-Western sentiment may not be such a paradox after all: it is a case of biting the hand that feeds.

While Greece's EU-encouraged financial irresponsibility is now being widely remarked upon, it is less frequently noted that Greek irresponsibility, and EU encouragement of this irresponsibility, extend beyond the economic sphere. Greece has been found by the [European Court of Human Rights](#) to be in breach of the human rights of both its ethnic Macedonian and its Turkish minorities, but it continues to defy the Court's rulings without incurring any penalties from the EU. Greece was the most enthusiastic ally of the Serbian regime of Slobodan Milosevic in the 1990s; it helped to undermine the UN's 2004 Annan Plan to reunify Cyprus; it is one of only five EU members that has broken ranks over the issue of Kosova's international recognition (and the only one that cannot justify this through reference to its own fears of separatism); and, most dangerously of all, it is vetoing the neighbouring Republic of Macedonia's attempts to join both NATO and the EU, on account of its nationalistic hostility to Macedonia's use of its own name.

On the other hand, according to October 2009 figures, Greece is currently contributing only 15 troops to [NATO's mission in Afghanistan](#), as against 165 from Macedonia – a non-member with one fifth of Greece's population;

175 from Georgia; 255 from Albania; 295 from Croatia; 540 from Bulgaria; 945 from Romania; and 1,755 from Turkey. It would appear that those Balkan countries that were on the wrong side in the Cold War are somewhat readier to contribute to the Western alliance's military efforts today than the only Balkan Christian country which enjoyed NATO protection during the Cold War, although Turkey appears readier to contribute too, despite being predominantly Muslim.

We can sum up the terms of the relationship between Greece and the rest of NATO and the EU as follows. We defend Greece's security; we fund Greece's prosperity with massive subsidies; and we give Greece unwarranted diplomatic support vis-a-vis Macedonia and Cyprus. Greece pursues policies that destabilise the EU economically and South East Europe politically, while making the minimum possible contribution to the security of the democratic world. And the Greek political and intellectual classes complain endlessly about the evils of Germany, the US and Western imperialism in general.

This must stop. The reforms demanded of Greece by the EU as the price of a bail-out cannot be limited to the economic sphere, but must extend to the political as well. As an absolute minimum, Greece must recognise the rights of its national minorities, including the right to freedom of association, conscience and self-definition, and must immediately announce it will comply with all rulings of the [European Court of Human Rights](#) as regards these rights. And it must lift its veto of Macedonia's membership of both NATO and the EU, announcing that its dispute with Macedonia will not be resolved through blackmail or at the price of South East Europe's Euro-Atlantic integration.

The EU is moving to strip Greece of control over its own taxation and spending policies if it does not comply with austerity demands. Some German officials are reportedly [demanding](#) that Greece also be denied a vote in all EU matters while it remains in 'receivership'. This would be eminently sensible. Greece's economic and political irresponsibility are two sides of the same coin, and there is no point in the EU demanding that the

country behave responsibly in the economic sphere while giving it a blank cheque to pursue nationalistic policies that destabilise South East Europe. The nationalism that leads the Greek political classes to abuse their membership of the Euro-Atlantic club to try to force Macedonia to change its name is the same nationalism that leads them to milk the EU for all it is worth, then engage in crude xenophobic and anti-imperialist tantrums when the bottle is taken away. Greece can be selfishly nationalistic or it can be a responsible member of the European family. It is up to the EU to make clear that it expects the latter.

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