Greece has entered the 21st century with an increasingly modern and prosperous society, a more moderate political scene, and a more complex and cooperative set of international relationships. In nearly every respect, the country is more deeply integrated in Europe and closer to the European mainstream than many observers could have imagined a decade ago. In this respect, Greece has followed a pattern evident across southern Europe since the end of the Cold War. It is also a pattern that has largely eluded Greece’s own neighbors in southeastern Europe and across the Aegean—although here, too, there are now important signs of change.

After decades of economic uncertainty and political turmoil, coupled with an enigmatic and eccentric foreign policy that complicated relations with Europe and Washington, Greece appears transformed on many fronts. Athens has become a member of the European Monetary Union (EMU), confounding skeptics. The European Union’s (EU’s) December 1999 Helsinki Summit confirmed a strategic shift in Athens’ approach to its long-standing adversary, Turkey, and Aegean détente continues to evolve. Even in the wake of the North Atlantic Treaty Organization (NATO) intervention in Kosovo—highly unpopular in Greece—relations with the Alliance and with Washington have probably never been stronger. Traditionally tense relations with Balkan neighbors, especially the Former Yugoslav Republic of Macedonia (FYROM), have improved dramatically, and Athens has remained relatively insulated from conflicts affecting the Levant and the Middle East. The country has been chosen to host the 2004 Olympics, a significant—if stressful—opportunity to raise Greece’s international profile.
A striking feature of these changes is that they have not ended the internal and external debates about the future of Greece and its foreign policy orientation. This continued uncertainty has several sources that, combined, produce considerable unease about whether Greece can successfully consolidate and extend the changes of the past decade or whether challenges in the internal and external environment will make this difficult. The Europeanization of public tastes and preferences on a day-to-day basis, apparent to any observer of the Greek scene, appears well entrenched. But the social and political cohesion that has allowed recent Greek governments to bring the country into line with European economic patterns cannot be taken for granted and may be highly dependent on economic realities beyond control from Athens. Indeed, membership in EMU almost certainly deepens Greek exposure to the consequences of policies set at the European level, not to mention the vagaries of global financial trends. Greece is, of course, not alone in facing this challenge, which it shares with Europe as a whole and the smaller members of EMU in particular. But the situation raises the important question of how much freedom of action Athens will have in setting both domestic and foreign policies in the future.

Uncertainties also abound on the regional scene. One of the most remarkable and positive developments of the past few years has been the Greek ability to pursue a multilateral foreign policy in southeastern Europe and to maintain prosperity and stability in the face of conflict and destructive nationalism in the immediate environment. It is notable that, since the breakup of Yugoslavia, American and European policymakers have repeatedly expressed concern about the potential for Greece and Turkey to be caught up in the pattern of Balkan conflict. Certainly, for Washington, the risk of a Greek-Turkish confrontation as a spillover of Balkan wars served to underline the importance of policy choices vis-à-vis crises in Bosnia; Kosovo; and, most recently, FYROM. In the event, both Athens and Ankara adopted a moderate, cooperative stance in the Balkans—perhaps out of recognition of the depth of Balkan risks. With leadership changes in Belgrade and elsewhere in the region, the risks of further conflicts affecting Greek interests have been reduced but not eliminated. Athens remains highly exposed to the political, economic, and security consequences of conflict and chaos in southeastern Europe. At the same time, the stabilization and reconstruction of the region, including the development of new infrastructure
projects and lines of communication, offer considerable opportuni-
ties for Greek diplomacy and business. Under the right circum-
stances, Athens could emerge as the leading Western actor in south-
eastern Europe and is already playing this role in some areas. This
study emphasizes and assesses the extraordinary Greek stake in the
future stability of its Balkan hinterland, not least, because conditions
in the region will strongly affect Greece’s ability to meet policy
objectives in Europe and across the Atlantic.

Greek-Turkish détente has been emblematic of the “new look” in
Greek policy, and the future of this relationship will have important
implications for the success of Greek foreign policy as a whole. It
could also have important consequences for the country’s internal
evolution. As our analysis will suggest, the recent changes in Greek-
Turkish relations are strategic, even “grand strategic” in nature, and
not simply tactical. Although considerable potential remains for a
deterioration, or perhaps more likely, stagnation, in relations with
Ankara, the risk of conflict is now much reduced. The development
of a truly cooperative relationship between Athens and Ankara would
contribute to security and development across southeastern Europe
and the eastern Mediterranean and would greatly facilitate both EU
and American policy toward Athens and the region. Yet, Greek and
European policies toward Turkey are inextricably linked in the wake
of the Helsinki summit decisions. The prospects for Greek-Turkish
détente and the success of Athens’ own policy toward Ankara now
depend heavily on the positive evolution of relations between Turkey
and the EU. The outlook may also be affected by Turkey’s economic
tolidays and the implications for Turkey’s political future.

Events since the crisis in Bosnia have naturally focused attention on
Greece in southeastern Europe. But Greece has always been con-
fronted with challenges and opportunities emanating from a wider
region, encompassing the Mediterranean, Eurasia, and the Middle
East. New infrastructure proposals, especially oil and gas pipelines
and electric power grids, are the most tangible facet of this wider
environment. The southeastern energy route to European markets is
developing rapidly, with potentially important implications for
regional geopolitics. Under favorable political conditions in the
Middle East, sadly more remote today than at the end of the 1990s, it
would be possible to drive from Paris to Cairo, and even to Morocco
from the east, in an almost complete circuit of the Mediterranean.
Greece is at the center of this integrative potential. Much will depend on whether the Middle East peace process can be revived. Here too, Greece has a potentially important role to play as the EU country geographically closest to the Arab-Israeli conflict. With traditional approaches to the peace process under great stress, new forums and new regional interlocutors may be able to play a more active and useful role.

Greece is also exposed to the negative aspects of an increasingly transregional environment, including refugee flows, cross-border crime, the growing reach of ballistic missiles deployed in the Middle East and around the Mediterranean, terrorism, and spillovers of political violence. It is very likely that these transregional issues will occupy an increasing amount of Greek diplomatic energy over the next decade and will be higher on the agenda in Greek relations with Europe, Russia, and the United States. These challenges may also be a focal point for new efforts at regional security cooperation among Greece, Turkey, Israel, Jordan, and possibly Egypt; these efforts can be linked to existing bilateral cooperation with the United States and NATO allies.

Greece will have an important stake in the evolution of European and Euro-Atlantic institutions and policies, a stake the process of Greek convergence and integration will reinforce. It is quite likely that both the EU and NATO will change in significant ways over the next decade and that transatlantic relations may be redefined, with direct and indirect implications for Greek interests and the Greek role in regional and international affairs. The potential for a serious and more independent European foreign and security policy is among the most significant of these looming changes. Whatever the ultimate form of European defense efforts, many of the leading contingencies will be on or around Greece’s borders, in southeastern Europe and in the Mediterranean. For this reason alone, Greece will be among the countries most strongly affected by the shape of emerging EU initiatives in the fields of foreign policy and defense.

These developments will, in turn, be an important engine of change in the relationship between Athens and Washington. The bilateral relationship has already experienced substantial and positive change. Many observers correctly describe the prevailing relationship as “normalized.” Certainly, it now less strained and unstable, largely as a result of Greece’s progressive Europeanization and the
effect of this on perceptions on all sides. The prospects for the consolidation and extension of the recent changes in Greek foreign policy, the outlook for U.S. engagement in areas of concern to Athens, and the scope for diversification in a relationship that has been heavily security oriented will be key variables for the future.

Finally, beyond regional and transregional questions, Greece faces the common challenge of “globalization”—however this term is interpreted. Like the rest of Europe, Greece confronts issues of competitiveness and identity, especially in relations with the United States. With other societies in southern Europe and around the Mediterranean, Greece faces the narrower but important question of whether small states, with highly individualistic political and business cultures, are at an advantage or disadvantage in a globalized environment. Globalization, especially in its information dimensions, can also be an important stimulus to the expansion of private and civil society organizations in Greece. The development of these organizations can, in turn, offer new avenues for Greek engagement on the international scene (see Vlachos-Dengler, 2001). Non-government actors—whether businesses, civic organizations or educational and research institutions—are especially important vehicles for exercising what Joseph S. Nye, Jr., has described as “soft power.” Greece has many soft power assets—forms of influence based on persuasion rather than coercion—that can contribute to shaping and stabilizing its geopolitical environment.

STRUCTURE OF THE REPORT

This report explores the contours of Greece’s new geopolitical environment and assesses the meaning for Greece and its international partners. What has changed? What is likely to change? What are Greece’s options, not just in response, but with the objective of shaping the geopolitical environment in a favorable manner?

Chapter Two surveys the new geopolitical environment with special attention to transregional trends and their implications for Greek interests and policies. The analysis examines issues in the immediate environment, including the Aegean and the eastern Mediterranean, but also looks beyond these traditional spheres to consider the meaning of developments further afield—in the Middle East, in
Eurasia, and in European and transatlantic settings. This chapter also takes up Greece’s position in the globalization debate.

Chapter Three examines in greater detail the specific challenges and opportunities emanating from southeastern Europe. The analysis takes account of the most recent developments in Serbia and of prospective changes in European and U.S. policy toward the region. The chapter also discusses the complex of issues surrounding Balkan stabilization and reconstruction and points to areas in which Greece can play a particularly active and useful role.

Chapter Four explores the political economy of regional infrastructure developments—transportation, energy (electric power, gas and oil), and telecommunications—focusing on southeastern Europe but looking beyond to the implications of new projects from the Caspian to the Mediterranean and the Middle East. The analysis endeavors to go beyond the prevailing model of geopolitical competition in assessing alternative proposals and pays special attention to integrative and collaborative projects and, in each case, their policy implications.

Finally, Chapter Five offers overall observations, conclusions, and policy directions for Greece and its partners. Taken together, the policy options available to Greece, its European partners (including Turkey), and the United States have considerable potential to shape the geopolitical environment in positive ways and to hedge against unpredictable or unavoidable developments across rapidly changing regions. These conclusions and policy recommendations, indeed our entire analysis, are offered without a specific national perspective. To the extent possible, the study is intended as a view “from above”—or at least, as a synthesis of Greek, European, and American perspectives.

Although not a conference report in any formal sense, the report takes into account comments offered at discussion meetings in the United States and Greece, as well as during a major international conference held in Athens at the end of 2000. Our findings are based largely on the analyses offered in Chapters Two, Three, and Four, written respectively by Ian Lesser, F. Stephen Larrabee, and Michele Zanini, with contributions from Katia Vlachos-Dengler.