In times of crisis the classical linkage between leadership and reform emerges with a renewed relevance. This issue has gained particular importance in the European Union due to its peculiar supranational consensus culture. From the inception of the Communities until the current global economic crisis, the history of integration offers abundant examples of national and EU-wide structural readjustments that have brought to the fore exceptional leadership.

Apart from the very essence of integration, which has dramatically changed the conduct of national politics, the political-economic mix of the European welfare state was meant to close the door not only to communism but also to laissez-faire capitalism, which was held largely responsible for the Crash of 1929. Evidently, the profound crisis caused by war and devastation enabled far-reaching reform on the national level, too, by European statesmen like Konrad Adenauer, Robert Schuman, Alcide de Gasperi and others. A deep recession generated Eurosclerosis in the 1970s, but at the same time prepared the ground for a new social contract in the European Communities, hence triggering their transformation into the European Union, with a monetary union at its core.

The revision of the European Treaties provided a long-lasting agenda-setting reform aimed primarily at promoting the EU’s international economic competitiveness. This reform collided with the expected predominance of the US for quite a few years. In the past two years, however, the US has been in the grip of a bitter economic decline, having to deal with fast-growing competitors from Asia such as China and India. The recurring question regarding the economic sustainability of the euro now involves a further, crucial issue of whether the EU is sustainable in the absence of deeper political integration. The avalanche of national debt crises among
member states in the past year has provoked numerous and often mutually contradicting interpretations of the defects that a common currency suffers when it includes heterogeneous national economies.

The need for fair, strict and strong economic governance is broadly recognised. What is still missing is the balance between supranational and intergovernmental authority in what will ultimately be a wiser economic architecture. Traditionally, intergovernmental cooperation is more effective and convincing when a crisis dictates commitment and fast decision-making. Even the Delors Commission, a symbol of supranational political achievement in EU history, was stimulated by strategic choices made by powerful heads of states and governments, who agreed on the “leap forward”. From this perspective, the EU summits of 2011 could have a lasting effect on the economic and political organisation of both the European Union as well as many of its member states.

Greece, Ireland, Portugal and Spain will certainly be faced with more serious social difficulties in their efforts to link economic stabilisation with drastic domestic political reform. However, the general situation is anything but easy for the stronger members, as they cannot solve single-handedly the problems generated by the common project of the euro. To be sure, national debt crises will provide fuel for heated ideological and political debates as to the overarching cause and identity of the European Union.

With this context in mind, we have dedicated a special section in the Yearbook 2011 to addressing the global economic crisis and the case of Greece. In other essays, issues of leadership and governance point to the synergies between economic and political transformation. Finally, a few selected contributions offer updates on the major global issue of climate change, an issue closely intertwined with growth strategies even though its significance is often overtaken by more narrowly defined economic priorities.

To cope with the economic crisis, Greece has been tied to a long-term programme of fiscal austerity that is meant to undo protectionist and consumerist practices established in the course of the last 30 years. In a full reversal of its pro-spending electoral campaign, the Socialist government that was elected in 2009 resorted to a long-term programme of fiscal austerity, supervised through a novel mechanism set up by the International Monetary Fund, the European Commission and the European Central Bank in the spring of 2010. Overwhelming waves of long-range, painful reforms
are being introduced on the basis of technocratic IMF-EU advice rather than arising from home-grown political planning. As radical cuts in salaries and pensions are implemented horizontally while the tax system remains largely unreformed, broad segments of Greek society are experiencing unfair allocations of the financial burden and are joining the already widespread social unrest. The profound deterioration in the standard of living is coupled with a lack of perspective as to the new social contract that will be born when the Greek economy unfreezes again. This widespread uncertainty is vividly reflected in the growing tendency of the younger generation to pursue educational and employment opportunities in other European countries.

Greece will not be the only EU country to seek a future through IMF-EU support and control. Ireland has already negotiated a parallel solution, while Portugal and Spain have proven vulnerable to the effects of the economic crisis. Rebalancing the impact of the euro on the various Eurozone economies through a fairer structure of rights and obligations that will be carefully monitored will be a great challenge for the EU in 2011.

This volume features analyses of important aspects of the above-mentioned themes. Ioannis A. Mourmouras explains how Greece could exit the economic deadlock with a domestically driven reform that avoids the predictable vicious cycle of deficits and recession. Leszek Balcerowicz examines the crisis in the Eurozone and the instruments developed by the EU to remedy precarious economies. Pyrros Papadimitriou explores fiscal rules and procedures that can stabilise the fiscal situation in the Eurozone. Helene Mandalenakis analyses the effects of the economic crisis on international migration, which can cause explosive conditions in Western societies if left to grow uncontrollably. Ross Fakiolas highlights the structural defects of the Greek economy that have surfaced under the pressure of its debt and fiscal problems. Pantelis Sklias underlines the contribution of the European and global political-economic context to national economic failures, especially in regard to the complexity and political fragility of EU institutions. Harris Mylonas investigates “the deep and proximate causes” as well as the major socio-economic consequences of the economic crisis in Greece, stressing the need to raise competitiveness by fighting deep-rooted disincentives such as nepotism, clientelism and corruption.

Robert Z. Aliber sheds light on the key common features of the four waves of financial crisis that have occurred in the last 35 years, pointing out that unsustainable patterns of cash flow were largely responsible for each of
these crises. Anthony Ioannidis discusses principles and versions of the Social Market Economy, the backbone of post-war European growth. Christos Gortsos examines how financial and political experience arising from the current economic crisis can be incorporated into EU economic governance so as to handle future crises more quickly and effectively than has been the case in past two years. E. S. Savas studies the role of government in generating growth and prosperity, providing several examples of minimalistic economic governance.

Crises often prompt scholars to seek analogies in the past. Revisiting history becomes popular in times of transition to new political and economic perceptions of world affairs. The issue of leadership seems central in such ventures. Sir Michael Llewellyn Smith compares the leadership qualities of three Greek statesmen from the nineteenth and twentieth centuries (Harilaos Trikoupis, Eleftherios Venizelos and Konstantinos Karamanlis) while also exploring both unique and general features of the art of leadership. Christos Dimas outlines the external reformist role of the EU in Greek politics since the 1970s.

In recent years, growth policies have increasingly included considerations of climate change. The fierce competition generated by developing economies that pay minimal attention to this issue has caused scepticism in many Western countries as to the economic viability of green and sustainable economic practices. Rising awareness of the threat of rapid climate change has not yet been fully integrated into political action.

Christos Zerefos highlights some of the most significant results of climate change, focusing on the Mediterranean area, where extreme weather phenomena reveal a rapid destabilisation of the local climate. Emmanuel Kakaras describes major EU policies for expanding renewable sources of energy over traditional ones such coal and oil. Antonia Zervaki closes the volume with an analysis of major EU policies that aim to address the thorny issue of climate change, particularly in vulnerable maritime regions, which serve as key locations for trade, communication and security.

This volume has gathered notable contributions from distinguished scholars and policymakers. We are greatly indebted to all for the excellent cooperation and valuable insights they brought into this joint project.