

Notes of the month

Greece: into the Balkan crisis

Twelve months ago, or even more recently, it was possible to believe that Greece might, in some undefined way, avoid being drawn into the Balkan crisis. This certainly was the view of the Mitsotakis government, and in what has to be called a propaganda sense, still is. The emphasis is put continuously on the fact that Greece, by virtue of its NATO and European Community membership and position in organisations such as the Western European Union, can avoid serious involvement in the messy and increasingly violent process of remaking the Balkans to the north. The title of an officially sponsored meeting held in London last winter exemplified this philosophy: Greece – A European Democracy between the Balkans and the Middle East.

But the unfolding and long drawn-out conflict with the EC over the 'Macedonian' issue, and the increasing strain in the Greek social and economic fabric as a result of the economic policies required to meet the criteria of the international financial institutions and the EC, have in recent months called these assumptions into question. The central dilemma facing the Mitsotakis government will be to reconcile the economic dependence on these international bodies with an increasingly nationalistic and independent foreign policy, based on a close alliance with Serbia.

The fortunes of the economy have continued to dominate the agenda, in one sense. Speaking in the spring, President Constantine Karamanlis warned his countrymen that Greece was 'on the edge of an economic abyss' and 'facing catastrophe'. The outlines for this crisis are well known. In March 1992, the European Commission sent a report to the Community's Monetary Committee, pointing out that gdp per person in Greece had fallen from 52 per cent of the EC average in 1983-85 to 48 per cent in 1988-90, and that ever larger sums of EC aid (7bn ecus in 1989-93) had failed to change the underlying trends. Depending on how the figures are analysed, Greek government debt stands at 135-140 per cent of gdp; inflation is running at an annual rate of about 16 per cent (by far the highest figure in the Community); the number of civil servants is still rising, with a 4.4 per cent increase last year; and so on. Only limited progress has been made with the privatisation programme demanded by the representatives of the EC and the international financial institutions resident in Athens, upon which releases of further loan tranches are conditional. As things stand at the moment, there is no meaningful prospect of Greece being able to fulfil the criteria for the single market or monetary integration. Yet it is also the EC country, if opinion polls are to be believed, with the greatest public support for Maastricht and further EC integration. The Greek public as a whole still seems to believe that in a Delors-inspired movement towards federalism, further massive transfers of resources to Greece will be made from the countries of northern Europe.

During the years when Communism dominated most Balkan countries, these continuous subsidies were justified on the grounds that Greece was an island of democracy in an otherwise totalitarian peninsula, but to many in Brussels now Greece appears to be only an over-privileged recipient of a disproportionately large amount of Community funds. There has also been widespread

criticism (not least from within Greece, to be fair) of the kind of investments made by the Community, particularly the FEOGA structural investment arm of the Common Agricultural Policy. Mega-scale EC-funded schemes such as the projected diversion of the Akhelos river into Thessaly are seen as economically unnecessary and profoundly environmentally damaging, and a product of the thinking of a bygone era. Community policy has already resulted in a situation where farmers use 76 per cent of Greek water, an increasingly scarce and important resource, often wastefully, and pay virtually nothing for it. Given the importance of the agricultural sector in the Greek economy, EC policy has, over the years, created a deeply distorted investment climate. Whole areas of the economy exist on external capital remittances where normal financial criteria do not apply, while the rest is starved of investment. And although the EC has made a reduction in the size of the bureaucracy an important element in its programme for Greece, it should be noted that part of the increase in the numbers of civil servants in recent years has resulted from the burgeoning number of Brussels directives.

But the government has, none the less, attempted to press on with its privatisation programme and with the reduction in overmanning in the public sector. This has been met with a militant response from the trades unions. Athens has been crippled by a series of major strikes affecting power supplies, telecommunications, banks, the Post Office and the civil service. A particular bone of contention has been the government's controversial new Social Security bill. In their campaign against it, the trades unions have secured the support of the main employers' association, the Association of Greek Industrialists (SEB), and of the Greek Association of Small Businesses. The PASOK opposition, led by Andreas Papandreou, has been gaining strength and in the spring did particularly well in important by-elections in the Athens region. With a tiny parliamentary majority, Mr Mitsotakis does not, on the face of it, seem to be in a position for a prolonged confrontation on these issues, whatever the EC and the International Monetary Fund may say. But on the foreign policy front, external developments have strengthened his position considerably.

The Lisbon factor and 'Macedonia'

In the crisis in the EC over Maastricht, many political observers were amazed by the decision of the mid-summer Lisbon EC summit to back the Greek position on non-recognition of the Skopje-based ex-Yugoslav republic. Although Greek pressure on this issue had prevented recognition on 15 January, despite the view of many that 'Macedonia' fulfilled some criteria for recognition better than Croatia, it was widely assumed that at some point Greece would be forced to capitulate to the wishes of the other 11 EC members. The responsible and strongly pro-European policy of the 'Macedonian' leadership was seen as a particular point in their favour.

But in the crisis atmosphere of the Lisbon summit EC unity was at a premium, and Mr Mitsotakis succeeded in convincing the other EC leaders that if 'Macedonia' was recognised as such, that

would be the end of his government. This may well have been true, in that a vote of confidence in Parliament earlier in the spring had only been survived with difficulty. The EC leaders seem to have taken the view that abysmal treatment of the Skopje leadership could be justified by the overriding need to keep Andreas Papandreou and PASOK out of power. The memory of his time as a gadfly in NATO and the Community still seems to be green. The implications of this decision, however understandable, do not seem to have been fully appreciated.

The EC decision not to recognise Skopje has given invaluable succour to Serbia at a time when it was under severe international pressure, and it has allowed a Serbian-Greek axis to develop to dominate the southern half of the peninsula. Without necessarily giving credence to the wilder accusations of Greek sanctions-busting, there is no doubt that the political vacuum in 'Macedonia' has greatly assisted activities on this front, given that ethnic Serbs dominate some important economic enterprises in 'Macedonia' and have every incentive to help Belgrade survive the UN campaign. It has given the greatest boost for many years to the old-style nationalist, irredentist Right in Greece, so that the 'Macedonia is Greek' public relations campaign which appeared to start as little more than a sentimental assertion of cultural identity has acquired real chauvinist force. Racist anti-Slav newspapers of the extreme Right have been setting the agenda for public discussion in a manner that is disturbingly parallel to the way similar extremist minorities captured the agenda of mainstream political discourse elsewhere in the Balkans.

The EC decision has strongly encouraged an aggressive fortress mentality among the Greek public which will preclude any reasonable relationship with Skopje for the foreseeable future and cause the natural economic links between the two countries to be broken. This will speed up the already rapid disintegration of the 'Macedonian' economy, seriously affected (however unintentionally) by UN sanctions, and will strongly increase the potential for disorder and violence on Greece's northern borders. An interesting sign of this is the effective ban on the Greek drachma as a currency within 'Macedonia', and the virtual closure of the border at many crossing points. It is inevitable at some point that the severely stretched Greek armed forces will need more resources, and an increase in the period of compulsory military service looks a real possibility. This, in turn, will place an ever increasing burden on the economy. It should be borne in mind that for Greece the most difficult time economically in recent years was as a result of the Cyprus crisis-inspired mobilisations of the mid-1970s. It must be a very open question whether the EC will be willing to increase its funding to Greece to cover this kind of eventuality.

Vorio Epirus and border insecurity

Another difficult foreign-policy issue that is emerging is the dispute with Albania over Vorio Epirus, the southern provinces of Albania which have a predominantly ethnic Greek population. Relations between these people and Tirana have been steadily deteriorating since the decision of the national unity government to try to ban Greek participation in the Albanian elections of last March. The previous policy of OMONIA, the main Greek human rights pressure group, for human-rights improvements for the Greeks within Albania has now been abandoned, and different groups are campaigning for either a Vorio Epirus autonomous region, with de facto independence from Tirana, along the lines

of the ethnic Albanian campaigns in Kosovo; or for *enosis*, complete unity with Greece, and the realignment of the southern border of Albania along the line of the Shkumbi river.

In response, militant Albanian groups are campaigning for the recovery of 'Cameria', the areas of southern Epirus now inside Greece which have a population descended from ethnic Albanians, and where it is claimed ethnic Albanians were evicted from their homes and forced to become refugees in the aftermath of the Greek civil war.

Whatever the immediate growth of influence of the more extreme and atavistic groups, economic forces are in any case beginning to call the existing border into question, from the point of view of all Albanian Greeks. With the deteriorating social conditions within Albania itself, many people in Vorio Epirus have to look to Ioannina, rather than Tirana, for medical care, loans and many basic necessities of life. Over the next two or three years, even if political conditions remain relatively stable, a process of disintegration of the border as an effective barrier between Greece and Albania is likely to take place. For many ethnic Greeks, the newly opened Greek consulates in Korce, Sarande and Gjirokastra are already proving to be the real centres of 'government' (in so far as there is any in the region), rather than what is seen as a distant, ineffective and alien authority in Tirana. This will create major difficulties for the government in Athens.

There is considerable popular pressure in Greece for stronger controls on refugee movements of ethnic Albanians, and growing sympathy for the problems of the Vorio Epiriot Greeks. There is considerable risk of increasing and messy involvement of the Greek security forces in trying to hold the ring on the existing border between complex population movements and conflicting policy objectives in Athens. On the one hand, the Greek government is committed to the present Greek-Albanian border as a stabilising factor; on the other hand, if the social disintegration of Albania continues—particularly if the country becomes embroiled in a Kosovo crisis—the pressure for Epiriot *enosis* may become irresistible, particularly given the atmosphere of renewed nationalism in Greek public opinion.

Mr Mitsotakis has exerted strong diplomatic pressure on the Albanian leadership in Kosovo as well, to try to prevent border changes in that part of the region. In September he called for the involvement of the President of the United States as an arbiter between Serbia and Albania, reiterating the familiar Belgrade position.

Mr Mitsotakis took on the Foreign Ministry portfolio for some time during the summer, and he has used the issue adroitly to secure his position against Mr Papandreou. The EC leaders in Lisbon gave him a virtual blank cheque in this respect. But the cost for Europe may be high, possibly very high indeed. Any reversal of EC policy would be almost certain to bring the end of his government, because so much prestige has been staked on 'Macedonia'. Unless there is rapid and unexpected progress towards a general Balkan settlement, the EC has stumbled into the position of being a guarantor to the growing forces of Greek nationalism. The London Conference brought 'Macedonia' nothing but humiliation, and it was a matter of surprise in Skopje itself that President Gligorov did not walk out. Sooner or later political pressures will overtake the existing Skopje leadership. Neither the Greeks nor the rest of the EC may find their successors as pliable and ineffective as the current government.

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