FRAGMEX – Fragmentation & Exclusion. Understanding & Overcoming the multiple Impacts of the European Crisis

After the crisis is before the crisis.
Some reflections on the Greek crisis, the present state of the Union, the refugee crisis (and related matters)

Deliverable 9

Konstantinos Maras
KWI-Essen

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Contents

I. Current affairs

With the agreement on a third rescue package, arrived at after several months of tedious negotiations between the SYRIZA government and the "institutions" (EZB, EU-Commission, Eurogroup, and IWF), the Greek sovereign debt crisis seems to have entered a less unmanageable phase. The impression of the Euro crisis having been more or less successfully overcome is reinforced by the apparently positive course the crisis management has taken in the case of the other previously crisis-stricken countries of the European periphery, that is, Ireland, Portugal and Spain. However, the tentative perceptions about the extent to which the systemic destabilisation caused by the debt crisis has efficaciously been warded off, seem to give rise to far more questions that (reassuring) answers, for to all appearances it would be not quite erroneous to give credit to the observation that there are still some unsettling matters regarding both the way the European crisis management has on the whole handled the issue of meeting the challenge posed by the economic and financial crisis (Drudi et al. 2012), but also the possible impacts and side-effects of the anti-crisis policies so far pursued as well. To the former cluster of questions belongs of course the overriding question as to whether and to what extent meeting the challenge of the crisis has been identified with the (perception of the inescapable) necessity of bringing about decisive changes in the institutional framework of the Union, especially as regards the modus operandi of deeper integrated and better coordinated European macroeconomic action, commonly known as Economic Governance.

Indeed, the policies implemented in the course of the anti-crisis management pose certain disquieting questions for what can be called the EU convergence philosophy (Anastasakis/Bastian/Watson 2011: 3). To be sure, the grave impacts financial instability and over-indebtedness have exerted upon the functional capacities and problem-solving abilities of the European institutional network have triggered off policy shifts and instigated a process of regulation reforms concerning feasible controls of capital market transactions and the regulation of the European bank sector, the co-ordination of economic and fiscal policies and measures to secure public budget consolidation. As regards the first, the new surveillance framework contains supervision mechanisms for both the national (i. e. micro-prudential supervision) and the European (i. e. macro-prudential supervision) areas of control (Szczepańska 2011: 33ff). Considerable reformatory efforts have also been put into drawing up the outlines of a financial regulative regime in the European monetary space, that is, the banking union avowedly aiming among others at strengthening bank capital and liquidity, securing safer and transparent financial markets and implementing more effective oversight and supervision of the financial sector (European Commission 2015).

The second cluster of reformatory work rectifying some of the deficiencies made manifest since the outbreak of the economic crisis[1] concerns policies and measures targeting general coordination of economic policy, fiscal coordination and macroeconomic control. The new regulatory framework (generally referred to as the Six-Pack proposals and the European Semester [ES]) purports to do some repairing work at the SGP, integrating into the economic governance framework *a)* stricter rules (and sanctions) against violating the Maastricht norms (i. e. deficit below 3% of GDP and debt below 60% of GDP), *b)* better enforcement mechanisms, as debt reduction becomes a criterion in the assessment of public finances, and *c)* a surveillance system focussing on the reduction of macro-economic and competiveness imbalances (excessive deficit and excessive imbalance procedures). For its part, the ES is supposed to provide the regulation set for the (ex-ante) co-ordination of national economic policies among the EU-member states (Dhéret et al. 2012: 12ff). Issues of budgetary surveillance are also addressed by the European Fiscal Compact (Fiscal Stability Treaty – FST), which sets the objective of providing for prevention measures against future debt-related crises by imposing on the states that sign the treaty the duty to implement (balanced) budget rules into their national legislation (Burret/Schnellenbach 2014) – or preferably directly into their national constitutions, like in the German case.

Together with the permanent European Stability Mechanism (ESM), these crisis-induced reforms in the institutional-functional makeup of the economic and monetary Union look at first sight like an imposing overload of will-acts and firm intentions to carry through reform adjustments and course corrections. However, what from one perspective appears as self-critical learning process with regenerative effects, may from another turn out to be just half-hearted piecemeal engineering and fitful management that dispiritedly muddles through the crisis, without facing up to the real challenge posed by the upheavals since 2009, namely (to summon up the courage) to tackle the matter of pushing integration forward by means of strengthening the structure of the political Union (Simms/Zeeb 2016). Deploying the reformatory package-set

[1] Such as the in-built lack of the Stability and Growth Pact (SGP, set up in 2005) to provide for sufficient buffers in economically prosperous times, the insufficient concentration on issues pertaining to debt levels and debt dynamics, the one-sided focus on procedural aspects and formal deficit limits and macroeconomic surveillance narrowing itself to fiscal policy. See Arroyo 2011.

mainly comprising of Six-Pack, ES, (upgraded) SGP, FST, and ESM, and fiscal union (Ioannou et al. 2015; Verdun 2015) as groundwork for patching up the holes and vulnerabilities of the European economic and monetary space, does obviously not suffice to bring reforms aiming at Economic Governance into balance with those targeting the project of a unified political governance of the European community of states (Habermas 2012). Worse still, the fiscal surveillance system installed to control deviations from set rules, entailing as it does a (temporary, or even permanent) transfer of budgetary sovereignty to the supranational EU level (Zimmermann 2013:183), seems to run square against what the national parliaments consider as one of their inalienable rights.

In the face of this, all the evidence testifies to the perception, if not to say conviction, that the anti-crisis strategy has ushered in dynamics of transformation hard to be passed by doing business as usual. However, it appearances do not deceive, this is actually what the picture of the current state of managing the post-crisis situation has to offer. Lest this sound overcritical, suffice it to mention that the French initiative (Macron 2015) in mid-2015 to draw some integration conclusions out of the Euro crisis, but also out the nearby failure of the negotiations on the third rescue programme for Greece, has not quite received the reform-willing attention it may be said to deserve, despite the fact that (to all appearances) it helps reduce the current discrepancy between tightening up the mechanisms of co-ordinated economic and fiscal action, one the one hand, and the effort to provide them with the political framework supplement, on the other. For one thing, the French proposal purports to provide an action scheme that shall be able to come to grips with the centrifugal forces unleashed in the course of the Euro crisis by means of pooling together the economic and political resources of collective steering competences.

In concrete terms this means for the Eurozone to set up a joint economic government with an executive organ at its head, that is, a strong euro commissioner (or finance minister) with far-reaching powers in matters of fiscal and social policy. Furthermore, besides a common budget, a common deposit insurance and a common unemployment insurance the organisational setup of this purposely higher-level integration of the fiscal and monetary space shall provide for democratic legitimacy in terms of a common parliament of the Euro member states. However, the proposed plan contains a controversial element that under the present circumstances – and especially in view of the German anti-crisis strategy displaying a strong aversion against any notion of a ‘transfer union’– could be hardly realisable, namely the conception of a fiscal equalisation scheme enabling fund transfers from economically stronger Eurozone countries to weaker ones.

Whether this possible course of strengthening fiscal and social coordination could eventually prove a necessary component of the trajectory of economic and political integration – assisted by the functional spill-over dynamic (Niemann/Ioannou 2015) crated by the institutional reforms – is hard to tell. In any case, it seems to partly run counter to the form crisis management has assumed in the last six years, characterised as it has been by a strong intergovernmental rule by the European Council or an executive federalism (Habermas 2011). Nevertheless, what has in the course of the crisis usually been decried as the most ostensible form of this intergovernmentalism, that is, the ‘directory’ or the ‘Franco-German axis’ supposedly imposing its power will and decision-making prerogatives upon the rest, was probably more expression of quick and ad-hoc reactive response to the exigencies of urgent action, than a kind of strategic coalition building showing crisis-stricken Europe the way ahead. Indeed, looking back at the main European policy lines of the two countries, one observes the following:

Whereas Germany and other solvent countries have consequently pursued to goal of minimising their liabilities and financial assistance, pushing for national adjustment and rejecting supranational funds or Eurobonds, France and other south-European countries have from the start supported the ‘Europeanisation’ of sovereign debt and opted for soft adjustment policies. Harnessing the two policy preferences under the auspices of the overriding demand to provide immediate problem-solving schemes (Schild 2013), has consequently resulted in a kind of asymmetry reflecting the dominant divergence characterising the interdependence in the European economic and monetary space: Thus, the solvent countries with superior bargaining power have at the supranational level implemented the delegation and enforcement of fiscal discipline, whereas issues of financial assistance and transfers will predictably remain in the domain of intergovernmental decision making.

Should the transnational political integration of the EU make no considerable progress in the near future, it is reasonable to surmise that this asymmetry – between the reformatory institutional (surveillance) work done in order to increase commitment of the member’ states to Eurozone stability, one the one hand, and the more intergovernmental decision making processes regarding issues of financial assistance, on the other –, shall continue to determine the shape of

European internal affairs (Schimmelfennig 2015). Equally strong present shall predictably be in the next years the main discursive narratives about the ‘roadmaps’ of overcoming the structural dysfunctions of the union, each coming from the two determining actors of intergovernmental action: Whereas the French self-understanding shall remain centred on *gouvernance économique*, albeit downplaying its neo-liberal components and the inevitable reduction of national sovereignty it implies, the German account will stress collective leadership and stability-oriented ‘ordo-liberal’ economic and fiscal policies (Schmidt 2014: 191).

Nonetheless, however sustainable such balancing of transnational surveillance/control and self-interested intergovernmental bargaining arrangements on financial assistance may prove to be, the intergovernmentalist management approach reaches its limit, when matters of general European values, as for example humanitarian solidarity, are at stake – as the current refuge crisis seems to testify. Furthermore, it is highly questionable, whether the deficient legitimacy of the rescue-cum-retrenchment programs (Scharpf 2011: 37) have not to a certain extent itself aggravated certain fragmentation tendencies triggered off by the danger of the euro area disintegrating under the strains of huge state debts. This pertains not only to the divisive partition between creditors and debtor nations, with Greece at the foremost line of countries signing ‘memoranda of understanding’ that look like protocols of unconditional surrender, but also to the strong renationalisation of European politics, which has indisputably added to the North-South divide the quasi-secessionist policies of Eastern Europe on the issue of the current mass migration. In this sense, one observes since last year phenomena of anti-European mobilisation that reach well beyond what one is usually fond of describing as Euroscepticism and nationalist reservations against European integration. With the ‘Grexit’ somehow still probable, the ‘Brexit’ certainly possible, chauvinist, right-wing politics gaining increasingly momentum, and the refugee crisis putting the cohesive resources of the Union to a hard test, it is surely not very unreasonable to argue that after the (economic/financial) crisis is before the (migration/political) crisis.

II. The broken hegemony

Now, the two crisis constellations, successive as they are, do not at first sight seem to display a causal connection or relational implication sufficient enough to want to talk about a certain nexus between them. Nonetheless, there are undoubtedly two factors present in both that warrant making this conjecture: the fragmentation of the European political space of decision-making, one the one hand, and the gravitational force exercised by the European policy of the German government. Turning first to the latter, it would certainly be no exaggeration to claim that this uncompromising vigour with which the Merkel government (MG) has imposed what in the German dominant political discourse has been often described as ‘stability culture’ (Maras 2016: 235ff) has given rise to a host of adversarial animosities, nationalist aversions and even aggressively hostile attitude and stances among the European community of nations. Assuredly, the avowed claim of MG to assume the leadership role in turning crisis management into a means of implementing across the Continent the tenets of fiscal stability and financial solidity, mainly along the lines of restrictive public expenditure, fiscal discipline and austerity politics (Laskos/Tsakalotos 2015: 135), has been acquiesced to by the other major actors determining European collective action in the framework of the intergovernmental decision making processes. Indeed, till the agreement reached between the Euro-group and Greece last July there seemed to obtain a basic consensus that there was no alternative to the stability and consolidation course the over-indebted countries of the European periphery were obliged to embark upon.

After all, whatever arguments the Greek demonstrations of resentment, hostility and rebellion against the austerity dictates might mobilise to substantiate the thesis about the counterproductive, pro-cyclical and recession-inducing impacts of restrictive budgetary policies, it could always be pointed out that the country in the south-eastern corner of the EU could by no means labelled, or even call itself, a laboratory for testing the neo-liberal essentials of the authoritarian ‘stability culture’, for in the north-eastern corner of the Union, in Latvia, the economy had also have to go through the hell of fiscal contraction, retrenchment measures, and restructuration programs after the outbreak of the economic crisis in 2009 (Wehr 2016: 31f) – with considerable recovery success, as it seemingly turned out.[2] Add to that the apparently effective consolidation programs implemented in Ireland, Portugal and Spain, and there could but emerge the narrative (discursive) picture of a hard, sometimes unjust and sacrificial, but in the medium and long term effective anti-crisis strategy. Everyone who did not favour outright (Gr-)exit scenarios, could roughly argue on these lines in support of the necessity and unavoidability of the stability course.

[2] This explains the nationalistic bias and the vehement resentments festered by East-European countries against the negotiation objectives of the SYRIZA government, but also the unconditioned loyalty they have shown to the demands of the German ‘stability culture’. In defence of the laboratory-thesis see Chilas/Wolf (2016: 216ff).

This being then the dominant way of tackling the sovereign debt crisis in general, and the Greek calamity in particular, one might as well pose the question, why soon after the agreement on the third rescue program for Greece it became increasingly unmistakeable that the economic power politics of the German 'stability culture' came across an increasingly resentful reaction on the part of various countries, which had previously more or less stood staunchly behind the rigorous consolidation and stability cure for the 'Greek patient'. Whereas in the first half of 2015 the general perception and the political mood during the negotiations between the 'institutions' and Greece over the conditionalities of the new instalment of 'rescue credits' appeared to be one of unanimous consent about what the renitent SYRIZA government was obliged to comply with, lest it risked getting (temporarily) ousted out of the euro area, in the second half of last year it turned gradually out that the euro-rescuing front was not all that compact. To be sure, tensions and cleavages have since then not manifested themselves along economic-financial considerations, as the stability regime forced upon the Euro's architecture by MG – notwithstanding the French initiatives – seems to hold undisputed sway over the monetary union.

On the contrary, growing discontent has expressed itself since autumn 2015 in other terms, namely political, as MG found itself more and more isolated on the issue of how the EU, this time observing the values of humanitarianism and solidarity, should effectively respond to the refugee crisis. The seemingly firm hold the German hegemon has all the previous years exercised on the management of European affairs appeared at once to crumble under the disinterestedness, discomfort, or even disgruntlement of Germany's neighbouring countries. Worse still, contrary to how it had been used to push through policies and measures deemed as befitting the solid stability of the monetary union, MG saw itself now compelled to adopt a pleading attitude towards EU policy makers. Where preciously acting on the European stage has justifiably been perceived as arrogant, hard and uncompromising, now Germany's strategy has essentially involved consensus-finding processes, MG hoping that the EU can possibly find a way to a fair distribution of migrants in Europe. So, in this sense, Germany's hegemonial dominance in the euro crisis has been strongly relativised in the course of the migrant crisis, because to all intents and purposes enforcing the principles and disciplinary dictates of the 'stability culture' has proved much easier that bringing the EU round to adopting a common refugee policy.

How come? How can be this shift in the power relations be explained? As previously said, the euro and the migrant crisis can be seen to correlate with what – without much exaggeration –

can be termed the rise and fall of German Europe (Konicz 2015). Although various other arguments can as well substantiate casting the break-up of the German hegemony in these terms, it suffices to focus on those political developments that have in one sense accompanied the course of managing the impacts crisis all along, leading to the present cacophony of national policies around the issue of refugee migration: These developments can summarily be termed the fragmentation of the European political space or the renationalisation of European politics. This has apparently reached such a degree that it could not be far-fetched speculation or even unaccountable alarmism to pose the question of whether the EU is not actually gripped in a downward cycle of an irretrievable decline.

Europe on the road to failure? To all appearances, this is what one must reasonably surmise after taking a closer look at the current tendency of eroding solidarity among the European nations in the face of present second – equally demanding – challenge after the economic and financial crisis, the acute refugee flow. If the EU proves itself till today unable to implement the agreed-upon scheme of relocation and resettlement (even) of something over one hundred thousand refugees[3], then it is indeed in a very bad shape – obviously, not even the German hegemon can under the present circumstances push through a halfway decent European asylum policy. That neither the humanitarian course of the MG, nor the EU executive bodies can infuse national policies with a common solidarity spirit, thus enabling the development of a middle and long-term planning, can be seen to mean two things:

Firstly, commonly held notions of Germany somehow reigning in authoritarian manner over the Continent must be put under revision, whereby what should in any case be problematised is the kind of hegemony usually attributed to the power in the middle or the central power in Europe supposedly entrusted with the task of holding the centrifugal forces in the union at bay (Münkler 2015). If hegemony (on Gramscian lines) is supposed to denote unquestioned leadership based on commonly shared basic orientations, strategic guiding principles and consensual action maxims, thus not being reducible to sheer exercise of (consent-negating) power, then the current state of determining force Germany exercises on shaping European policies falls remarkably short of such a position of supremacy.

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3 http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/european-agenda-migration/background-information/docs/2_eu_solidarity_a_refugee_relocation_system_en.pdf [Accessed at: 01.04.2016]

Assuredly, in the course of the crisis the MG has shown all the necessary and resolute determinateness to ordain the rules of the 'stability culture' across Europe – not eschewing even the risk of jeopardising the unity of the monetary space by threatening to push Greece out of the euro zone. However, in hindsight, this has been due to the reluctant unwillingness of moderate middle-left governments to wage a confrontation with German power politics, having themselves no political interest whatsoever to lend the Greek government a helping hand in its efforts to renegotiate the conditionalities of the new credits.

If the German anti-crisis strategy cum stability precepts had thus helped forge a commonality of interests among creditor countries vis-à-vis the indebted ones, then some fellow-travelling with what MG had set down as an overriding policy containing inviolable rules was, or appeared to be, for these governments surely of advantage. No sooner, though, had this interested-guided constellation of temporarily converging objectives exhausted its dynamic, the smouldering conflict potential under the surface of intergovernmental consensus-making made itself felt in increased nationalism, eruptions of right-wing authoritarianism and secessionist tendencies of all kind. The German hegemony is now obliged to come to terms with a plurality of interests, the harmonisation of which it can neither somehow authoritatively generate, nor – if temporarily reached – firmly guarantee. The hegemonial status of the strongest power in the EU stands on extremely shaky ground – under these circumstances it should be preferable to speak of the half hegemon (Konicz 2016).

Indeed: Germany (still) dominates the European political landscape, albeit the economic supremacy, which during the crisis it could directly translate in the European crisis management along the lines of the 'stability culture', now turns out to be insufficient a power resource to draw upon in order to bring the countries unwilling to participate in getting to grips with the migration crisis in line. There is a double irony here: On the one hand, as much controversial and contested as the stability-cum-austerity has surely been, nobody – except bigot nationalists, far right-wing populists and xenophobes of all shorts – can in the present seriously refute the great humanitarian gesture of MG to commit itself to a policy of unrestricted asylum. Unfortunately, what should have been perceived as a principle-based leadership resting upon the European value of solidarity, is currently considered as one more display of German superiority in terms of moral rigorosity – and correspondingly rejected as authoritarian paternalism.

Secondly, the other aspect of irony attending the fortunes of the German hegemony currently fading pertains of that dimension of anti-crisis politics that MG is responsible for, namely the renationalisation of European politics caused to a great extent by the way the European sovereign-debt crisis has been dealt with (Fischer 2014: 38): the power domination of the creditor over the debtor countries – most notably observed in the ‘stability culture’ – has opened a Pandora's Box of escalating nationalistic resentment, short-sighted pragmatism and anti-European reflexes. This in turn can be traced back to how right from the start crisis management was supposed (for MG) to work at best: By calling upon indebted countries to solve their own problems, the focus of the anti-crisis strategy was from the beginning ‘upstream’ and methodologically of nationalist orientation (Offe 2016; Bischoff/Radke 2015: 111; Varoufakis 2016).

Instead of looking downstream, that is, at European consequences and possible solutions, MG has brought everybody in the EU around to perceive the crisis as in terms of who (allegedly) caused the problem, and consequently of what the ‘wrong-doer’ in question should undertake to get things straight. With the anti-crisis agenda so set, it takes no wonder that the nationalist energies unleashed should but make themselves felt well beyond the conflict-ridden action context comprising of cautious creditors, renitent debtors, anxious taxpayers, reluctant coalition-partners, austerity-hit peoples, discomforted Unionists and reassured Eurosceptics, etc. If, for example, the sovereign-debt crisis was a Greek problem, so was/is the refugee crisis a German problem – as the Hungarian premier not long ago remarked. In this sense, there is a kind of continuity between the previous and the current crisis.

All of the phenomena of renationalising European politics, culminating in the rise all over Europe of right-wing extremist movements and right-wing authoritarian governments, can be said to have at the present converged on the issue of resisting the humanitarian course of MG. The revolt of the unwilling against a collective asylum policy resembles the popular figure of ‘chickens come home to roost’. No lesser than the President of the European Parliament describes the current juncture in the Union as payback-time (Schulz 2015): The markedly negative reaction of most part of the EU-member states to the challenge of forging a EU-policy to manage the refugee crisis should be seen as a form of expressing the remarkable aversion felt across Europe against what has generally been perceived as the odious tenacity with which MG has purported to oblige the rest of Europe to follow the virtuous path of the German stability model. Flexing its muscles, as the Federal Ministry of Finance has demonstratively and repeatedly done, has turned out to be an over-stretch of power. It is one thing for other minor players on the European stage to be aware of being dependent on the effects German economic policies exercise on the European economic and monetary space. It is another, however, to (feel restrained to) bind themselves to what the German governments decide on.

III. The crisis lingers on…

If nobody can dispute that Greece in the last five years has been the epicenter of the euro-crisis, so it is equally obvious that the country still continues to draw eminent attention as it ranks high on the agenda of the European asylum policy. In a way, the two crises run here together, each of them exposing another dimension of deficiencies regarding the sources of cohesiveness in the Union. As far as the refugee crisis is concerned, it is quite difficult to assess whether the recent agreement between the EU and Turkey can be considered a building block of a comprehensive European strategy. Less cumbersome is however to attempt to express strong reservations about the extent to which the EU can live up to its acclaimed reputation of being a solidarity community of nations. Furthermore, one observes that whereas the euro-crisis has from the beginning methodologically been dealt with in terms of divisive nationalist approach, the current desolidarisation largely based on nationalist selfishness, anti-European reflexes and right-wing xenophobism proves to be the result of the renationalising fragmentation managing the effects of the finance and debt crisis under the auspices of the German-led ‘stability culture' has brought in its wake.

Even less exacting is to draw some tentative conclusions about the current state of affairs regarding the Greek debt crisis, which to all appearances just does not want to be done away with. To start with, not even among the group of creditors, made up of European Union, European Stability Mechanism, International Monetary Fund and the European Central Bank, seems to obtain a consensus on whether the Greek credit in its present shape can be considered manageable and sustainable or not, the IWF insisting since last year that a turnabout in the way the issue of debt relief is being dealt with has proved unavoidable.[4] Now, the reason the IMF has not yet committed itself to participating in the third bail-out program for Greece lies in the awkward situation that it is not supposed to fund insolvent governments in the first place.[5] As

[4] This seems to be confirmed by the latest controversies around the WikiLeaks transcript of a purported conversation between IWF-officials: https://wikileaks.org/imf-internal-20160319/ [accessed at: 05.04.2106].

[5] For an interesting interpretation of the current tensions between EU und IMF see Y. Varoufakis (2016): Greece: Endgame for the IMF-EU Feud over Greece's Debt. Available at: http://www.spiegel.de/international/europe/op-ed-yanis-varoufakis-imf-eu-quarrel-over-greece-s-debt-a-1085203.html [accessed at: 03.03.2016].

time passed by, after six years of bail-outs, haircuts, different credit repayment schedules, etc. and with the current Greek debt currently reaching 185% of GDP the IMF has become increasingly impatient with the (Germany-led) EU obviously being decidedly unwilling to reconsider the question of viability of the course so far taken.

Consequently, the crux of the matter seems presently to lie in how far the IMF can exercise pressure on the EU to move in the direction of a debt write-off. This in turn depends on the reaction of MG to the dilemma the IMF presumably wants to confront it with: Cast in terms of cost-benefits calculation the alternative would amount to the question, whether MG can take the responsibility – or even afford – of going ahead with the third bail-out program without the participation of the IMF, or not. In the first case, this would be for MG something of a worst-case scenario, and this out of various reasons: For one thing, failing to comply with the demand of the IMF for a considerable debt relief would jeopardise the whole construction of the EU-IMF cooperation.

Ironically, taking this step would somehow force the latter out, although it MG itself that right from the start resolutely persisted on having the IMF on board. In its absence it will be much more difficult for MG to organise majorities in the German parliament – the relatively great number of MPs from the governing coalition that last year refused to vote for new credits is warning enough. Lastly, if the IMF drops off, then this will presumably be perceived as testifying to the third bailout having all along been faulty. If, on the contrary, parting ways with the IMF is perceived by MG as coming at much too high a cost, then it is difficult at present to see how a turnabout-face, especially on the part of the ultra-austere German Ministry of Finance, could look like. After all, for the latter 'stability culture' means sticking to the rules and unwavering allegiance to principles, which ultimately boils down to staunchly turning every suggestion of restructuring of Greece's debt down – better a temporary 'Grexit' than restructuring an unpayable debt.

However, there is something both IMF and MG (or EU) are not tired of being in ardent agreement on, that is, the inescapability of the Greek side going further down the road of reforms by means of carrying forward with income-sapping austerity measures. Looking back at the course the adjustment of the Greek economy has taken, one can but wonder why after six years of almost ceaseless reform cascades and internal devaluation policies in the country the 'institutions' still see themselves presently forced to take deviating stances on how much more reform is needed, the IMF particularly being at odds with both the Europeans, whose numbers supposedly do not add up, as well as the Greeks, who do not want to push another pension reform forward.[6] It is not quite difficult to lose the thread in this rather tedious squabble over what the primary surplus target should be, how much debt is sustainable, whether offering Greece right now some debt relief would facilitate reaching target objectives or not, why raising more taxes and deeper spending cuts will not once more but prolong the recession, etc. In the face of all this it comes as no surprise that the impatient call for sharp-cut decisions, determinate resolutions and break-through alternatives becomes all the more pressing – in short: why not let Greece go its own way?

To be sure, the issue of leaving the monetary zone ('Grexit') does not currently loom as large as last summer. However, what can presently but be perceived as a rather disquieting discord among the representatives of Greece's creditors has surely something to do with the somehow puzzling bewilderment that surrounds the issue of whether there can at all be a viable solution to the country's ever-deepening crisis. Indeed, it is difficult to avoid the impression not only of a diffused disarray accompanying all the efforts to come to grips with the necessity of providing plausible answers, but also of certain curious discursive coalitions on the issue of the desirability and/or inescapability of Greece returning to the old currency. If the 'Grexit' has wrought some havoc in the European crisis management – as for example last year, as the French government rebuked the German plan to drive Greece out of the Euro –, it has just as well given rise to discursive alliances hardly thought possible before. Leaving beside the right-wings extremists of the Front National rallying for the 'Grexit' as worthy of imitation in the name of national self-determination, the 'Grexit' alternative has proved common battleground for both right- and left-wing critics railing against rescue politics.

These are odd times indeed: When parts of the German Christian Democrats and their political opponent, the Left Party, along with conservative economists and political commentators, put forward almost exactly the same arguments – that is, for Greece being in need of new start without the common currency –, as the former left wing of the party of SYRIZA (now a party called People's Unity), then such argumentative fellow-travelling is remarkable for how the Greek crisis affairs have stirred some confusion in the European discursive landscape. Of course, it is not a matter of coming down with visionary proposals, all-round solutions and

[6] See J. Strupczewski, *Euro zone, IMF split over how much Greece needs to reform* (02.03.2016). Available at: http://www.reuters.com/article/us-eurozone-greece-idUSKCN0W41O0 [Accessed at: 06.04.2016].

redemptive master plans how to get out of the deadlock, which ostensibly characterises the current juncture around attitudes, beliefs and stances on feasibility, practical efficiency, success promising potential, etc. of the exit option. Or is the latter no option at all? With minor differences this seems at present to be the case – at least as regards the situation perceptions and understandings of a sizeable majority in all political camps. Apart from party-political tactics and considerations relating to the European dimension of the issue, the reason for the quite wide consensus on this is that for all arguments that one can deploy to support Greece (monetary) parting ways with the EU (Flassbeck/Lapavitsas 2015) for the sake of its own recovery, there are equally weighty ones testifying to the contrary (Bischoff/Radke 2015: 121ff).

As it appears, neither the (questionable) economic and the political advantages of heading for the way out, nor the current arrangements for keeping Greece in the euro zone can be seen as giving rise to much confidence. It is a rather gloomy picture. The SYRIZA government, forced to its knees last July, cannot help but now comply with the dictates of the 'institutions', rehearsing the (by now well-known) story of budget balance and debt reduction that include deep cuts in public sector jobs and wages, considerable reductions in pensions, raising taxes, fire-sale privatization of state assets, etc. The only difference to the years 2010-2014 seems to lie in the absence of what SYRIZA was intent on regaining: the belief that the Greek people should be able to determine themselves the course the country could embark upon in order to recover. Whether (the fate of) the trajectory of the Greek debt crisis should (on these grounds) be designated a tragedy (Chilas/Wolf 2016) is not something one can be sure about. What, however, can be claimed with some certainty is that the country still staggers under the 'shock-therapy' of the austerity regime, the prospects of summoning political and economic of summoning up regenerative forces being currently rather bleak.

In general, this holds for the Greek society as well, albeit there is a crucial difference between the societal on the one hand, and the economic and political spheres on the other. Greece has not been the country most afflicted by the finance and sovereign debt crisis, but has also in the course of coming to grips with the socio-economic impacts of consolidation and austerity experienced a renaissance of civil society engagement. For the most part beyond the confines of the traditional NGO's activities the nascent forms of citizens' self-organisation have not only provided ample evidence for the considerable amount of resilience Greek society can draw on to meet the far-reaching impacts of the consolidation course. Additionally, they have brought to the fore the question of a thorough-going change in the relations between state and society, ushering in dynamics typical of a vibrant societal self-organisation (Bekridaki 2013; Zafiropoulou 2015).

To all appearances, the manifold initiatives, collectives and activities of civil engagement testify to the need for a renewal of the social contract in Greece, because they function as a mirror-image of the unwillingness of the political system to readjust the relations between state governance and civil society interest articulation. The reform potentials of civil society self-organisation both in the formal NGO and the informal (‘grass roots’) civil society sector can be surveyed over a wide range of civil action forms from networks and cooperatives in the field of social economy, exchange networks and parallel currencies to social health centres and agricultural self-help groups. At least in this field one can catch a glimpse of considerable potentials for renewal.

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