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Leaders and followers: European pre-understanding and prejudice in the  
Greek financial crisis

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The article is published in

*Journal of Intercultural Communication*, 37(2015)

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# **Leaders and Followers: European Pre-understanding and Prejudice in the Greek Financial Crisis**

The secret of success is to understand the point of view of others.

—A quote from Henry Ford displayed in the office of the German Deputy Minister of Finance Jörg Asmussen (In Lewis 2011:139).

## **Abstract**

Drawing upon the principles of hermeneutics, Intercultural Communication analysts maintain that in meetings between cultures, understanding requires pre-understanding. Hans-Georg Gadamer, a central figure in modern hermeneutics, points out moreover that in the movement toward understanding it may be necessary to provoke an unnoticed prejudice. For as long as our mind is influenced by a prejudice, Gadamer explains, we do not consider it a judgment. This article, through an examination of variations in leadership expectations, attempts to provoke the unnoticed western prejudice that is preventing an effective European pre-understanding of Modern Greece. This prejudice, operating unseen by the West, first produced the Greek financial crisis and now threatens to drive Greece away from taking its rightful place in the European family of nations.

**Keywords:** *EEC/EU, History, Intercultural Communication, Leadership expectations, Modern Greece, Pre-understanding, Unnoticed prejudice.*

### **Prologue: English Gold**

In 1824, when the Greeks were three years into their War of Independence against the Ottoman Empire, quite unexpectedly ships carrying consignments of English gold began to arrive in the port where the provisional Greek government had made its base. The gold, in the form of gold sovereigns and Spanish dollars, was the proceeds from a huge loan raised on the London Stock Exchange in support of the Greek cause. For cashed-up financiers in England seeking a safe haven for their accumulated capital, the most attractive investment was in foreign bonds, which were government guaranteed if anything should go wrong. The loan of £900,000, almost ten times the annual tax revenues of the beleaguered provisional government, was wealth beyond even the wildest dreams of the incredulous Greeks.

William St Clair (2008:230) writes that what followed was not merely corruption but rather a kind of “financial anarchy”. Revolutionary chieftains and militia captains from all over the country arrived to demand their share of the money and indeed soon Greeks with any pretention to military status at all were on the government payroll. In an ostentatious display of conspicuous consumption members of militia bands squandered their new-found wealth on

high-end luxury items such as gold-embroidered jackets and silver-mounted pistols, the kind of richly ornamented finery favored by the military classes in Turkey. Hundreds of thousands of pounds were frittered away by the government in an ill-conceived attempt to build a navy, a project which resulted in every rotting hulk in Greece being hastily fitted out to qualify for regular instalments of English gold. Even so, despite the generous disbursement of such largesse from the public purse, observers at the time expressed surprise that so few of the gold coins were to be found in general circulation. For, as is often the case when large amounts of hard currency are suddenly introduced into a backward economy, much of the gold immediately fell into the hands of the wealthiest members of the community who promptly deposited the money in foreign bank accounts, while the common soldiery hoarded the coins, often sewing them into their belts, from where they became a welcome surprise for the enemy when the Greek corpses were stripped on the battlefield.

When the government inevitably defaulted on its loan repayments, in reprisal Greece was excluded from European stock exchanges and cut off from foreign credit and capital, a crippling financial sanction that forced the government to impose punitive austerity measures, the effects of which seriously retarded the prospects of economic recovery for decades to come.

## **Aims and Methodology**

The specific and more immediate aim of this study is to identify, through an analysis of variations in leadership expectations, the locus of accountability for the Greek financial crisis. My methodological approach is historical and sets out from the premise that markedly different histories (experience) can result in markedly different cultures (values, beliefs, assumptions and expectations).<sup>1</sup>

Through an examination of the history of Modern Greece I propose to demonstrate that when European leaders allowed Greece into the European Economic Community (EEC) in 1981, they unknowingly introduced into their midst a markedly different culture, a people who had not experienced the centuries of Europe's Western Tradition and toward whom European leaders could not instinctively apply their customary Western European expectations. For, unknown to most Western European observers, the road that Greece has travelled to reunite with its European origins is quite different from the road experienced by its fellow European nations.

My study centers upon the Intercultural Communication variable of leadership style (Chhokar et al. 2007, Yukl 2013) and focuses in particular on variations in leadership expectations.

The first step toward achieving the above specific aim is the foregrounding of an unnoticed prejudice that uniquely disadvantages Greece as a European Union (EU) member state. In their research into the communication process, Intercultural Communication analysts have recently introduced the concept adapted from hermeneutics that "understanding requires pre-

understanding” (Allwood 1985). Jens Allwood writes that in order to put perceived information into a meaningful context, one must already be in possession of certain stored information (1985:8). That is to say, only when one has “filled in” the delimiting gaps in one’s understanding, is one in a position to understand.

The term *pre-understanding* derives from the German philosopher Hans-Georg Gadamer’s concept of *fore-meaning* (Dahl 2004:28), which in turn connects with two other key terms for this study, *expectations* and *prejudices* (Gadamer 2004:268-306). Gadamer states that according to the principles of hermeneutics, understanding moves constantly from the whole to the part and back to the whole (2004:291). This movement moreover, he explains, involves the anticipation of meaning.

The anticipation of meaning in which the whole is envisaged becomes actual understanding when the parts that are determined by the whole themselves also determine this whole. (2004:291)

The movement toward the understanding of a certain subject matter, that is to say, involves an *expectation* of meaning that follows from the context of what has gone before. Gadamer writes:

It is of course necessary for this expectation to be adjusted if the text (the subject matter) calls for it. This means, then, that the expectation changes and that the text unifies its meaning around another expectation.

(Gadamer 2004:291)

In the movement toward understanding, in other words, expectations previously based on imperfect (not yet “filled-in”) fore-meanings accordingly adjust to reflect more unified understanding.

Gadamer also points out that our fore-meanings may contain prejudices that can hinder understanding and lead to misunderstanding (295).

Foregrounding a prejudice clearly requires suspending its validity for us.

For as long as our mind is influenced by a prejudice, we do not consider it a judgment. How then can we foreground it? It is impossible to make ourselves aware of a prejudice while it is constantly operating unnoticed, but only when it is, so to speak, provoked. (Gadamer 2004:298)

The broader theoretical aim, then, of this study is to provoke an unnoticed prejudice and to necessitate the adjustment of expectations resting on imperfect fore-meanings (pre-understanding).

## **Introduction**

For western civilization Greece presents a unique case, for Greece alone possesses the ancient heritage of Classical Greece. For Western Europe, this uniqueness has produced an unnoticed historical prejudice in its pre-understanding of Modern Greece that has hindered understanding and led to misunderstanding.

In the early Christian tradition of the Roman Empire, the Greek East and the Latin West were once one. But with the fall of the western empire, while the Greek East continued unchanged along the traditional road of Orthodoxy in the East Roman Empire, the European West began developing in its own separate direction. Through the Renaissance for example it acquired its unshakeable identification with the ideal of Classical Greece, while through the Enlightenment it turned from the revealed certainties of religion to embrace the bold new certainties of science. And as Europeans grew confident in their emerging western identity they became increasingly indifferent to the fortunes of their erstwhile co-religionists in the East. They detached themselves from what Gadamer refers to as the “unbroken stream of tradition” (2004:295). And with the passing of the centuries, as the classical ideal of Ancient Greece hardened into an inalienable component of European identity, the Orthodox tradition in the East, a tradition to which the West had originally belonged, sank into oblivion. With the Greek War of Independence in 1821, therefore, when Greece reappeared on the European stage after an absence of two millennia, Western European states turned naturally to their Enlightenment prejudices and



to Ancient Greece for their pre-understanding of Modern Greece. Similarly, Western Europeans today (unable to put perceived information into a meaningful context) base their expectations of the Modern Greeks on the imperfect pre-understanding that Greece is a western culture just like their own.

## **Background**

For Europeans imbued with the ideals of philhellenism that were sweeping Europe in the early nineteenth century, the emergence of Greece from 400 years of Ottoman rule represented the liberation of the subjugated Modern Greeks and the regeneration of the heroic Ancient Greeks. According to St Clair, most Europeans came to assume that the Ancient and the Modern Greeks were the same without bothering unduly about the implications of the assumption (16). This unexamined pre-understanding stemmed from the fact that in the centuries since the Renaissance and the rediscovery of classical learning, the label “Greece” became exclusively associated in the European mind with Ancient Greece and the classical pinnacle of excellence that Europeans had come so much to admire.<sup>2</sup> Moreover, as a grounding in the classics became *de rigueur* in the formal background of the governing classes in Europe, the Golden Age of Greece came to represent the ideal that lay at the very heart of western civilization (Holden 1972:46). After the upheavals of the French Revolution and the Napoleonic Wars in Europe, the Ancient Greek ideal had become the model to which liberal western leaders aspired. Indeed, in the liberal ideal to establish a

politically stable family of nation states in Europe, Greece's "branding value" was such that the inclusion of Greece became a promotional imperative. St Clair writes that by the time of the Greek War of Independence, enthusiasm for Greece in Europe had risen to the pitch of a political force.

It was linked with the ideas of political liberty and national independence, which were spread widely over Europe by the wars of the French Republic and Empire. The leaders of the movements that regarded themselves as representing all that was most humane and progressive claimed Ancient Greece as their model and their guide. (2008:15)

However, the Renaissance and the French Revolution were western events that signally did not take place in the Ottoman Empire. It was only those Greeks who were exposed to western culture, therefore, who were in a position to learn about their ancient past or embrace the western liberal ideals that led to the launching of the Greek Revolution.<sup>3</sup> The vast majority of the Greeks living in mainland Greece where the Greek revolution eventually broke out knew nothing of Ancient Greece and had no notion of what constituted a modern nation state (8). Indeed, the Greeks of the Ottoman Empire never called themselves Greeks (Hellenes) as did the Ancient Greeks, but Christians or Romans, in keeping with their Eastern Orthodox tradition that prevailed unaltered for over a thousand years in the East Roman or Byzantine Empire. For their cultural identity,

therefore, the Greeks of mainland Greece looked steadfastly to the Orthodox Church and saw themselves as the Orthodox Christian inhabitants of a Moslem Empire. Hence, while Europeans saw the Greek War of Independence as a resurgent Ancient Greece reasserting the ideals of Periclean democracy, as St Clair explains:

[These ideas] were, in reality, Western European ideas which had been taken back to Greece by Europeans and Greeks educated in Europe. The classical tradition which lay at the heart of European civilization had been brought back to Greece after an absence of many centuries. (2008:14)

And if mainland Greek military leaders were content to go along with the philhellenic propaganda from Europe, far from a desire to change their familiar eastern system of government, their sole objective was to get rid of the Turks and take their place as rulers. Never for a moment did Europeans suspect that the overwhelming majority of mainland Greeks, the scions of the Ancient Greek exemplars to whom they had vouchsafed such a central role in their vision for an ideal Europe, shared essentially the same eastern scale of values as their Ottoman overlords (25).<sup>4</sup>

Even so, the Modern Greek awakening to an Ancient Greek identity played a central role in the development of the national movement that made independence possible. During the early decades of the Modern Greek State,

therefore, the new consciousness was in the ascendant and Byzantium was downplayed for diverting attention from the national advantage: the possession of glorious ancestors (Politis 1998:14). Greek nationalists put their Orthodox-Byzantine tradition to one side in their eagerness to join European intellectual currents that identified modern democracy with Ancient Greece. Many westernizing Greek intellectuals and politicians, acutely conscious of the universal admiration their ancient heritage evoked in the West, adopted the Enlightenment prejudices of their western admirers, which privileged the achievements of Ancient Greece and rejected Byzantium as insignificant centuries of “priest-ridden obscurantism” (1995:2). Indeed, it was in this spirit, in order to showcase the classical monuments of Athens when the capital was moved there in 1834, that many irreplaceable Byzantine monuments were demolished (Llewellyn Smith 2004:134-5). It is little wonder, therefore, that Europe’s imperfect pre-understanding of the Modern Greek culture went unchallenged.

In the middle of the nineteenth century, however, a critical identity reassessment took place in Greece. Responding to a profound need in their Orthodox sense of self, the Greeks began to replace their borrowed Enlightenment-inspired history with a history of continuity, which, while diminishing nothing of the glories of Ancient Greece, rehabilitated to its deserved place in the Modern Greek culture the glories of the Byzantine centuries. The five-volume, *History of the Greek Nation*, by Constantine

Paparrigopoulos, (1815-91), which appeared in its definitive edition in 1887, re-established in the Greek ethos the central role played by Orthodoxy and Byzantium. Moreover, the *History* was instrumental in articulating for the Modern Greek culture an expectant sense of providential destiny: the reconquest of Constantinople and the recreation of a Byzantine “Greek Empire” (Kitromilides 1998:28-31).

For the West, however, complacent in its Enlightenment version of history and sealed off in any case by the language barrier (Beaton 2009:6), developments in Modern Greek historiography remained as shrouded in darkness as the Byzantine and Ottoman centuries. This state of blissful ignorance was aided and abetted by the Greeks themselves, who as the regenerated Ancients now enjoyed a proprietorial expertise over all things Ancient Greek. In their dealings with the West, therefore, instead of shouting from the rooftops their reinstated eastern identity they took pains to consolidate and reinforce their privileged status as Ancient Greeks through the cultivation of Greek exceptionalism. As Roderick Beaton (2009:4) observes, Greece was presented, not as just one among many Balkan states that had emerged from the dissolution of the Ottoman Empire, but as a special case, “uniquely ancient and therefore like no other”. The West was therefore never obliged to fill in the gaps created by the elided Byzantine centuries and has continued to labor under this imperfect pre-understanding of the Modern Greek culture down to the present day.

## Separate Development

In a *Business Spectator* article on the Eurozone and the Greek financial crisis, Alan Kohler (2012) notes that the roots of the problem go back to the fall of the Roman Empire in 476, which produced a Europe that “no single dynasty ever again controlled”. Whatever the vicissitudes of this period in history, however, the true significance of Kohler’s pronouncement for the Greek financial crisis lies in the history that it leaves out. That is to say, drawing upon the West’s imperfect pre-understanding of Modern Greece, Kohler neglects to add that the Roman Empire did not fall in 476 but continued for another thousand years with its capital at Constantinople. Such western “forgetfulness” (the elided Byzantine centuries) is often attributed to Edward Gibbon, 1737-1794, author of *History of the Decline and Fall of the Roman Empire*, who, in step with the Enlightenment sensibilities of his times, dismissed the East Roman or Byzantine Empire as the triumph of barbarism and Christianity and the betrayal of all that was best in Ancient Greece and Rome (Norwich 1989:25-6). This western historical blindspot—Europe’s unnoticed historical prejudice—is mainly to blame for why European leaders managed so comprehensively to misread the Modern Greek culture.

The blindspot emerges most conspicuously in European nineteenth-century nation building. Western European states seeking to forge a cultural identity turned naturally to the European Middle Ages for the origins of their

national past (Politis 1998:13). Moreover, as indicated earlier, liberal European leaders held up the model of Classical Greece for their vision of an ideal Europe, hence Greece's branding value was a must for the European project. However, as the Greek medieval past was a blank for Western Europeans, in order to invite Greece into the fold it was necessary for the Greeks to move forward Ancient Greece as their national identity and to delete from their culture the intervening two thousand years. Such a demand not only encumbered the emergent Modern Greek nation with an impossible act to follow, it also ignored the greater part of the experience that produced the Modern Greek culture. This lacuna in the western collective memory traces back to the fall of the Roman Empire in the West, from which point the Orthodox East and the Latin West evolved quite separate cultural traditions.

The Christian world was once united in one Ecumenical Church within the administrative boundaries of the Roman Empire. With the fall of the western empire, however, the West began developing in a different direction from its co-religionists in the East. In the year 800 Charlemagne established a rival empire in the West, while in 1095 the Pope proclaimed the First Crusade to the Holy Land. The fourteenth century saw the cultural flowering of the Renaissance, while the fifteenth century witnessed the voyages of discovery to the New World. The sixteenth century brought the cultural upheavals of the Reformation, after which came the Scientific Revolution, Rationalism, the Enlightenment and the French Revolution, bringing in their train the ideals of democracy, the rights

of the individual and the concept of the modern nation state. Technological advances produced the Industrial Revolution, which led in turn to twentieth century modernization, secularization and social and economic reform. These events together comprise the Western Tradition, the shared experience that produced the values, beliefs, assumptions, and expectations upon which the modern western market economies rest.

None of these events took place in the Orthodox East. While the European West was experiencing centuries of continual cultural upheaval, the Orthodox East to a large extent remained only a spectator to these changes. That is to say, when the Eastern Orthodox Greeks reappeared on the European stage in 1821, they had not shared the experience of the Western Tradition. It was not possible, therefore, for the Greeks to possess the western values that European idealism was projecting upon them.

This is not to say that the Greeks knew nothing of the Latin West and looked on with indifference as the centuries passed. On the contrary, after the Byzantine Empire went into decline after the eleventh century, the Orthodox East experienced a long series of reversals, all of which it blames squarely on the treachery of the West.<sup>5</sup> For example, for the Orthodox East, the Great Schism of 1054, which split the church permanently into Orthodox and Latin camps, was the result of Latin insistence on Papal supremacy and the addition to the Nicene Creed of the *filioque*.<sup>6</sup> Then came the betrayal of 1204, when the Venetians diverted the Fourth Crusade from its original objective in the Holy



Land to sack the Christian capital of Constantinople and impiously place a western usurper on the Byzantine throne. In 1453, after the Orthodox Christians had pleaded despairingly for western military assistance against the impending Ottoman threat, the West again invoked the questions of Papal supremacy and the *filioque* and looked on as the Byzantine Empire fell to the Turks and the Greeks descended into 400 years of subjugation under the Ottoman yoke.

Continuing into the modern era, with the establishment of the Modern Greek state in 1832, to appease the Ottoman Porte the western powers intentionally left three quarters of the Greek population outside the borders, thus condemning the fledgling state to a series of ruinous irredentist campaigns. In 1922, after Greece had received a mandate to prosecute its claims in Anatolia, it was again abandoned by the West and the resulting exchange of populations terminated a 2500-year Greek presence on the western littoral of Asia Minor. During the Second World War Greece endured a brutal four-year German occupation, only to be plunged into a fratricidal civil war when western powers excluded the Communist resistance from the post-war government, thus preventing the country from modernizing along with the rest of Europe. In 1967, after suspected western intriguing, a crude military dictatorship took power in Greece, provoking the unauthorized Turkish occupation of northern Cyprus which remains in place to this day.<sup>7</sup> The West also closed ranks against Greece over the Macedonian question when Greek territorial integrity was threatened after the break-up of the former Yugoslavia.

The vast majority of westerners stand uncomprehending in the face of these charges. For the Greeks, however, the long list of betrayals fuels the Modern Greek sense of entitlement, the feeling of justified indignation produced by centuries of perceived western duplicity—the conviction that “they owe us” (Manolopoulos 2011:62).

### **The Ottoman Period**

The most immediate influence on the Modern Greek culture before independence was the four centuries of Ottoman rule that followed the fall of Constantinople. Ottoman rule, which forbade non-Muslims to testify against Muslims, gave rise to an authoritarian and capricious overseeing class whose leadership style produced the corresponding leadership expectations in the Greek subordinate class. This meant that while the Greeks learned to respect a harsh and authoritarian leadership style, overseer capriciousness also gave scope to subordinate opportunism. For as their Turkish overlords stood outside the Greek extended family or ingroup, any leadership lapse could be seized upon by the Greeks as fair game to be exploited for ingroup advantage.<sup>8</sup> Clogg writes that:

The capriciousness of Ottoman rule and the weakness of the idea of the rule of law helped to shape the underlying values of Greek society and to determine attitudes to the state and to authority that have persisted

into the present. (1995:3)

The best defence against social vulnerability was to secure the protection of highly placed patrons who could mediate with those in positions of power and privilege (patron-client dependencies). Another imperative was to trust no one outside one's own extended family circle or ingroup (exclusive ingroup allegiance). That is to say, while Europeans were gaining the shared experience of the Western Tradition that would produce the values, beliefs, assumptions, and expectations upon which the modern western market economies rest, in the Ottoman Empire the Greeks were gaining a shared experience that would encourage suspicion of the state, distrust of outsiders, paying for favors, pulling strings through powerful connections, and learning how best to exploit an authoritarian and capricious leadership style.

### **Ingroups vs. Outgroups**

The legacy from the Ottoman years of strong ingroup loyalties and a corresponding hostility towards outgroups still informs fundamental cultural assumptions and expectations in Greece today. Ingroup/outgroup perceptions are crucial, for example, in workplace relationships between leaders and subordinates. As a general rule, Greece's many family firms and smaller to medium-sized companies are patriarchal in nature and tend to operate as extended ingroups. In larger organizations, however, subordinates may regard a

distant and impersonal management as part of the outgroup to be deceived and outsmarted for the benefit of the ingroup. Even so, as Benjamin Broome (1996:63-5) observes, while it is indeed culturally acceptable for Greeks to exploit outgroup weakness for ingroup gain, it is also possible for the effective manager to establish a personal relationship with subordinates and thus become identified with the ingroup, in which case subordinates respond “with submissiveness, acceptance and warmth”. The first task of the effective leader in Greece, in other words, is to transform the organization into an extended family where all members feel part of the inner group (Papalexandris 2007:784).

Ingroup/outgroup distinctions also play a critical role in determining attitudes toward broader social institutions in Greece, where impersonal collectives such as the state can be perceived as outgroups to be suspected and exploited for ingroup advantage. For example, just as Greeks under Ottoman rule resented the arbitrary *haratzi* or head tax imposed on Christians by the Ottoman authorities (Woodhouse 1968:102), so too is there little incentive in Greece today to pay taxes to a distrusted outgroup when the money could be used to promote ingroup interests (1996:64). And when an inefficient and corrupt tax system expends 85% of its revenues on an inflated public sector and other wasteful expenses, many Greeks feel they are quite justified in their distrust, a lack of civic confidence that perpetuates the endemic tax evasion in Greece (Pryce 2012:58-9). Pointing to this lack of a sense of collectivity, Michael Lewis (2011:82) writes in exasperation that Greek ingroups feel

connected to nothing outside their small worlds, that they behave like “atomized particles, each of which has grown accustomed to pursuing its own interest at the expense of the common good”. Indeed, this corporate deficiency in the Greek society, the absence of a common allegiance to the collective, has been identified by analysts as the major stumbling block for Greece in its quest to take its place in the European family of nations. Nancy Papalexandris (2007:783), writing from the GLOBE project, declares that the development of a sense of the collective is essential if Greeks are to become successful Europeans.

### **Leadership Expectations**

Writing in a context of modern western business culture, Gary Yukl, in *Leadership in Organizations*, gives the following definition of effective leadership.

Leadership is the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives. (2013:23)

Two key variables Yukl notes in the central leadership task of influencing others are (1) leader attributions of followers (the judgments and expectations leaders project upon followers) and (2) follower attributions of leaders (the judgments

and expectations followers project upon leaders) (2013:27).<sup>9</sup> Leaders construct their judgments and expectations of followers based on their perception of follower behavior and performance, while followers construct their judgments and expectations of leaders based on their perception of leader success or failure (225-233).

For effective leaders an awareness of attribution variation is essential, for not only does it allow leaders to validate the judgments and expectations that they have constructed for their followers, it also exposes any unnoticed judgments and expectations that their followers may have constructed for them. If leaders are to effectively influence their followers, in other words, they must first “fill in the gaps” in their knowledge about their followers. Understanding requires pre-understanding. This principle naturally assumes an even greater importance when leaders and followers come from distinctly different cultures, where values, beliefs, assumptions, and expectations can diverge markedly. Yukl writes that:

Leaders are increasingly confronted with the need to influence people from other cultures, and successful influence requires a good understanding of these cultures. Leaders must also be able to understand how people from different cultures view them and interpret their actions. (2013:348)

European leaders have never consistently applied this fundamental leadership principle in their interactions with their Greek followers. By basing their attributions of the Greeks upon their pre-understanding of their *western* followers—by assuming the Greeks to be western like themselves—European leaders not only construct unfounded judgments and expectations for their Greek followers, they also fail to notice judgments and expectations that their Greek followers construct for them. Deceived thus by invalid judgments and expectations from both sides, European leaders are unable to influence their Greek followers “to understand and agree about what needs to be done and how to do it”.

If a study of the Modern Greek leadership style had been commissioned by EEC leaders, it would have revealed that ingroups and outgroups are of paramount importance. Ingroups include family, relatives, close friends and trusted associates and there is a strong sense of loyalty, cooperation and trust between ingroup members. Outgroups, in contrast, are viewed with hostility and mistrust and outgroups exhibiting leadership designs are perceived in a master-slave relationship to be outsmarted and exploited for ingroup advantage (2007:783). Moreover, outsiders are unlikely to be placed in positions of trust or authority, while insiders enjoy special favor (1996:67-83). The first step in any proposed partnership with Greeks, in other words, is to become part of the ingroup.

The study would also have revealed that the most important aspect of workplace interactions in Greece is the personal relationship. Due to the dominance of the family and ingroup loyalties, the Greek leadership style is patriarchal and leaders are seen as the head of a family or extended ingroup. Effective leaders therefore devote the necessary time to develop a personal relationship with their subordinates and to become sensitive to their individual needs. An inseparable component of Greek relationships moreover is the concept of *philotimo*, a cultural construct involving a sense of personal honor and self-esteem that has no direct equivalent in the West. Broome writes:

The Greek *philotimo* is easily bruised, and there is constant emphasis on both protecting and enhancing *philotimo*. Protecting it leads to a concern with losing face, with shielding the inner core of the self from ridicule, and with avoiding actions that would cause loss of respect. (1996:66-7)

The loss of face incurred by an injury to the *philotimo* can do irreparable damage to a personal relationship and may result in permanently driving away the injured party. Indeed, anthropologist Dorothy Lee states that without a knowledge of *philotimo* it is not possible to have a satisfactory relationship with Greeks (in 1996:67).

If European leaders had determined Greek attribution variation before negotiating cross-cultural membership agreements with Greece—if they had



filled in the gaps in their pre-understanding to allow understanding—they would have known about Greek leadership expectations and established a personal relationship to achieve ingroup status. Leadership expectations from both sides would have been valid from the beginning and the Greek financial crisis would have been avoided.

### **Leadership Mistake 1: EEC Leaders Admit Greece Prematurely to the EEC**

During a 1980 debate in the British parliament over Greek membership to the EEC, the Foreign Minister declared that Greece's entry would be a "fitting repayment by the Europe of today for the cultural and political debt that we all owe to a Greek heritage over 3000 years old" (1995:2). European leaders, in other words, had not filled in the gaps of their imperfect 1821 pre-understanding of the Modern Greek culture. Greece was still identified with Ancient Greece, and as the "cradle of democracy" Greece's branding value for the European project of a "United States of Europe" was more indispensable now than ever. This became evident when EEC leaders approved Greece's early entry to the EEC in 1981.

The preliminaries go back to 1961 when Greece signed an Association Agreement with the EEC. Effective from 1962, the agreement provided for a twenty-two year transition period during which Greece, with financial and technical support from the EEC, would be brought more into line socially and

economically with the nine Community states. However, unwilling to lend legitimacy to the military dictatorship that took power in Greece in 1967, the EEC suspended the program after barely five years of operation. With the restoration of democracy in 1974, therefore, when the returning Prime Minister Constantine Karamanlis pushed for a speeding up of the transition process, the program still had seventeen years to run.

With Karamanlis staking his own personal reputation on the venture, in 1975 Greece formally applied for “as full and as rapid accession as possible” to the EEC (CVCE 2012:3). Following standard EEC practice, the European Council requested a report from the European Commission assessing Greece’s candidature. Not surprisingly, in view of Greece’s suspended transition program, the Commission had serious reservations over Greece’s readiness and recommended a new 7-8 year pre-accession period. According to the Commission's report, Greece’s backward economy was incompatible with an internal market designed for developed economies and ill-equipped to absorb the huge injections of aid money designated for Greece (CVCE 2012:3). The European Commission, it seems, wisely anticipated the dangers of sending new consignments of English gold to Greece.

The Commission was not alone in its reservations. Francois Mitterrand, the leading opposition politician in France, publicly echoed the concerns of the nine member states when he declared that the early accession of Greece was in the interests of neither Greece nor the Community and that interim steps were

desirable (ESI 2006:2). Even so, in spite of EEC member-state resistance and in the face of overwhelming expert advice, the European Council overruled the Commission's report and approved the Greek application. Why did European leaders single out Greece for preferential treatment?

For Karamanlis, the dramatic return of democracy to its ancient birthplace happily coincided with an ideological shift within the EEC leadership. Encouraged by the fall of three dictatorships (Portugal, Spain and Greece), EEC leaders undertook to extend the Community's original charter of preserving peace and stability in Europe to include the preservation of democracy. That is to say, from what had been an essentially economic presence in the Mediterranean, the EEC began to place increased importance on its political role (Karamouzi 2013:20). Sensing this shift, Karamanlis pressed for early EEC accession, basing his campaign, not upon economic grounds, which meant certain failure, but upon the political and moral grounds of preserving democracy in the country that EEC leaders liked to hail as the "fount of European civilization" (1995:177).

Perceiving the Commission's report as a personal rebuke, Karamanlis instantly summoned the ambassadors of the nine member states to a meeting in Athens where he condemned the report out of hand as "morally and politically unacceptable to Greece" (Koliopoulos & Veremis 2010:159). Skillfully exploiting the "cradle of democracy" stratagem, in a rhetorical approach described by Eirini Karamouzi (2013:22) as "moral entrapment", Karamanlis

“shamed” EEC leaders into honoring their alleged moral obligations to Greece. By reminding EEC leaders of their debt to Ancient Greece and by capitalizing upon the EEC’s new role as the defender of democracy, Karamanlis shifted EEC entry criteria from economic compatibility to political vulnerability and the issue of Greece’s backward economy was conveniently dropped.<sup>10</sup>

Thanks to Karamanlis, Greece received fast-track entry into an elite financial circle without lifting a finger to change its backward economy. Not surprisingly, therefore, just as in 1824, the greater part of the huge volume of hard currency that streamed into Greece did not find its intended target. As Jason Manolopoulos (2011:8) observes, Andreas Papandreou, whose PASOK socialist party came to power in October 1981, instead of modernizing the economy, awarded favors to trade unions and other interests groups and dispensed patronage to party supporters through political appointments to the civil service on a vast scale. Manolopoulos writes that “in Greece, the 1980’s saw the birth of a ruinously wasteful and corrupt public sector” (8).

Western commentators invariably blame the Greeks themselves for the economic mismanagement of the 1980s, the period now regarded as laying the preconditions for the 2009 financial crisis. However, this judgment fails to take into account the leader-follower relationship between the EEC leadership and the Greeks on the run-up to accession. The Greeks were the candidates making submission to join an elite association and as the aspirant party they looked to the EEC leaders for instruction. On the issue of EEC accession, in other words,

the EEC leaders were the ones calling the shots, not the Greeks. The Greeks, for their part, instinctively operating with the opportunistic expectations instilled by four hundred years of Ottoman rule, perceived the smiling participative EEC leadership style as outgroup weakness and felt justified in exploiting it for all it was worth. Hence, Karamanlis without compunction played the Greek exceptionalism card to jump the queue and achieve ingroup advantage at the expense of outgroup interests, while Papandreou combined party clientism with the “they owe us” factor to divert EEC funds to reward individuals and social groups that had brought him to power (78). Laboring under their unnoticed historical prejudice toward the Modern Greek culture, EEC leaders allowed the Greeks to lead them around by the nose.

The point is that if EEC leaders had removed their rose-colored glasses (if they had filled in the gaps of their imperfect pre-understanding to allow understanding) they would have impatiently dismissed Karamanlis’s overtures and expressly prohibited Papandreou from administering any EEC aid money. They would have behaved like the responsible CEO of any international organization and rejected Greece’s application as premature and instructed the Greeks to complete the necessary pre-accession period. In short, if EEC leaders had refrained from indulging Greece with preferential treatment on the basis of its Ancient Greek heritage, the Greeks would not have been able to lay the basis for their financial crisis and their economy and their national honor would have remained intact.

## **Leadership Mistake 2: EU Leaders Admit Greece Prematurely to the Eurozone**

After securing early membership to the EEC, the Greeks made little attempt to implement a coherent plan of social and economic reform to modernize their economy. As noted earlier, they adjusted their eastern clientist system to suit the new conditions and adopted what might be described as a *laissez-faire* approach to modernization. That is to say, it was expected that EEC membership in itself would mysteriously draw the Greek economy up to the level of the economies of the other member states.<sup>11</sup> Not surprisingly, therefore, in 1999, when EU member states were assessed for economic convergence as a prerequisite for Eurozone entry, no significant improvement had been made to the backward Greek economy and the Greek application was accordingly rejected.

Nevertheless, two years later, EU leaders reviewed Greece's application and judged the Greek economy to have met convergence criteria. Why did EU leaders give Greece a second chance? And how did the Greeks modernize their backward economy in just two short years when they had manifestly failed to do so over the preceding forty years?

If we take a closer look at Greece's Eurozone application, unlike other more circumspect member states, Greece was an enthusiastic supporter of the single currency from the outset and hastened to submit a five-year plan to the European Commission outlining how it would comply with the convergence

criteria.<sup>12</sup> That is to say, in step with their “*laissez-faire*” thinking, the Greeks saw Eurozone membership as a one-off opportunity to transform their country at a single stroke into a rich, advanced, western economy. But while Greek governments demonstrated a flair for bringing key percentages closer to convergence requirements, there was little evidence of the slow and steady progress in the real economy that would enable Greece to compete effectively with the cutting-edge economies to the north. Moreover, the dominant factor in the run-up to convergence was the huge expansion of the public sector. So by the time 1999 came around, Greece was still a backward economy dependent on agriculture, tourism, shipping and a few basic industries, but most of all on the massive spending of a burgeoning public sector. Hence, when the Greek economy came up for assessment, as Matthew Lynn (2011:47-8) observes, “it didn’t just fail by a little, it failed by a mile”.

But then, just as in Karamanlis’s campaign to speed up Greek EEC accession, European idealism stepped in to overturn the decision. For the Greeks, who had staked their future on Eurozone membership, their exclusion was a crushing blow and they immediately appealed to EU leaders for an assessment extension. And despite the proven unfitness of the Greek economy, EU leaders granted the Greeks their request. For, more than a practical economic exercise, for EU leaders the single currency was a vehicle for promoting their ideal for a United States of Europe. Lynn writes:

The euro had never really been designed as an instrument of economic policy. It was, first and foremost, a political currency. It was a way of pushing the states of Europe toward closer integration, of centralizing power, and of turning the separate national economies into a single bloc. It was a grand idealistic project. (2011:50)

For Europe to achieve the greatest possible political integration, the Eurozone needed to include the greatest possible number of member states. Seduced therefore by the prospect of advancing their European ideal, EU leaders gave the Greeks the tacit go-ahead to comply with Eurozone convergence requirements using whatever means necessary, and unsuspectingly they played straight to the heart of the Greek entitlement culture.

It is now well known that with the help of Goldman Sachs Greece falsified its convergence figures to meet Eurozone entry requirements (Lewis 2011:60-3). But in a context of Greek leadership expectations, the EU leadership had winked its encouragement and the Greeks had provided the convergence figures as agreed. That is to say, contrary to the howls of an outraged European media, it was not the Greeks who connived to secure back-door Eurozone entry for Greece, but an unwitting EU leadership. An effective leadership, in sharp contrast, would have known about the Greek entitlement culture and under no circumstances would have allowed a backward Greek economy into the fledgling European single currency. It would have brushed aside earnest Greek



pleading and debarred the Greeks from Eurozone membership until they had dropped their opportunist *laissez-faire* thinking and demonstrated genuine economic convergence. If EU leaders had determined follower attribution variation—if they had filled in the gaps of their pre-understanding to allow understanding—not only would the Greek financial crisis have been avoided with all the attendant benefits, but the Greeks would also be many valuable years down the road toward the essential economic and social reform that will allow them to become successful Europeans. By expecting the Greeks to respond like their western followers, EU leaders did Greece a monumental disservice.

When the magnitude of the Greek debt became known and the gravity of the crisis had finally registered, EU leaders did little to examine their own role in the affair. As they watched the Greeks topple from their impossible pedestal of classical perfection, EU leaders continued unwaveringly to see Greece as a western culture and they blamed the entire debacle on the insubordination of their disgraced improvident followers. No attempt was made to manage the crisis by establishing a personal relationship and becoming the respected and trusted patriarchal leaders of a Greek ingroup.<sup>13</sup> EU leaders, on the contrary, confirmed their outsider status by imposing a punitive regimen of economic discipline, through which they proceeded publicly and energetically to trample upon the Greek *philotimo*. For the Greeks, the West had abandoned them yet

again, and the Greek financial crisis became just one more injury to add to the list of western treacheries.

This is not to suggest that the Greeks are without fault in the events that led to the Greek financial crisis. The financial excesses committed by the Greeks as members of the EEC/EU and the even greater excesses as members of the Eurozone have been widely documented and need not be enumerated again here. But without accession to the EEC and the Eurozone, two decisions for which the EEC/EU leadership must accept full responsibility, the Greeks could not have committed those excesses. Leaders have a duty to “fill in the gaps” in their knowledge about their followers. Understanding requires pre-understanding. The locus of accountability for the Greek financial crisis, therefore, lies with European leadership.

## **Conclusion**

As regards the broader theoretical aim of this study, we may conclude that an historical examination of the Greek financial crisis foregrounds an unnoticed historical prejudice that hinders understanding and leads to misunderstanding. Even so, Intercultural Communication can naturally do no more than attempt to provoke an awareness of an unnoticed prejudice. There exists no formal channel through which a complacent Europe can be compelled to suspend the validity of its prejudice toward Greece and to adjust expectations to reflect more unified understanding. But of one thing we may be certain. So long as Europe harbors

its unnoticed prejudice, it will not consider it a judgment. And, unable to put perceived information into a meaningful context, EU leaders will continue unknowingly to administer their lethal doses of austerity as a cure for the Greek financial crisis and in so doing they risk succeeding, unwittingly, in driving Greece away from taking its rightful place in the European family of nations.

## **Epilogue**

As a member of the Eurozone in 2001, with access to international money markets Greece was able to borrow without restriction on essentially the same terms as an industrial giant such as Germany. Cashed-up financiers looking for a safe haven to place their accumulated capital saw Greek securities as not only government guaranteed but also EU guaranteed. It was as if 1824 had returned and ships laden with consignments of English gold began arriving again in Greece. Only this time the ships arrived not in ones and twos but in armadas. However, when creditors realized that their money was not guaranteed after all, Greece was immediately banned from international money markets and punitive austerity measures were imposed that have seriously retarded the prospects of economic recovery for decades to come. Europe, it seems, has moved no closer to an understanding of the Modern Greek culture since its first romanticizing encounters with the Greeks in 1821.

## **Notes**

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<sup>1</sup> Hans-Georg Gadamer (2004: 217) writes: “What we call experience and acquire through experience is a living historical process; and its paradigm is not the discovery of facts but the peculiar fusion of memory and expectation into a whole.”

<sup>2</sup> The association of the label “Greece” with Ancient Greece has proved so tenacious in the western mind that the prefix “Modern” has been necessary in certain contexts to designate the modern culture. See Beaton (2009:4).

<sup>3</sup> For example, Greek merchant traders and members of the educated Phanariot class, the Greeks from the Greek diaspora in Europe and from the Ionian islands (which remained largely free from Ottoman rule), and those Greeks who had been sent to study in Europe.

<sup>4</sup> Count Ioannis Capodistrias, the western-oriented first President of Greece, described the leaders of mainland Greece as “Christian Turks”. See Clogg (1995:46).

<sup>5</sup> In the dying days of the Byzantine Empire, Eastern Orthodox hatred of the Latin West was so intense that the Grand Duke Lukas Notaras declared that “he would rather that the turban of the Turk prevailed in the ‘City’ (Constantinople) than the mitre of the Catholic prelate” (1995:7).

<sup>6</sup> The West inserted the extra phrase “and from the Son”; in Latin, *filioque*.

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<sup>7</sup> Clogg (1995:165) notes that there is no evidence for western (US) involvement in the coup. Nevertheless, as Eirini Karamouzi (2013:19) observes, “the majority of Greeks remained wedded to this idea”.

<sup>8</sup> In the Greek shadow theatre tradition under Ottoman rule, the Turkish Vizier is often outsmarted by his Greek subordinate, the protagonist Karagiozis. See Myrsiades and Myrsiades (1999:26).

<sup>9</sup> Yukl defines “follower” as one who acknowledges the focal leader as the primary source of guidance. Unlike the term “subordinate”, which assumes a more formal authority relationship, the term “follower” does not preclude leadership processes that can occur even in the absence of a formal authority relationship (2013:24).

<sup>10</sup> At the end of the negotiations, French President Valéry Giscard d’Estaing remarked that “it was impossible to exclude Greece, the mother of all democracies, from Europe”. Later Giscard admitted that it was a mistake to support Greece’s early entry to the EEC (Karamouzi 2013:19-23).

<sup>11</sup> Kitromilides (1998:31) notes a deeply ingrained expectation in the Modern Greek culture of Greece proceeding providentially towards a propitious *telos*. Theodore George Tatsios (1984:106-115) refers to a similar *deus ex machina* thinking that dogged Greek irredentist ambitions from the late nineteenth century. James Pettifer (2013:70-100), meanwhile, connects this sanguine cultural expectancy with the “hopeless over-optimism” of Greek expectations for membership of the EU and the Eurozone.

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<sup>12</sup> Denmark, Sweden and the United Kingdom chose to remain outside the Eurozone.

<sup>13</sup> Vicky Pryce (2012:208) provides a revealing insight into the Greek patriarchal leadership style. Referring to the austerity program imposed on Greece in the wake of the financial crisis, Pryce writes: “The therapy employed to cure Greece hasn’t worked and will not work for as long as the focus lies on securing loan repayments. Like dealing with a naughty child, spoiled by its elders, punishment alone is not the recommended remedy. Coaching and encouragement work better. Write off the broken china and show the children how to set the table properly. Then join them for dinner.”

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