



SGH



Erasmus+

International Congress

**„European Security and Stability in a Complex Global
Order- The Case of Neighbourhood Policy”**

May 9th 2017

Foreign Policy Implications of the Sovereign-Debt Crisis: Greece, the EU, and the Mediterranean

Anna Visvizi, Ph.D.

Deree-The American College of Greece

PECSA

Institute of East-Central Europe (IESW)

Foreign Policy Implications of the Sovereign-Debt Crisis: Greece, the EU, and the Mediterranean

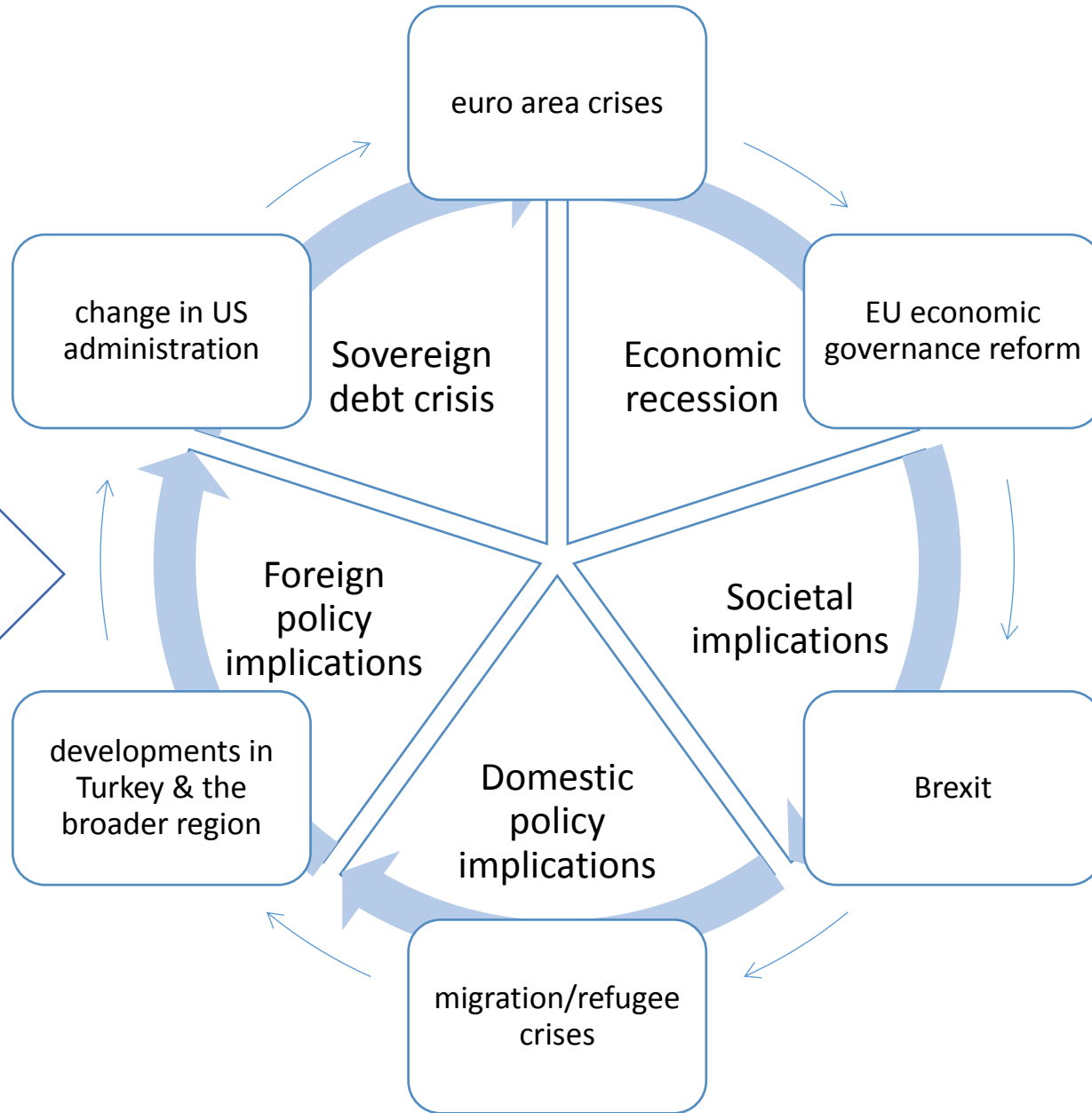
1. Identification of the status quo
2. Examination of the dynamics underlying that status quo
3. Query: possible new developments
4. The puzzle: possible scenarios

Methodology/conceptual approach:

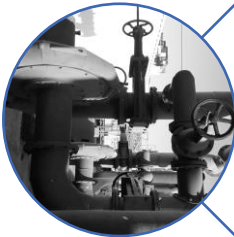
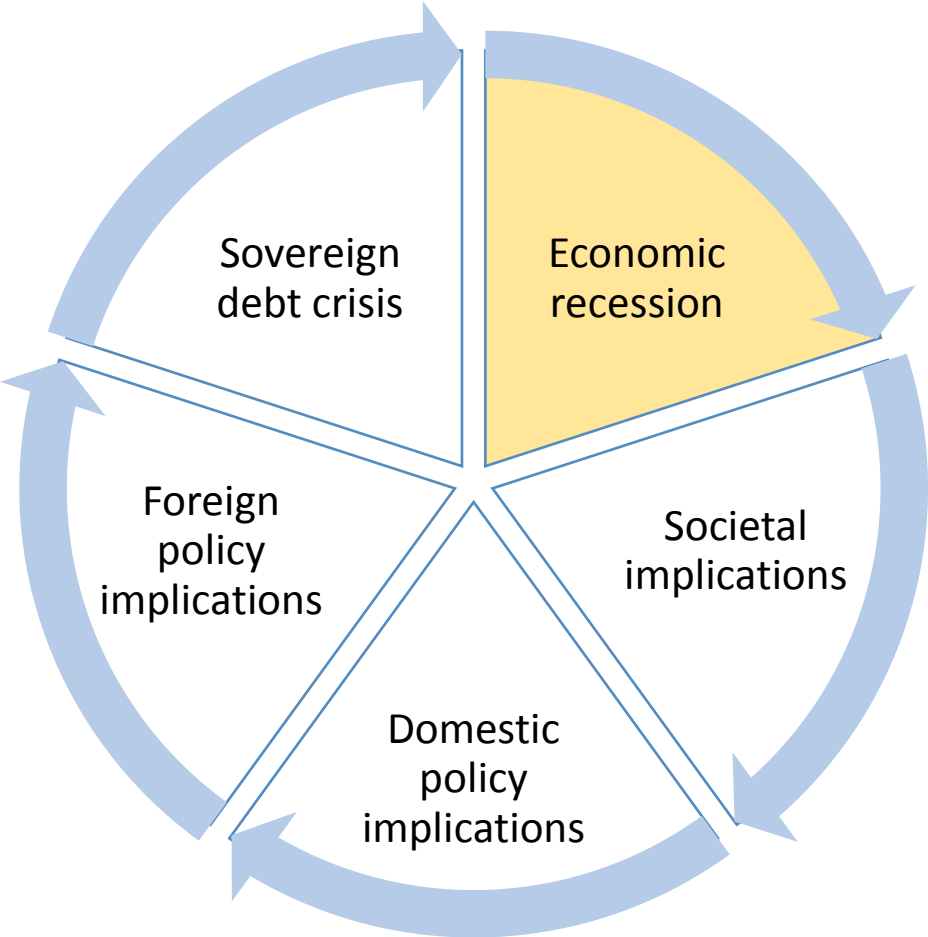
- the ecosystem of the sovereign debt crisis' implications
- nested analysis
- political economy

The ecosystem of the sovereign debt crisis' implications

The external & the domestic – the interlocking dynamics



The sovereign debt crisis in Greece & its implications



2008-2015: GDP (current prices) drop: 27.3 %



2008-2015: (official) average annual unemployment: from 7.8 % to 24.9%

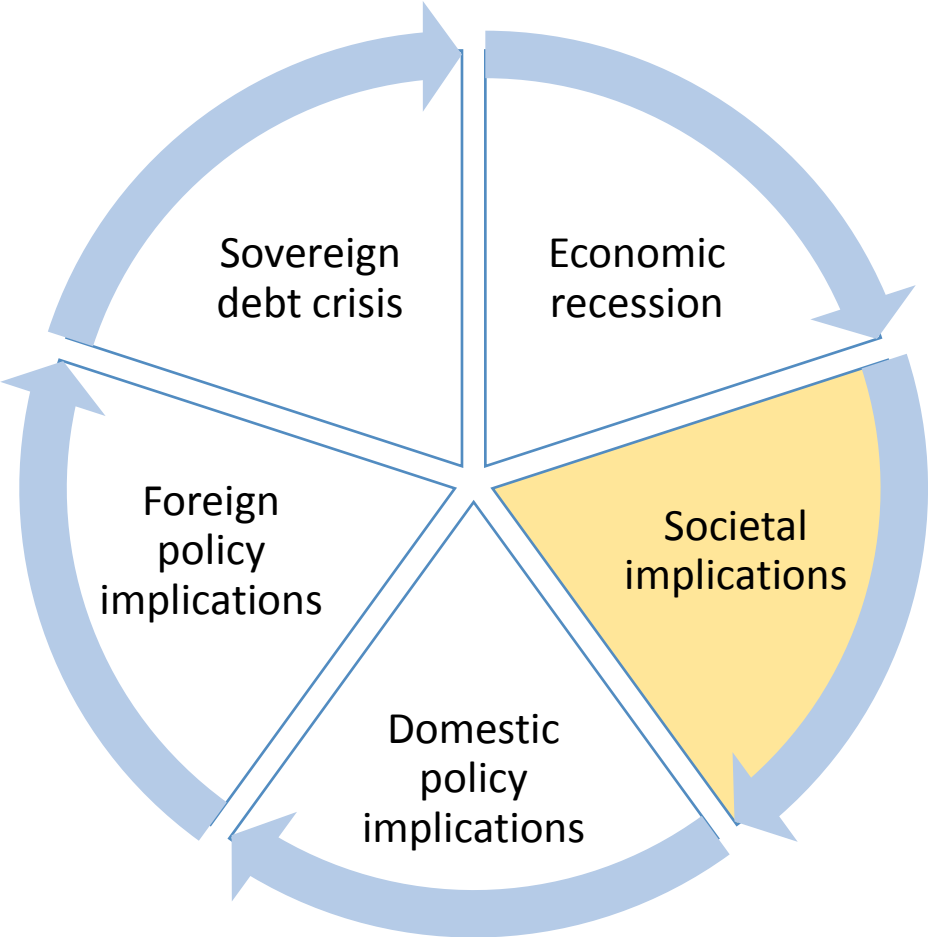


2008-2014: Drop in real adjusted gross disposable income of households per capita: EUR 19.519 to 15.059



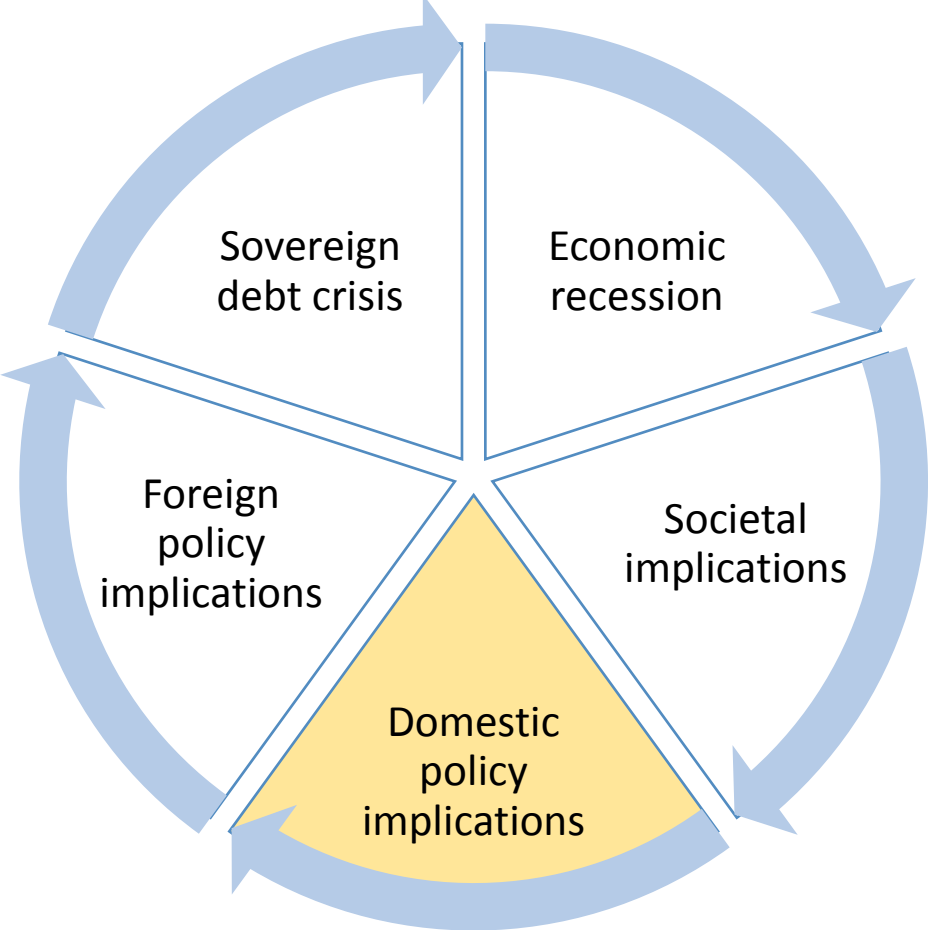
2008-2015: Fall in gross fixed capital formation, i.e. investments, 23.8 % of GDP to 11.7 percent of GDP

The sovereign debt crisis in Greece & its implications



-  Population at risk of poverty/social exclusion: 35.7% in 2015, (28.1% in 2008)
-  Drop in savings levels (as % of household disposable income): 15% in 2013, 17% in 2014
-  Homelessness: 2010-2015: 69% increase, 62% of homeless = Greeks
-  Soup kitchens: in Athens alone, 20,000 people survive thanks to soup kitchens and other organized voluntary community support networks
-  Reverse brain-drain: 2008-2015: ca. 427,000 people have left Greece
-  Growing confusion → susceptibility to manipulation & that's how it goes approach

The sovereign debt crisis in Greece & its implications



Overhaul of the two-party political system: PASOK/ND, fragmentation



Rise in populism and political extremes



Growing political inertia & administrative incapacity

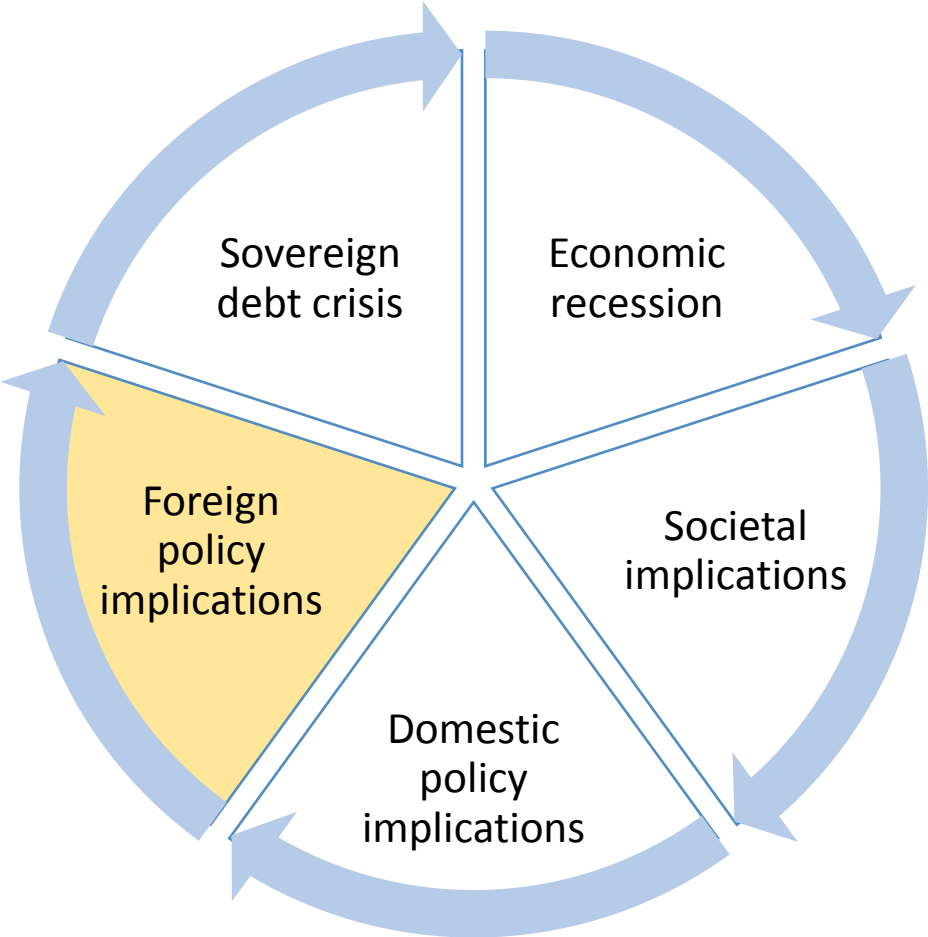


Fragile political stability, lack of credible political alternatives



Consolidation of a new political landscape handicapped by economic developments & the shadow of MoUs and debt

The sovereign debt crisis in Greece & its implications



EU economic governance reform/Eurogroup: : MARGINALIZATION/GREECE as the MUTE member



Eurogroup's regular proceedings: Greece **the enfant terrible & the trouble maker** (Varoufakis/Tsipras)



EU-Turkey agreement: EU Council/ MARGINALIZATION

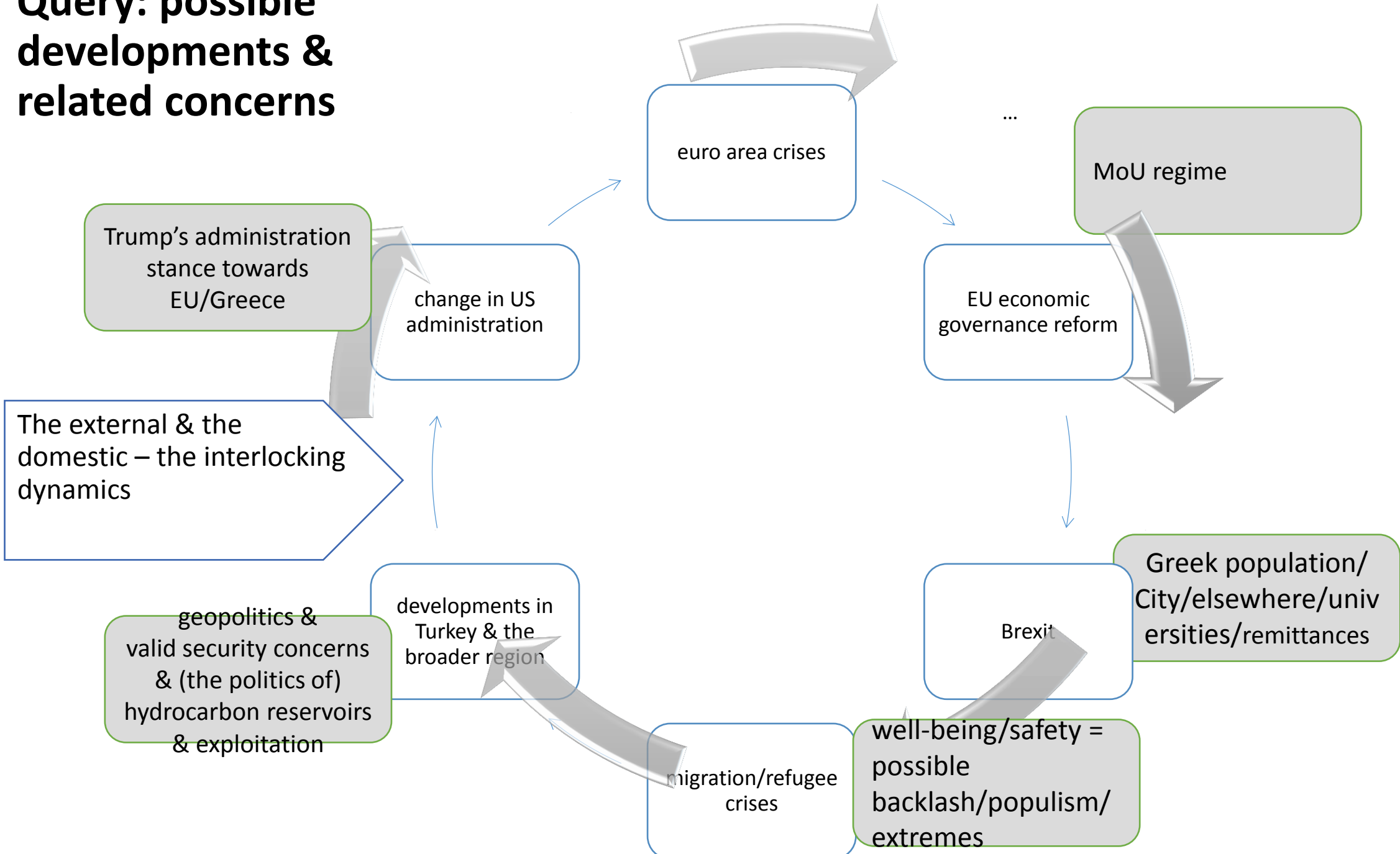


RF/Crimea/sanctions: EU Council: INCONVENIENT status:

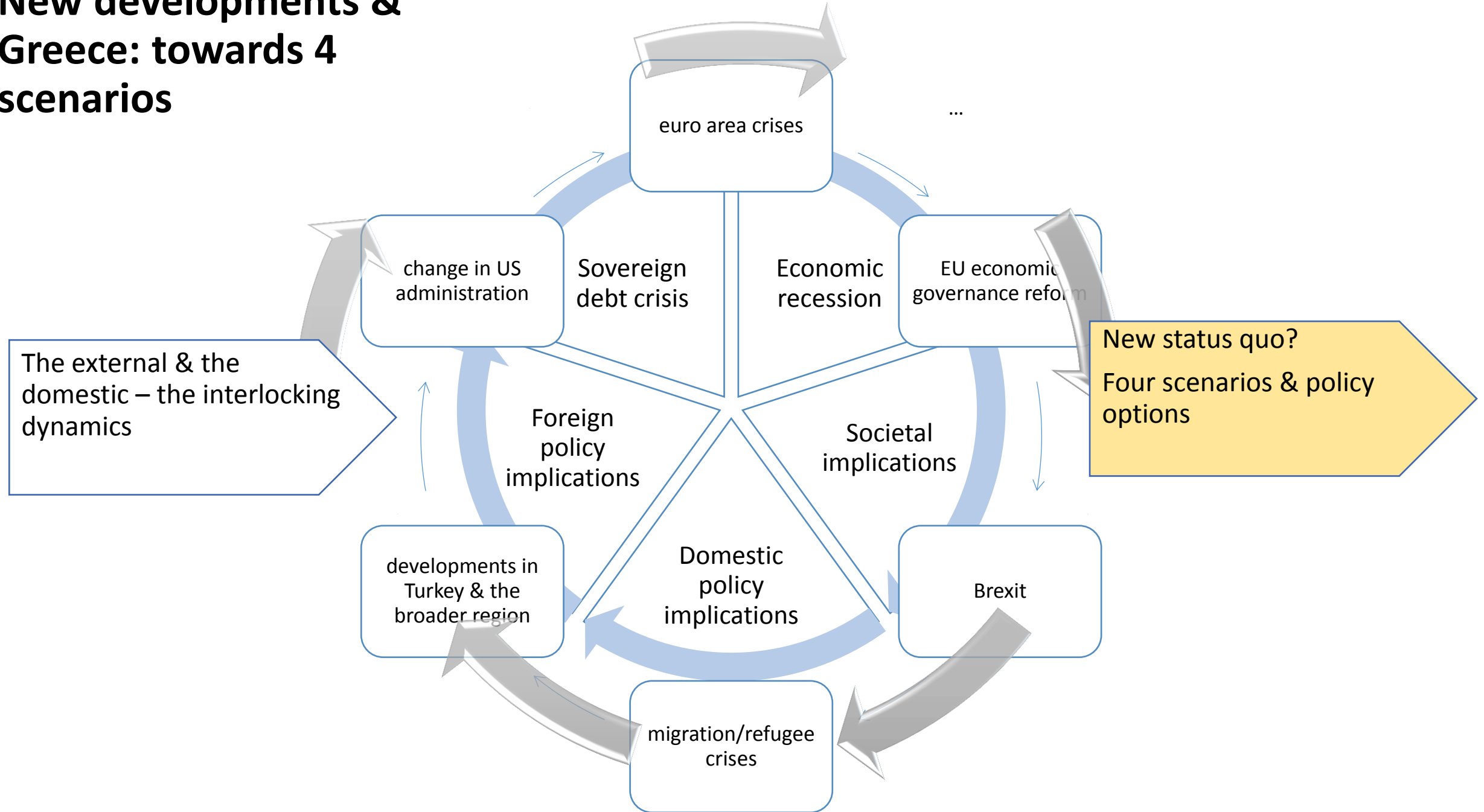


Brexit: not a substantial political issue/item of political debate

Query: possible developments & related concerns



New developments & Greece: towards 4 scenarios



FOUR SCENARIOS FOR GREECE'S FOREIGN POLICY

Assumptions:

Geopolitics: unchanged

EU: stable

US: unchanged to Greece/Trumpian to EU/NATO

Other variable *x*: *unknown dynamics*

Greece's role: options & alternatives

-- PROGRESSIVE INERTIA on ALL FRONTS

Assumptions:

Geopolitics: escalation

EU: stable

US: U-turn to Greece

Other variable *x*: *unknown dynamics*

Greece's role: options & alternatives

-- INSTRUMENTALIZATION OF GREECE/BUT
SOME ROOM of MANOUEVER

Assumptions:

Geopolitics: escalation

EU: dis-integration

US: negative to Greece/UN/IMF/EU/trade

Other variable *x*

Greece's role: options & alternatives

-- ULTIMA THULE

Assumptions:

Geopolitics: gradual de-escalation

EU: more integration

US: positive to Greece/UN/IMF/EU/trade

Other variable *x*

Greece's role: options & alternatives

--CONDITIONAL on DOMESTIC POLITICS



**Thank you for
your
attention**

Questions?

Contact:

Anna Visvizi, Ph.D.

Deree/IESW

avisvizi@gmail.com