

There is something rather appropriate about Greece being at the centre of the European Union's growing political and economic crises. Greece, after all, is the historical home of democracy and foundation of much of that we associate with Western civilisation. If things fall apart in Greece, the knock-on effects could be profound.

Given that Greece represents less than 2% of European GDP, one might wonder what all the fuss is about. If Greece's economy collapses it will be ordinary Greeks who are the principal victims. In the all-too-likely event that Greece cannot or will not pay its debts, its creditors will survive. As journalist Martin Wolf has [pointed out](#), two-thirds of the loans provided by the IMF and the Eurozone were used to underwrite Greece's outstanding debts.

At the very least, the election of the left-wing Syriza government means that business as usual is no longer possible. This may be no bad thing. Under the existing EU-inspired austerity campaign, unemployment is more than 25% – more than 50% among the young – and the economy has shrunk by more than a quarter from its position before the crisis. No government, let alone one that repudiates the very system that brought this national crisis about, could live with such numbers.

There is no doubt that "Greece" should bear some of the responsibility for the situation it finds itself in. Successive governments played fast and loose with the accession rules when it joined the Eurozone, and the Greek economy was able to take on unsustainable levels of debt as a consequence. But while all Greeks may have enjoyed a short-term boost to living standards, its former political leaders clearly played a greater role in creating the preconditions of the current crisis.

The question now is whether all Greeks and the current government should be held responsible for the actions of a political elite that benefited disproportionately from self-serving, unsustainable policies. If there is no political constituency within Greece that is willing to take responsibility for fulfilling its external obligations, should someone else force them to do so?

This is where the problems of a small, peripheral economy begin to assume an outsize and unlikely importance. If Greece can "get away with" bad behaviour and irresponsibility, will this encourage a chain reaction among similarly indebted, austerity-weary populations in Spain, Italy and elsewhere?

There are two distinct but interconnected questions about the European crisis that will help to determine its outcome. First, is the claim that forcing Greece to accept responsibility for its misdeeds sustainable on normative or technical grounds?

There is an unresolved debate about the merits of austerity versus greater economic stimulus – one that is reflected in the EU's own simultaneous adoption of quantitative easing while insisting that debtors honour obligations. Forcing ordinary Greeks into further penury in such circumstances looks heartless and potentially counterproductive.

The second question is about the role of Europe's de facto hegemon. Will Germany's visceral aversion to fiscal irresponsibility and an increasingly widespread contempt of Greek fecklessness leave little room for compromise? Whatever Angela Merkel's private views on this subject may be, her government may find it difficult to take a lenient view of Greek failings.

It is Greece's location in the political and economic architecture of the EU that makes this crisis so novel and important. Whether or not you agree with Syriza's analysis of the crisis and the best way to restore some sort of prosperity in Greece, does the new government actually have the autonomy, the authority or more importantly the capacity to actually do anything about it? It is one thing to vote for change – it is quite another to enact it.

The reality is that while Greece remains a member of the EU it will have to negotiate with the likes of the European Central Bank (ECB). The ECB for its part needs to take the wishes of the leaders of Europe's most powerful economy seriously. National autonomy for the small, the weak and the dependent is a negotiated and compromised entity at best in such circumstances, despite all the bluster and bravado from Syriza.

There is the nuclear option, of course, in which Greece either quits or is expelled from the Eurozone and perhaps the EU itself. But this would almost certainly guarantee the economic devastation of Greece. An estimated €1bn is being withdrawn from Greek bank accounts every day since the new government came to power.

Devastating as this would be for Greece, the rest of the EU could also be at risk in a way that belies Greece's economic significance. The possibility of a break-up of the Eurozone and perhaps even the EU itself would be back on the agenda.

Greece: many questions, few answers

Written by The Conversation

For all its lack of conventional authority and power and all its problems and diminished status, the paradoxical reality is that Greece is more than just a symbolic threat to the European order.

Mark Beeson does not work for, consult to, own shares in or receive funding from any company or organisation that would benefit from this article, and has no relevant affiliations.

Read more <http://theconversation.com/greece-many-questions-few-answers-37078>