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Greek Foreign Policy: the De-Europeanisation Impact of the Economic Crisis

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RÉSUMÉ

La Grèce est un cas particulièrement intéressant et controversé pour la discussion de l'eupéanisation de la politique étrangère. Le point de vue classique de la politique étrangère grecque soutient qu'un processus achevé d'eupéanisation, tant dans la forme que dans le fond, a eu lieu. Qu'il y a eu un changement clair des positions "nationalistes", "pessimistes", "défensives" et ethnocentriques "à une eupéanisation« réaliste», « optimiste» « active». Il est possible que cela a eu lieu peut être dans une certaine mesure, mais, les vues enthousiastes au sujet de l'eupéanisation de la politique étrangère grecque ne semblent pas prendre en compte un certain nombre de problèmes qui existaient avant la crise économique, mais qui se sont intensifiés depuis. Cet article pose dès lors la question de savoir comment la crise économique a affecté le processus d'eupéanisation de la politique étrangère de la Grèce. En mettant l'accent sur le cas de la diplomatie économique grecque, il montre comment l'eupéanisation depuis 2008 à cause des mesures d'austérité imposées avec des réformes structurelles strictes dans les institutions du pays a été perçue comme une "eupéanisation imposée". Cette étude fait ainsi valoir que la politique étrangère grecque n'a pas été eupéanisée dans la forme ou sur le fond par rapport à la diplomatie économique. Loin d'être un processus achevé, l'eupéanisation de la politique étrangère de la Grèce est un développement plutôt superficiel qui a jusqu'ici, et seulement en partie, affecté les élites de ce pays ainsi que l'opinion publique hellénique. La crise économique a encore délégitimé les progrès réalisés jusqu'à présent en termes de processus d'eupéanisation et a affecté de manière négative la façon dont les Grecs perçoivent l'Union européenne.

ABSTRACT

Greece is a particularly interesting and controversial case for the discussion of foreign policy-Europeanisation. The conventional view of Greek foreign policy contends that a completed process of Europeanisation, both in form and in substance, has occurred. That there has been a clear shift from "nationalist", "pessimistic", "defensive" and ethnocentric" positions to a 'realistic', 'optimistic', 'active' Europeanisation. This may have happened to a certain extent but, enthusiastic views about the Europeanisation of Greek foreign policy seem not to take

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into account a number of issues that existed before the economic crisis, but which have intensified since then. This paper, therefore asks how the economic crisis has affected the Europeanisation process of Greece's foreign policy. Focusing on the case of Greek economic diplomacy it demonstrates how Europeanisation since 2008 through demanding austerity measures along with strict structural reforms in Greece's institutions has been perceived as an "imposed Europeanisation". It is thus argued that Greek foreign policy has not been Europeanised in form or in substance in relation to economic diplomacy. Far from being a completed process, the Europeanisation of Greek foreign policy is a rather superficial development which has only so far, and only partly, affected the elites in Greece as well as Greek public opinion. The economic crisis has further delegitimised any progress achieved so far in terms of the Europeanisation process and has affected in negative terms the way Greeks feel about the European Union.

Background and Theoretical Concept

The great difficult economic situation that the country currently passes through has made clear to many analysts that generally speaking the Europeanisation of Greece has been deficient and unsuccessful; and that it may indeed create further adverse consequences in the foreign policy and security of the country.¹

Given the above analysis it might be very useful to explain the de-europeanisation or limited Europeanisation process of Greek foreign policy if we adopt the foreign policy analysis approach and more precisely the model of Nikolaj Petersen which is a revision of what James Rosenau calls 'adaptation model'.² Adaptation could be defined as the activity initiated by policy makers with a view towards handling the balance between society and its environment so as to safeguard an adequate performance of their societal structures. Adaptation as a FPA analysis theoretical approach of Europeanisation has the following advantages as it:

- fills the gap between external and domestic factors of foreign policy making;
- provides a more advanced method in comparison with realist, structural and comparative politics explanations;
- permits to focus who are the decision makers and how national

foreign policy-makers defined the policy problem they intended to address;³

- gives a comprehensive typology for comparative analysis;
- enriches the theoretical discussion by offering different types of Europeanisation behavior.

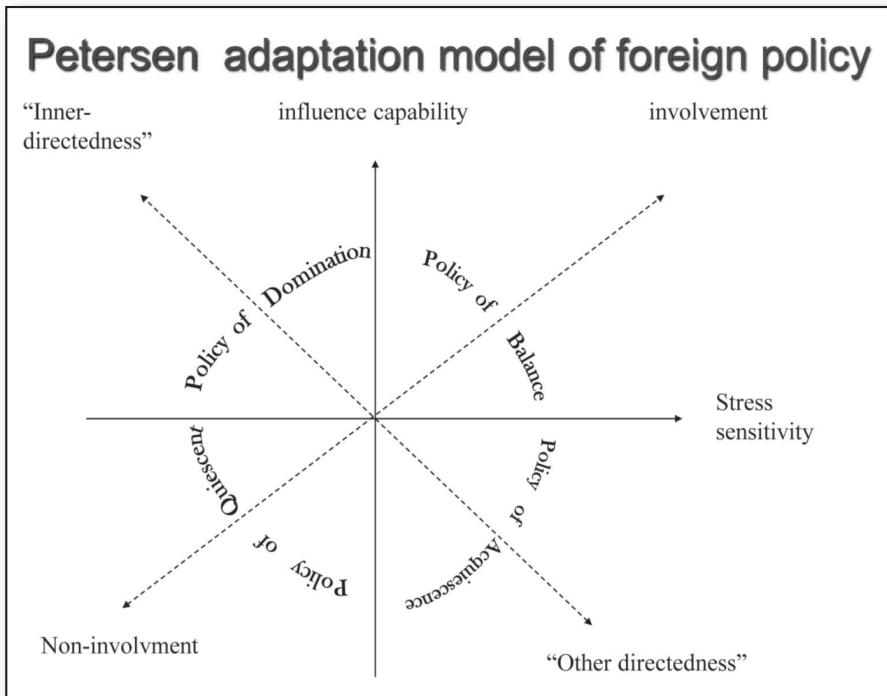
According to Nikolaj Petersen's model there are two main important independent explanatory variables:

- *Influence Capability* (IF): it represents the degree to which an actor can affect its external environment; a function of all those negative and positive sanctions which nation A can use to influence nation B.
- *Stress Sensitivity* (SS): it reveals which societal structures are affected by changes in the external environment. In other words, it identifies the increased sensitivity of any domestic structure to international events.⁴

Nikolaj Petersen - like James Rosenau - constructed four models of adaptation or four modes of behavior. Of course they cannot be expected to be found in pure form, but only in approximations. A number of intermediate positions can be imagined, depending on the degree of influence capability and stress sensitivity of the state in question, and modified by the relevant perceptions of decision – makers.⁵ These four models of adaptation are:

- *Policy of dominance*. It is characterised by a defence posture with a comprehensive list of functions: compellence, deterrence and defence. A dominant power may beef up its position through an alliance but has also the option of going it alone.
- *Policy of Balance Policy*. It is characterised by a defence posture aiming at deterrence and defence. It relies heavily on alliances and diplomatic coalitions as well as on bilateral diplomacy.
- *Policy of Quiescent*: It denotes a low activity posture. Quiescent states have no high immediate need nor adequate resources for defence and diplomacy, while diplomacy will tend to be conducted in a multilateral framework.

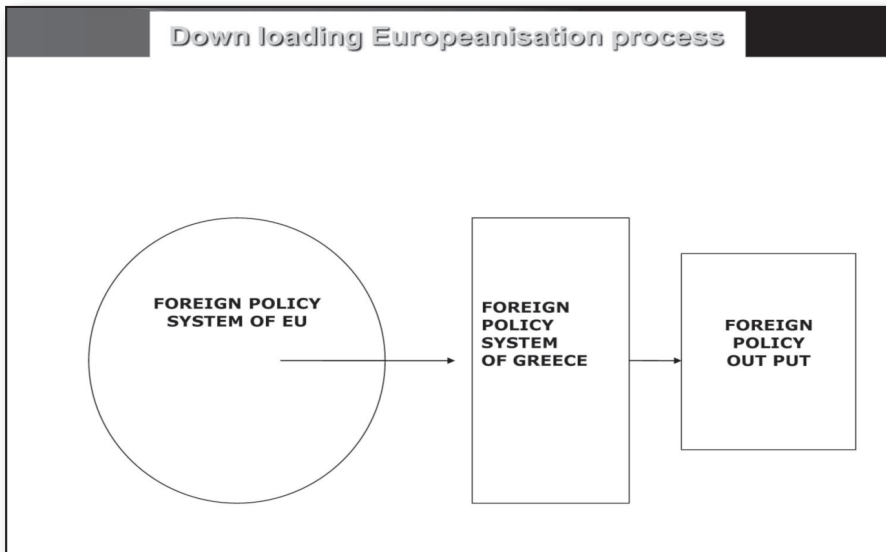
- *Policy of Acquiescent*. It is characterised by policies linked with a ‘neutrality defence’ posture combined with a general non-alignment line. Multilateral action is preferred.⁶



The Economic Crisis and Greek Foreign Policy: Towards Europeanisation or De-Europeanisation?

The first dimension of Europeanisation (downloading) refers to the extent and manner that the EU process, organisational procedures, principles and values affect the national decision-making process levels. The other two dimensions of Europeanisation refer to uploading and crossloading. In this article we shall concentrate only on the downloading process, which reflects the harmonisation and transformation-adaptation of a member state to the needs and requirements of EU membership and of the overall European unification process.⁷ Europeanisation is taking place as Johan Olsen

points out, if the political system of a member country is constantly obliged to take into account and apply EU methods, practices, norms and values that fit within the wider logic of European unification.⁸ (See figure 1). As E.Gross, point out, “by ‘Europeanising’ previously national policies and generalizing them onto a larger stage, a dialectical relationship between the state and the EU level is created, which in turn feeds back to the national level”.⁹



Many observers argue that the Europeanisation in terms of downloading of Greek foreign policy has been achieved.¹⁰ This may have happened to a certain extent. Enthusiastic views about the Europeanisation of Greek foreign policy seems not to take into account the following issues that were already present before the economic crisis, but which have intensified since then:¹¹

First, Greece still suffers from several inferiority complexes in its public opinion and there are a lot of prejudices that consider Europeanisation as a sign of alienation and moving away from traditional Greek and Orthodox values. Some equate the concept of

‘Europeanisation’ with the old concept of ‘foreign protection’ and even ‘capitulation’ and for this reason reject it. Many Greek foreign policy analysts believe that Greece is a victim of an international injustice, often induced by the major powers and that there is plenty of empirical evidence that shows public sympathy and responsiveness to such positions.¹² These considerations have been strengthened even more after the economic crisis and the increase of the recession and unemployment. Overall GDP since 2008 has been reduced by almost 25% and the unemployment rate is more than 25%.

Second, there is a general conclusion that the EU is not able to effectively provide security for Greece. Although it is true to say that, prior to membership, an impression was cultivated that the EU (then EEC) was going to be able to guarantee national security and be a panacea to solve all acute security problems, it has equally quickly become apparent, as in the case of Imia crisis in 1996, that the absence of any defense cover by the EU has not contributed to a growing acceptance in Greece of the EU as a major international actor of the modern international system: and, as such, neither as a reliable factor in ensuring the country’s own defense. No other ‘older’ Member State had expressed so many hopes for the EU to solve its many complex security problems. Nor has there been any other Member State where such prospects have led to so many disappointments.

Third, there is the view that turning Greece into positions that were closer to those of the EU was clearly the result of imposed new conditions (i.e. changing international context), as new challenges arose out of the end of the Cold War. In other words: that they were not necessarily the result of an ‘automated’ Europeanisation, but had more to do with, wider, systemic changes.

Thus, the great difficult economic situation that the country currently finds itself has contributed in combination with the reluctance of EU to act decisively at least in the early stages of the economic crisis to the emergence of a new discourse: that Europe, and especially Germany, has been deficient and unsuccessful; and that it may indeed create further adverse consequences in the foreign policy and security of Greece. Indeed, some point to the example of the EU having *de facto*

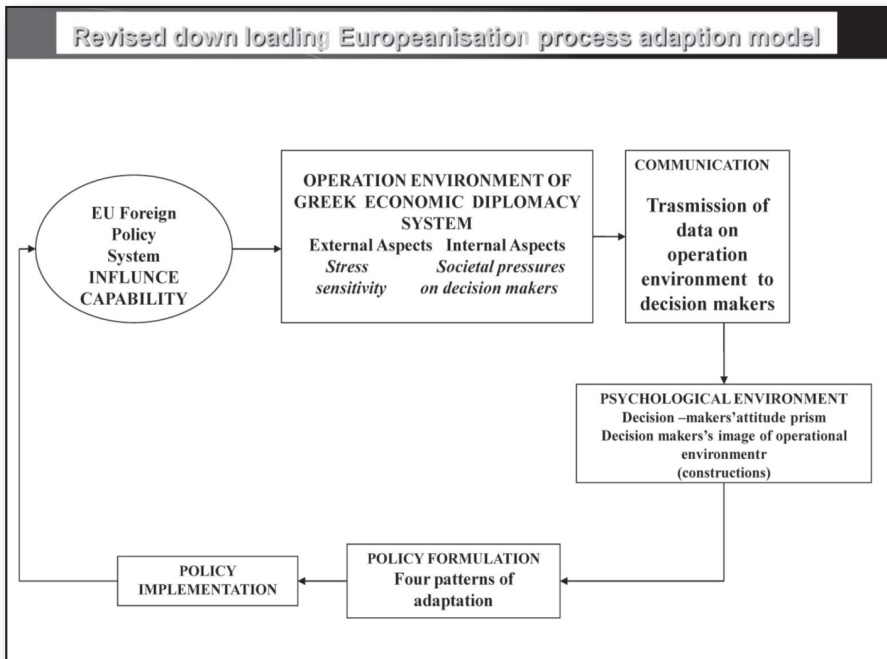
financed an ineffective and corrupt public administration. Instead of the EU helping towards a more effective and less corrupt public administration, quite the opposite has indeed happened: more Community assistance through the Community Support Frameworks has strengthened both inefficiency and corruption in the country.¹³

The paper will seek to answer the basic question by examining the impact of the economic crisis on its foreign policy system and its decision-making process through the many actual changes that have taken place in the period from the beginning of the crisis in 2008 until the parliamentary elections of January 2015.¹⁴ That is to say, how has the crisis impacted on its means, structures and policies? We shall examine only the downloading process of Europeanisation through a characteristic case study: the change of the economic diplomacy administrative system and to what extent the financial crisis has intensified efforts to restructure this important component of the country's foreign policy. The new productive model of Greece will inevitably focus on a strategy for an extroverted economy. Therefore, the re-organisation of economic diplomacy mechanisms is of tremendous importance.

Michael Smith has introduced four indicators of downloading within the domestic arena.¹⁵ These are: elite socialisation, bureaucratic restructuring, and constitutional changes and changes in public perception concerning European foreign policy. A more visible manifestation of the domestic impact of the Common Foreign and Security Policy (CFSP) involves changes in national foreign ministries. "While these ministries have not fully harmonized their operations to accommodate political co-operation, there is substantial evidence to show that EU membership in general, and CFSP membership in particular, influence the way individual member states organize their pursuit of foreign policy... These requirements in turn tend to encourage more far-reaching changes in national foreign ministries beyond privileging their overall role in the process."¹⁶

In order to measure the Greek ability or inability to transform its economic diplomacy system due not only to the Europeanisation process (downloading) but also due to the economic crisis, this article

will use a revised model of analysis of the Europeanisation based on the adaptation model of Nikolaj Petersen.



As a result of the above, it is important to raise the question of whether the current economic crisis could lead to a de-europeanisation procedure. That is to say, Athens simply responding exclusively to the demands of its internal environment; and thus producing intransigent foreign policy stances based on the preferences of a de-europeanised public basis moving towards Euroscepticism in the name of defending traditional national ideals and norms.

The Re-Organisation of Greek Economic Diplomacy

Foreign economic policy has become an integral part of the broader foreign policy vision. Economic tools have become increasingly important mechanisms for projecting a country's influence and

increasingly vital components of its foreign policy.¹⁷ Economic Diplomacy could be defined as a set of activities - both regarding methods and processes for international decision making - related to cross border economic activities (export, import, investment, lending, aid, migration) pursued by state actors and non-state actors. Typically economic diplomacy consists of three elements: First, the use of political influence and relationships to promote and/or influence international trade and investments, to improve on functioning of markets and/or to address market failures to reduce costs and risks of cross border transactions (including property rights), but also many activities of non-governmental organizations (NGO's) are relevant under this heading. Second, the use of economic assets and relationships to increase the cost of conflict and to strengthen the mutual benefits of cooperation and politically stable relationships, i.e. to increase economic security. This subfield both contains structural policies and bilateral trade agreements (aimed at achieving specific geographic trading patterns) and the political distortion of trade and investment as in the case of boycotts and embargoes. Third, ways to consolidate the right political climate and international political economic environment to facilitate and institute these objectives. This subfield covers multilateral negotiations and is the domain of the supranational organizations and institutions such as the World Trade Organization, the Organization of Economic Cooperation and Development and the European Union.¹⁸

Economic diplomacy is going to become even more important over the following decades for several reasons: First, the world economic crisis and especially the debt crisis of the South countries of eurozone gave the economic dimension of international relations the just and necessary attention that had been missing during the previous years. Diplomats and officials finally got the time and the energy for dealing with economics, considered to be of much more direct relevance for the well being of everyday citizens. Second, developing countries are no longer content to have the rules of the games dictated to them by a few large developed economies. Third, the increasing globalisation of the economy opens up new perspectives for further trade expansion, but at the same time also sharpens the competition in securing countries'

shares in world markets and in advancing new ones. The emergence also of the new regionalism and the emerging inter-regional and bi-regional cooperation schemes like Asia-Europe Meeting (ASEM) and EU-Community of Latin American and Caribbean States (CELAC) demand new approaches to the multilateral economic diplomacy.¹⁹

The choice of economic diplomacy as a case study has been taken for three main reasons:

First, the new model of production of the country should be based on the opening of its domestic market, business expansion and the attraction of Foreign Direct Investments (FDI). Revising and strengthening the economic diplomacy mechanism is a prerequisite for achieving openness and a successful foreign economic policy. Greece can gain tremendously from transforming into an outward looking economy: to devise a clear strategy and vision for facilitating Greek business in a targeted and coordinated manner. It is therefore highly recommended that the current fiscal measures are supplemented by a common vision on the promotion of exports. The timely implementation of this common vision, backed by modernised and reinforced institutions conducive to international trade and supportive of attracting much needed FDI, is crucial to strengthen the growth potential of Greece's economy.

Secondly, Greek foreign policy and its main tool, economic diplomacy, should, among numerous other goals, serve the interests of Greek businesses, as long as the latter fall in terms with the general Greek foreign economic policy objectives. To put it in another way, not only a general strategic planning of foreign policy is strongly required but also its formulation must take in account the aims and the interests of the business community (stakeholders). The experience of the past was not always a positive one concerning this particular challenge.²⁰

Third, making savings is another reason for the need to reduce public spending and deficits. The budgetary cuts in order to reduce public spending and debt as well as help economic recovery have had a major impact on the foreign, security and defence policy in Greece.²¹

Since 1989, Greece's foreign policy has gradually, but radically,

changed from what was a purely political approach for at least fifty years into a politico-economic approach. The post Cold War developments for example in South Eastern Europe have made a great impact on Greece as they contributed to the re-establishment of the country's historical economic and trade relations with all the countries of its immediate vicinity area. Greece's foreign trade -and above all its exports to other Balkan countries- have substantially increased. Furthermore, Greek investment in the Balkans also improved spectacularly. It was becoming clear that Greece had major economic interests in the Balkans and that a new political approach reflecting them had become more than necessary. Furthermore, Greece increased the development aid that was giving in many countries, mostly in Balkan countries under the framework of the Hellenic Plan for the Economic Reconstruction of the Balkans (HPERB). It was becoming clear that Greece had major economic interests in the Balkans and that a new political approach reflecting them had become necessary. Therefore, Greek foreign policy priorities and the interests of Greek business have started to come together as never before. Business and government share a vital interest in economic growth and stability in the Balkan marketplace.²²

For all the above reasons, the main emphasis of the reform in the field of foreign policy lies in the restructuring of the mechanism of economic diplomacy and consolidate all the mechanisms and agencies related to economic diplomacy in a single decision-making center. The question that will be addressed is whether the restructuring of economic diplomacy that was announced in January 2013 actually serves the Europeanisation and harmonization of the country with European practice, or if instead it represents an attempt at de-europeanisation.

The re-organization of economic diplomacy's structure soon became the number one priority as two Ministries, the Ministry of Development and Competitiveness (MDC) (once named Ministry of National Economy) and the Ministry of Foreign Affairs (MFA) claimed both and sometimes disputed the formulation of country's economic diplomacy. The result of this dispute was the emergence of what we

can metaphorically call a ‘feverish reform’ including continuous reconstructions of economic diplomacy’s structural mechanisms: Emphasis was given on the relocation of the Greek Offices of Economic and Commercial Affairs (OEY) from the one Ministry to another. During the nineties these Offices belonged to the Ministry of National Economy. As a consequence, different stakeholders had different views on where the priorities were, there was no defined common goal or target to where the country should be headed for. Still there was no common commitment in terms of trade promotion between the public actors or between the public and private sector actors.

In 2003, they became an integral bod, followed by their staff, of the Ministry of Foreign Affairs. It should also be noted that it was only one year before, in 2002, that a General Secretariat of International Economic Relations and Development Cooperation (DOAS-YDAS) was created, supervising the B’s General Directorate of Economic International Relations in order to take over all the competencies of the Ministry of Foreign Affairs that concerned economic diplomacy. Four years later, in 2007, a law was approved suggesting the gradual abolition of the body of Offices of Economic and Commercial Affairs (OEY) and the replacement of their vital role by diplomats. According to the Law, their positions became personal posts. In addition, the Department of Economic and Commercial Affairs of the National School of Public Administration (ESDD- now called National Centre for Public Administration and Local Government- EKDDA) in which they were fully trained, after their successful candidacy in the relevant competition, ceased its functioning.²³ Thus, the country did not possess the necessary relevant institutions to implement a detailed long-term plan regarding its future social and economic development, including its position in the international, European, and Balkan economic spaces.²⁴

After Greece’s inability to meet its debt obligations, the Greek government was obliged to implement a National Export Strategy, as part of the Economic Adjustment Programme for Greece and the Memorandum of Understanding on Specific Economic Policy Conditionality (MoU). However, only in 2012 the Greek government started to elaborate some concrete plans for a National Export Strategy.

In this framework, the MDC in January 2013 announced that the personnel and the duties of the OEY as well as all the competences of the Ministry of Foreign Affairs will be moved once more and integrated into the MDC and, in order to keep up with the vital need of creating a unified system of 'economic extraversion', as was suggested by an expert group from the Netherlands, created by the European Commission at the request of the Greek authorities,²⁵ which had been invited by the so-called Task Force for Greece. The experts group advocated among other things an increase in the government's focus on economic diplomacy. They recommended a new prioritisation within the current public infrastructure to accommodate Greek business through effective economic diplomacy and all parties involved in trade and FDI promotion need to agree on a common vision for a comprehensive trade and FDI strategy that incorporates common objectives. In order to facilitate the smooth functioning of an active economic diplomacy, including trade and investment promotion, they recommended that MFA and MDC merge their current activities related to trade policy, including trade promotion, into a new policy unit dedicated to the design of trade and investment policies, institutionalise the cooperation between this new unit and the two ministries in a Joint Venture. As part of this development, the Ambassadors' tasks should be redefined to include a (much) more active role in facilitating and promoting Greek business abroad and the MFA would consider setting an ambitious target of allocating up to 80% of its staff to economic diplomacy for those countries and markets which are currently important for Greek exporters and where potential foreign investors are. Therefore, economic diplomacy and trade diplomacy should become the number one priority of Greece's MFA and its network of embassies and consulates abroad. The two Agencies HePo (for promoting the exports) and Invest in Greece (for attracting FDI) - as far as their current promotional functions are concerned should be merged into a new single state agency: Greece Trade and Invest. Finally, and this is might the most important point, they recommended a clear distinction between the role of setting policies and that of implementing policies.

However, it soon became apparent that, although adopted by the

government, most of the Netherlands Expert group recommendations in reality led to a lot of difficulties:

First, the MFA and the MDC bureaucracies were not willing to form a strong new policy unit for the formulation of economic diplomacy. Although initially the MFA had not any objection whatsoever, the policy unit to be embedded in the MDC as well as the personnel of Economic and Commercial Offices (OEY-Commercial Attachés), soon second thoughts emerged as the following risks appeared: a) The risk of having two basic Ministries in the field of economic diplomacy. On the one hand the MFA with low powered, and sometimes not clear duties and from the other hand the MDC. Furthermore, the MFA with its B's Directorates that are in charge of the bilateral economic relations were going to lose almost all their human resources. The MDC with the personnel and the competencies of the Offices of Economic and Commercial Affairs from the MFA. The MDC would also supervise not only the new Agency from the unification of the Agency Export and Promotion Agency (OPE) with the Invest in Greece, but the plan was to keep its old duties as inherited since 2007 from the old Ministry of Economy, such as the World Trade Organization's issues and the coordination of Greece's policy in the common commercial policy of the EU as well as the matters of the Organization of Economic Cooperation and Development (OECD). Therefore, it was strongly recommended by analysts and by Exports Associations that if the desirable political will of the creation of a unified economic diplomacy is sincere and viable, then all services and all competencies of economic diplomacy should be transferred to one Body or one Ministry and this should be the Ministry of Foreign Affairs, for the following reasons:

- a) There is undoubtedly a substantial political dimension in economic diplomacy which refers to the modern aspect of foreign policy formulation and implementation: the new economic architecture is a way for a government to project its own power and increase its own influence abroad. For a long time, political influence has been used in order to advance commercial goals. It is now more than ever evident that, in today's international reality, a country's negotiating

power depends more and more on its economical status and power. One step further, a powerful economy constitutes a commanding ground on which the construction of a fruitful foreign policy is based. Economic tools could also be employed to materialize political goals. In other words, to rephrase Von Clausewitz's famous dictum: Economic diplomacy is a mere continuation of policy by other means. The presence of a country's traders, investors, and financiers can be as effective instruments of foreign policy as much as its actual military power. Therefore, economic diplomacy has two general usages: it refers to the use of economic resources or the 'manipulation' of economic activity for diplomatic purposes, and to the use of diplomacy to promote financial or commercial objectives.

- b) Due to globalisation and the economic situation of Greece, today's economic diplomacy constitutes a vital field of exercising a country's foreign policy. So, this is the reason why a unified centre, formulating and implementing economic diplomacy, should undoubtedly exist. In these terms, the complete coordination between country's foreign policy and country's economic diplomacy is a necessity which should not be ignored. To put it in simple words, the promotion of extraversion's policy abroad, such as the commercial policy (the exports' promotion) or the investments' attraction, the general economic external policy (development of bilateral economic relations or the multilateral economic diplomacy) and, finally, the realisation of external development aid should be under the supervision of the Ministry of Foreign Affairs. For instance, also in the Netherlands economic diplomacy was importantly advanced with the appointment of a Minister for the External Commerce and the Developmental Cooperation and, simultaneously, with the relocation of a whole General Directorate for the external economic policy and the developmental cooperation from the Ministry of Finance to that of MFA.
- c) As the international economy evolves day by day, embassies consume most of their time dealing with matters of economic diplomacy. The political diplomacy now sometimes comes in the second place. If Commercial and Economic Attachés leave the Ministry of Foreign

Affairs and go to the MDC, there is the danger of undermining the so far achieved osmosis between the traditional issues of the Greek foreign policy and the emerging vital matters of economic diplomacy that has been accomplished during the last years at the MFA. Even the possibility of signing a Memorandum of Understanding (MoU) between the MFA and the MDC sounds like a Greek paradox, if one bears in mind that, during the previous years, there was no culture of cooperation between those specific Ministries.

- d) At the same time, the European Union has set up the European External Action Service, which includes not only the external and commercial relations of the EU but also the matters of Common Foreign and Security Policy (CFSP). There was no doubt that the above mentioned move of economic diplomacy to MDC was going to cause difficulties in the MFA regarding its role as the basic player, coordinator and promoter of country's interests in the EU. Besides, it was doubtful if the MDC, turning into a super Ministry 'mammoth' or 'Levathian' would be capable enough of handling successfully its competences.

Second there was a great effort of not observing the distinction between the role of setting policies and that of implementing policies. The public authorities need to be held accountable for the effectiveness of their policies and implementing agencies need to be held accountable for their results. There must be a monitoring and evaluation system in place. The initial draft law for setting up a new S.A. company (Public Limited company-Société Anonyme) as the outcome of the merger of the Agency Export and Promotion Agency with the Invest in Greece was given a lot of policy formulation duties-even diplomatic status to its employees-weakening its supervising body: the Policy Unit based in MDC. This created a strong reaction by the Task Force and from the MFA and finally the new Agency Enterprise Greece Invest and Trade was designed only to assist foreign investors and enterprises to do business with Greece, to contribute to the outward looking orientation of the Greek economy, to attract foreign investment, to troubleshoot issues related to the public administration, and to provide key investment and business

information. Meanwhile the coordination of the policy remained in the Policy Unit which remained in the MDC.

Third, to ensure that a comprehensive strategy of economic diplomacy could be consistently implemented, the vision and strategy need to be endorsed by all major stakeholders involved and must have full political backing and support. The vision and strategy must define a coherent set of promotional programs and initiatives with clear political backing and support both in terms of commitment but also in terms of the necessary resources. However, the decision makers' attitude prism was inclined more to support and increase the power and resources of their own Ministries rather than to estimate how to increase the Influence Capability of the Greek economic diplomacy. The decision makers were considering the need for the economic diplomacy mechanism reform as a chance and as a tool of increasing their influence in the decision making body of the foreign economic policy. The key to understanding why this is so cannot be in the origins of the crisis *per se*, as Sofia Vasilopoulou, Dafhne Halikiopoulou and Theofanis Exadaktylos point out, but in the way it was handled by domestic political actors. "The crisis presented Greek party leaders with a catch-22 situation. On the one hand, these actors were subjected to substantial international pressures for implementing reform; but on the other, structural reform would inevitably lead them to compromise their position within the political system".²⁶

Fourth, there was a fierce reaction from the Economic and Commercial Affairs personnel, refusing, most of them, to move again to the MDC and finally it was decided although many diplomats wanted to get rid of the issues of economic diplomacy-to remain in the MFA.

Conclusions

The outcome of the last effort to reform the mechanisms of Greek economic diplomacy during a period of economic crisis is disappointing, especially when there is a consensus on the necessity that Greece's economic recovery will be based mainly on increasing its exports and on attracting FDI.

On the basis of the Europeanisation process (downloading) model of adaptation, the case of the Greek economic diplomacy efforts of reform during the economic crisis reveals:

First, that Influence Capability (IC) in our approach as an independent variable refers to the EU's Influence Capability to Europeanise the operational environment of the Greek system of economic diplomacy. According to Petersen economic power is an important tangible factor of IC in an integration context.²⁷ Economically developed states or actors like the EU are more influential than weakly developed ones. The EU tried to Europeanise the Greek system of economic diplomacy – as we have pointed out – not only under the general pressure exercised by the so-called Memorandum by imposing a strict programme of austerity, fiscal consolidation and structural reforms but also by using more concrete and specific means, like a technical assistance programme provided by the Task Force of Greece through the mission of a group of experts from the Netherlands. As Kevin Featherstone points out, never had the EU been involved in such close investigation of one of its Member States and characterises this process as 'Über Europeanisation'.²⁸

Second, the other important independent variable which belongs to the domestic environment of Greece is Stress Sensitivity (SS). As Petersen argues SS is a structural variable.²⁹ In terms of actor characteristics its main feature is probably modernisation, which implies a high sensitivity of societal structures to international events. Although in our case study there is a need for setting up a Europeanised structure of economic diplomacy mechanism, nevertheless, the societal structure of the political system did not permit it. The different interests of the decision makers in the MFA and the MDC, the conflicting interests between the bureaucracies and Agencies were strong enough for another time to ruin any effort of substantial reform and of course the Europeanisation process was extremely limited. As the traditional clientelistic and corporatist interests prevail at the expense of substantial reforms, even a de-europeanising process took place and became very obvious as at the end of the day the Greek administration in practice once again has

two basic Ministries in the field of economic diplomacy with low powered, and not clear duties. As a consequence a high danger exists for the Greek economic diplomacy: to be everywhere and nowhere at the same time!

Finally, from the above analysis it is apparent that the adaptation model of behaviour which Greece followed, even in a period of economic adjustment funded by the troika (European Central Bank, European Commission, International Monetary Fund) in the case at least of the economic diplomacy reform reflected that of Quiescent and not Acquiescence policy. Petersen suggested that, “countries like Ireland, Portugal and Greece may be the closest approximations to an acquiescent policy in the Union”, although he also acknowledged that Greece had felt free to demonstrate its nuisance value on several occasions.³⁰ If the policies of Acquiescent and Balance reflect the europeanisation process, the policy of Quiescent reflects the process of de-europeanisation. Positively attempting actions to rid a member-country of any perceived restraints imposed by the EU’s policies.³¹ Its main characteristic is a non-commitment strategy expressed in a policy of exemptions that is limited participation to preferred policy areas and being exempted from unrewarding ones.³² Greek decision makers adopted in the case of the economic diplomacy mechanism reconstruction a policy of Quiescent as they chose to follow a low-key strategy aimed at limiting concessions in the integration process and intending more on avoiding the drawbacks of Europeanisation. Furthermore, the current system of Greek economic diplomacy continues to be fragmented and divided over many institutions. With few exceptions, state actors do not or hardly seek any collaboration with each other (no horizontal cooperation), and there is little cooperation between the public and private sector actors (no vertical cooperation). Moreover, the institutions responsible for export promotion and its implementation mainly seem to follow an *ad hoc* approach. The case of economic diplomacy however should not be considered as an exceptional one. There were delays, as Stella Ladi argues, “in most of the administrative reforms and the incremental nature of the few reforms that were implemented, signifies policy

experimentation in order to avoid harsh governmental decisions and conflict with the organised interests”.³³

The case study of Greek economic diplomacy seems to confirm the two main arguments that have been pointed out in some of the research which has been conducted on Europeanisation to date. First that Foreign Policy Analysis is a useful analytical and theoretical tool for the study of the Europeanisation process and second that Greek foreign policy has not yet been Europeanised, because it highlights the absence of a rational institutionalised collective decision-making process.³⁴

NOTES

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6. N. Petersen, “Adaptation as a Framework for the Analysis of Foreign Policy Behaviour”, *op.cit.*, pp.244-245.
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11. *Ibid.*, and C. Tsardanidis and S. Stavridis, "Greece" in R. Wang and C. Hill (eds), *National and European Foreign Policies. Towards Europeanization*, London: Routledge, 2011, pp.111-130.
12. V. Coufoudakis, "Greek Foreign Policy Since 1974: Quest for Independence", *Journal of Common Market Studies*, vol.6, No.1, 1988, pp. 55 -79. A. Kazamias, "The Quest for Modernization in Greek Foreign Policy and its Limitations", *Mediterranean Politics*, Vol.2, No.2, pp.71- 94.
13. For example, the 2001 GRECO evaluation reports on Greece stated "that one of the most common forms of corruption is the bribery of public officials in return for their assistance in obtaining subsidies or aid from EU funds". See P.Szarek-Mason, *The European Union's Fight Against Corruption. The Evolving Policy Towards Member States and Candidate Countries*, Cambridge: Cambridge University Press, 2010, p.90.
14. The Radical Left-wing party Syriza won the elections for the first time ever, securing 149 out of the 300 seats and has formed a coalition government with the small right wing party Independent Greeks, thus providing a stable majority in the Greek Parliament.
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27. N. Petersen, “National Strategies in the Integration Dilemma: An Adaptation Approach”, *op.cit.*, p.38.
28. K. Featherstone, “The Greek Sovereign Debt Crisis and EMU: A Failing State in a Skewed Regime”, *Journal of Common Market Studies*, Vol.49, No.2, 2011, p.207.j, Journal ms, Jou, *Journal* _2139 193..21
29. *Ibid.*, p.40
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31. R. Wang and C. Hill, “Many Actors, One Path? The Meaning of Europeanization in the Context of Foreign Policy” in R. Wang and C. Hill (eds), *National and European Foreign Policies. Towards Europeanization*, London: Routledge, 2011, p.211.
32. N. Petersen, “National Strategies in the Integration Dilemma: An Adaptation Approach”, *op.cit.*, p.44.

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GreeSE Paper No.57, Hellenic Observatory Papers on Greece and Southeast Europe, April 2012, p.26, eprints.lse.ac.uk/43383/1/GreeSE%20No57.pdf
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