



**The Future of EU From A Greek Perspective**  
A Lecture by His Excellency Mr George Katrougalos,  
Minister for Foreign Affairs of the Hellenic Republic  
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The talk by His Excellency Mr George Katrougalos on the Future of the EU from a Greek Perspective was timely in view of the recent 2019 European Parliament elections which His Excellency spoke about. He viewed the outcome of the election as generally positive as the voter participation was above 50 percent for the first time in 20 years. He added that there may be three possible ways that a new majority might be formed in the European Parliament: one could be a centre majority led by French President Emmanuel Macron's party LREM and ALDE, another could be a huge coalition of the Left, including Macron, or a third which His Excellency felt was unlikely to be realised: a coalition of the European People's Party with political parties that fell more to the far right of the political spectrum.

Minister Katrougalos made these comments about the recent EU Parliament elections in light of a broader discussion on the confidence EU citizens have in the EU and their national institutions. With an exception of a point in time just before the 2008 global financial crisis where a slight majority of Europeans trusted the EU, majority of EU citizens have otherwise had little trust in the EU and their national institutions. The lowest numbers on this confidence poll was registered at the peak of the global financial crisis in the Eurozone in 2011 with only a third of citizens supporting the EU and an even more dismal proportion supporting their national institutions during this time. The correlation between the economic situation of a country and the amount of trust citizens place in institutions in the Union is not surprising. However, he also cautioned that one

should not jump to the conclusion that the relative decline in political trust co-relates to Europeans' disappointment with the project of European integration.

This sentiment can instead be pinned down to Europeans feeling alienated from European politics. When asked whether they believed their voice counts in the EU or that their participation in political affairs mattered, only 3% of Greeks responded in the affirmative during the crisis. Minister Katrougalos pointed out that this was when Greece had lost a quarter of its national wealth. For comparison, only former Socialist countries after the fall of the Soviet Union in 1991 had experienced a higher percentage of loss in GDP.

Widening his discussion to the polls tracking sentiments in countries besides Europe, a poll showed that majority of the citizens in Western liberal democracies believe their country to be on the wrong track, with the exception of Canada. The country in which the highest number of citizens believe their country is really faring well is China. Even in economies which are more dynamic such as Germany, only a third of Germans believe their country is doing well. Minister Katrougalos provided a few reasons for the general dissatisfaction in Europe, including social inequality, unemployment and healthcare. The "relative implosion of political systems in Western democracies", as he describes it, can be evidenced by events such as the election of US President Donald Trump and Brexit. These events are mere "symptoms of the imbalance between the aspirations, especially of the middle class, and the way the economy and the political system [in these countries] have responded to these aspirations".

The Minister touched on the issue of a huge rise of inequalities in the West by bringing the audience through a history lesson on the changing definitions of poor in Europe as well as how the super wealthy in Western societies have gotten richer since the 1980s. According to the Minister, "one can be employed but still be considered poor today in Europe due to flexible employment". While 80 percent of households in Sweden have a rising income, the situation is reverse in the rest of Europe. In Italy, 90 percent of households had falling, rather than rising or stable, incomes.

On taxation, the average top tax marginal rate (or the percentage which the richest were paying in tax) in OECD countries in the 1980s was 60 percent. Today, it is generally below 30 percent. As an example, the top tax marginal rate for millionaires in the US fell to 29 percent from 70 percent during the first year of Ronald Reagan's presidency. This, to the Minister was "not just a gift to the super rich, but a blow to the Keynesian potential of the state" to spend on social services and investments. A decrease in the percentage of the labour force organised by collective labour in Europe also means that the overall power an employee possesses to negotiate on his or her salary or working conditions is much less than before.

This is carried over and reflected in the level of trust placed in national and regional institutions by citizens in Europe. Inequalities are perceived as accepted due to invisible hand forces of the market and this dissatisfaction goes towards not just those on the receiving end of the decisions, but of the “political system as a whole”. When asked whether they believed the economy is rigged to advantage the rich and powerful, majority of respondents, with the exception of the Swedes, agreed. Although the Minister felt this was an oversimplified question, there was a similar result in another survey conducted by the OECD, with majority of respondents agreeing that the government is run by a few big entities which own big businesses. Sweden remained the exception.

In Europe, there is a rising inequality within and among the member states. While there is a common currency, there is no common fiscal policy. This has resulted in a situation where the gap between dynamic economies such as Germany and the Netherlands and its southern member states continue to grow.

Another major challenge in Europe which occurred as a reflection of a difference in understanding among member states was the 2015 migration crisis. Although the EU Commission has tried to establish some kind of system of burden sharing among member states to host migrants and refugees who knocked on the door of Europe, this did not work because of “the reaction of some states which denied entry altogether”. The Minister pinned this down to “a lot of fear and anger” present in Europe. For the first time since after World War II, Europeans are afraid that their children will lead worse lives than them and this has “translated into an effort to find scapegoats”. In the Weimar Republic in Germany during the 1930s, the scapegoats were the Jews and in Europe today, the migrants and refugees have occupied that place.

This is why the Minister categorised the future of the EU as being “at a crossroads” in a “battle of cultural identity”. There is also a dilemma about whether the future of Europe should consist of an open door policy towards migrants and refugees. In His Excellency’s understanding, Europe is facing an “existential crisis” (quoting Jean Claude-Juncker) not just about its future but also about its character, on whether to continue supporting the European social model of social and political rights or to revert to “a golden nationalistic past which has never existed”.

Interesting questions were asked during the Q-and-A and they ranged from where Europe is headed with regard to climate change to how Greece views China’s Belt and Road Initiative and whether the fear of the far-right in Europe would spread to regions such as Southeast Asia and what implications the results of the recent 2019 European Parliament elections hold for Southeast Asia.