

GLOBAL INSIGHT

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Greece's European identity at stake

By Tony Barber in Athens

Europa, in ancient Greek myth, was a maiden princess seduced by Zeus, the supreme god, who assumed the form of a white bull and whisked her off to Crete. In today's European debt crisis it is open to question who is shafting whom.

When Greece joined Europe's monetary union, it chose the Europa legend as the image to be emblazoned on one side of the 2-euro Greek coin. Happy were the days when ancient Greek civilisation was associated so smoothly with modern Europe.

Aside from the existential question of the eurozone's survival, what is at stake in the debt crisis is nothing less than the European identity of contemporary Greek society. This would be put to a severe test if Greece were to tumble out of the eurozone and suffer the mother of all economic and social implosions.

Like people in other countries that lie on Europe's fringes, such as Britain, Russia, Spain and Turkey, Greeks traditionally used to talk about "going to Europe" as if their country did not really belong to the continent. This world view was rooted in centuries of dark historical experiences.

From the Middle Ages until the the 1821-1832 war of independence, Greece languished under Ottoman overlordship. No sooner was the nation reborn than Europe's great powers imposed a teenaged Bavarian prince on Greece as its first head of state and demanded the repayment of onerous debts incurred during the fight for freedom.

According to Kenneth Rogoff and Carmen Reinhart, two US professors of economics, Greece has been in default for roughly one out of every two years since it gained independence. But the history of Greek defaults goes way back. In the fourth century BC, the temple of Delos had to take a 80 per cent haircut on loans extended to 13 Greek city-states.

From a financial perspective, the relationship between Greece and Europe's stronger nations has usually ranged from uneasy to downright suspicious. The early years of Greece's eurozone membership, when it was able to access bond markets at interest rates almost as low as those offered to Germany, were an historical anomaly.

But political and military disasters contributed to Greece's sense of detachment from Europe, too. Ravaged under Nazi occupation in the second world war, Greece then endured a civil war from 1946 to 1949 whose outcome – the crushing of a communist insurgency – was determined largely by British and US intervention.

After the collapse of a seven-year military dictatorship in 1974, Greece was welcomed into the old European Economic Community in 1981 partly because of the well-intentioned desire of older EEC countries to incorporate Greece once and for all as a member of a prosperous, democratic European club. As Valéry Giscard d'Estaing, the then French president, remembers, it was all about paying a historical debt to Greece as the foundation stone of European culture.

As the EEC evolved into the European Union, Greece earned a deserved reputation as a member of Europe's awkward squad, particularly under Andreas Papandreou, the socialist prime minister whose son George now occupies the same post. The atmosphere did not begin to improve until Greece, bursting with EU regional aid funds and agricultural subsidies, acquired a standard of living closer to European norms and adopted the euro in 2001.

Now a generation of better-educated and, to some extent, better-travelled Greeks has grown up, the first who are truly accustomed to thinking of themselves as Europeans. This is the generation on which the younger Papandreou was counting to vote Yes in his proposed referendum on Greece's future.

The referendum was scrapped as Mr Papandreou's government succumbed to the triple pressures of economic collapse, European exasperation and internal revolt in the ruling Pasok socialist party. But there would have been a certain method to the prime minister's madness.

He was calculating that, if correctly phrased, a referendum question that posed the choice of a European destiny for Greece – Yes or No – would have been answered in the affirmative by most voters. Alas, the related question of whether Greece can avoid default and continue using the euro is one to which no referendum can supply the answer.

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