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Challenging the Liberal International Order from Within: Greece and the Politics of Crisis

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Abstract

The Greek sovereign debt crisis of the 2010s offers a revealing lens through which to examine the dynamics of small-state agency and institutional resilience within the liberal international order (LIO). As a peripheral member of the Eurozone subject to unprecedented external surveillance and conditionality, Greece became a focal point for debates about austerity and the authority of liberal institutions. This article analyses Greece's trajectory from crisis to post-crisis recalibration to show how contestation unfolded from within the liberal order. It argues that Greece's challenge took primarily a normative form mobilising appeals to democracy, dignity, and social justice while remaining constrained by the absence of credible exit options.. The article further shows how, following the 2015 confrontation, Greece recalibrated its strategy by aligning more closely with the geopolitical and security priorities of the Euro-Atlantic order, particularly in the Eastern Mediterranean. By tracing this sequence from normative contestation to institutional discipline and strategic adaptation, the article refines existing debates on small-state agency and liberal order resilience. Greece's experience demonstrates how liberal institutions manage internal dissent without collapse, while highlighting the democratic and distributive tensions that such resilience entails.

1. Introduction

The Greek sovereign debt crisis of the 2010s unfolded at a moment of mounting strain within the liberal international order (LIO).[1] What initially appeared as a national fiscal emergency rapidly became a focal point for broader debates about economic governance and the resilience of rules-based international institutions. As a small and peripheral member of the Eurozone, Greece was subjected to an unprecedented regime of conditionality and policy constraint by the European Commission (EC), the European Central Bank (ECB), and the International

Monetary Fund (IMF) – the so-called "Troika". Alongside with the vulnerabilities of the Greek political economy, the crisis exposed deeper tensions within the LIO itself—between stability and flexibility, technocratic authority and democratic legitimacy, formal equality and material asymmetry. [2]

A substantial literature has examined the Greek crisis through the lenses of Eurozone governance and neoliberal adjustment. These accounts have convincingly demonstrated how the institutional architecture of the Eurozone privileged fiscal discipline and creditor interests, limiting the policy autonomy of crisis-hit states and reinforcing asymmetric power relations within the EU.[3] At the same time, scholars of international political economy and European studies have shown how crisis management relied on technocratic insulation and rule enforcement to stabilise the system, even as it generated profound social and political costs in peripheral member states such as Greece.[4]

More recently, attention has turned to questions of agency, particularly the capacity of smaller states to contest, adapt to, or instrumentalise crisis conditions within the LIO. Work on Greece has highlighted both the rhetorical challenge mounted in 2015 by SYRIZA — a formerly marginal coalition of radical-left parties that emerged as the principal political opponent of austerity—and the strategic limits of that challenge in the absence of a credible exit option from the Eurozone.[5] Related analyses have shown how Greek governments attempted to leverage adjacent crises (most notably the refugee influx of 2015–16) as bargaining tools vis-à-vis European partners, only to encounter the structural constraints of European hegemony. [6] In sum, this literature reveals a structural tension at the heart of the LIO: while episodes of political resistance may be highly visible and normatively disruptive, liberal institutions retain a strong capacity to discipline dissent and reassert control.

This article builds on these insights by examining Greece as a critical case of small-state agency under conditions of extreme institutional constraint. Rather than asking whether Greece succeeded or failed in challenging the LIO, it focuses on how contestation unfolded from within it. The central claim is that Greece's crisis politics illuminate the mechanisms through which the LIO manages internal dissent: allowing normative and political challenge to surface, while disciplining its material consequences and ultimately reasserting institutional control. Greece's experience thus helps explain how the LIO can absorb and neutralise internal contestation without systemic breakdown.

Recent scholarship has increasingly challenged the view that the LIO operates solely as a system imposed by dominant Western powers upon compliant peripheral states. Studies of Latin American engagement with the LIO, for example, emphasise that states in the Global South have long interacted with the order in ambivalent and strategic ways invoking its legal and normative principles to contest unequal application, while remaining broadly committed to participation within it.[7] Rather than seeking systemic rupture, these actors have often pressed claims for fairness, reciprocity, and inclusion, exposing the hierarchical operation of liberal rules without rejecting the order as such. Situating Greece within this broader body of work shows that its crisis politics were part of a wider pattern of intra-order contestation. In this context, materially constrained states mobilise normative critiques to challenge asymmetries in governance while remaining embedded within liberal institutions.

As a small and economically dependent member of the Eurozone, Greece lacked credible exit options from core European institutions and remained acutely reliant on external liquidity and support. The analysis traces how Greek governments sought to contest the terms of adjustment while remaining embedded within the institutional structures of the Eurozone. The value of the Greek case lies less in its outcomes than in what it reveals about the conditions that define the

management of internal challenge. Where dissenting actors lack credible exit options, contestation is more likely to expose tensions within the order without producing substantive institutional change.

The article proceeds in six sections. Section 2 situates the Greek crisis within the structural dynamics of the Eurozone and the evolution of neoliberal governance in the LIO. Section 3 examines the rise of SYRIZA and the articulation of a normative challenge to austerity in the period between 2010 and 2015. Section 4 analyses the institutional response of European and international actors, highlighting the mechanisms through which dissent was disciplined and incorporated. Section 5 traces Greece's post-2015 strategic recalibration in foreign and regional policy. The conclusion places the Greek case in comparative perspective, briefly contrasting it with other crisis-hit small states such as Portugal and Ireland, and reflects on what Greece's experience reveals about the capacity of the LIO to manage contestation without collapse.

2. The Eurozone Crisis: Structural Constraints and the Greek Case

The LIO is often defined as an open, loosely rules-based system designed to promote economic interdependence, multilateral cooperation, and the primacy of democratic governance. It operated on the principles of openness and reciprocity, underpinned by institutions that establish rules and norms for managing interdependence and fostering stability among states. This includes not only political and security dimensions but also a robust economic framework aimed at liberalizing trade and ensuring monetary stability.[8] Disorder within the LIO can be understood as the destabilization of these foundational principles. It arises when the openness and flexibility of the system clash with institutional rigidity or when its normative commitments to equity and sovereignty are perceived as compromised.[9]

The global financial crisis of 2008-2009 exposed these tensions with particular force. Originating in the collapse of the U.S. housing market, the crisis rapidly propagated through highly interconnected global financial systems, triggering a sharp contraction in capital flows and liquidity. In Europe, the crisis revealed fundamental design flaws in the Eurozone's monetary architecture. Monetary integration had proceeded without corresponding fiscal or political union, leaving member states with sharply unequal adjustment capacities. Peripheral economies were thus rendered vulnerable to sudden reversals of capital flows while lacking autonomous monetary instruments to absorb shocks.[10]

Greece exemplified these structural vulnerabilities. Long-standing fiscal imbalances, compounded by weak tax collection and opaque financial reporting, left the Greek state acutely exposed when access to international capital markets collapsed.[11] But Greece's predicament cannot be reduced to domestic mismanagement alone. As numerous scholars have argued, the crisis reflected a deeper contradiction within the Eurozone: a common currency amplified divergence between core and peripheral economies, while fiscal rules constrained the ability of weaker states to pursue counter-cyclical policies.[12] In this sense, Greece became a focal point rendering visible which systemic tensions within European and global economic governance.

The policy response to the crisis further entrenched these asymmetries. Successive bailout programmes administered by the so-called 'Troika', a creditor-dominated consortium comprising the EC, the ECB and the IMF, imposed extensive conditionality centred on fiscal consolidation, and structural reforms leading to market liberalisation. While framed as technocratic measures necessary to restore stability, these programmes reflected a broader neoliberal orientation that prioritised rule enforcement and creditor confidence. Governing the

crisis meant relying on insulation strategies that shielded decision-making from domestic political contestation, reinforcing the authority of supranational institutions.[13]

From this perspective, the Greek crisis illustrates a key transformation in the operation of liberal economic governance. Whereas the postwar compromise of embedded liberalism sought to reconcile market openness with domestic social stability,[14] the Eurozone crisis marked a decisive shift towards disciplinary integration. Institutions such as the IMF and the EC increasingly functioned as guardians of market orthodoxy, enforcing adjustment through conditionality.[15] This shift was not unique to Greece, but Greece's position as a small, economically peripheral state rendered the effects particularly acute.

Comparative experience within the Eurozone underscores this point. Ireland, Portugal and Spain encountered distinct but related adjustment pressures within the same institutional framework, although Spain received financial assistance only for its banking sector. Ireland's crisis originated principally in the collapse of a property boom and the resulting banking crisis; Portugal entered the crisis after a prolonged period of weak growth, declining competitiveness and mounting public and external indebtedness. Despite these differences, adjustment took place within a governance architecture that prioritised fiscal consolidation, internal devaluation and compliance with common rules. Greece nevertheless remained exceptional in the depth and duration of its economic contraction and in the extent to which the adjustment destabilised its political system.[16]

Germany's role in shaping the crisis response further highlights the asymmetrical character of Eurozone governance. As the dominant creditor power, Germany strongly favoured IMF involvement to ensure strict conditionality and to reassure domestic audiences that bailout assistance would not undermine fiscal discipline.[17] The incorporation of the IMF lent technical legitimacy to adjustment programmes while reinforcing a model of crisis management that

treated fiscal consolidation as non-negotiable. This alignment between creditor interests and institutional authority narrowed the space for alternative policy paths within the Eurozone.

These dynamics illuminate the structural conditions under which Greece's subsequent political contestation emerged. The Eurozone crisis institutionalised a hierarchy of adjustment that constrained policy autonomy while amplifying the political costs of compliance. Greece's experience thus foregrounds a central tension within the LIO: its capacity to stabilise systemic crises through rule enforcement simultaneously generates conditions of democratic strain, particularly for smaller and economically weaker states. It is against this backdrop of asymmetric integration and institutional rigidity that Greece's crisis politics, and the limits of its resistance, must be understood.

3. Greece's Challenge to the rules of the game

From the onset of the global economic crisis in 2008 to the confrontation of 2015, Greece experienced a severe economic contraction, and an increasing isolation within the Eurozone. As successive governments confronted diminishing fiscal autonomy and mounting social unrest targeted towards domestic elites and external creditors, austerity became a focal point of wider struggles over sovereignty, democracy, and political authority. This section asks: how was political contestation articulated as a challenge to the normative legitimacy of Eurozone crisis governance?

The collapse of Greece's traditional party system formed the immediate political backdrop to this challenge. In 2009, the right-wing government of the leader of New Democracy (ND) Kostas Karamanlis, unable to manage the deteriorating economy, called a snap election. The

election resulted in a resounding victory for George Papandreou's Panhellenic Socialist Movement (PASOK). Although it preceded the bailout-era cleavage between 'pro' and 'anti-austerity' forces, PASOK's 2009 campaign was explicitly opposed to ND's austerity proposals and presented fiscal expansion, redistribution, and growth as alternative means of addressing the downturn.[18]

Confronted after taking office with a far larger deficit than anticipated, rapidly rising borrowing costs, and the eventual exclusion from international bond markets, Papandreou abandoned his campaign commitments to stimulus and redistribution. In May 2010, his government secured emergency financing from the EU and IMF in exchange for extensive fiscal consolidation and structural reforms. This severely damaged PASOK's credibility and contributed to its subsequent electoral collapse. [19]

The deepening economic crisis, combined with the government's reversal and the social costs of austerity, generated successive waves of mobilisation and accelerated an existing erosion of confidence in Greece's political institutions and governing parties.[20] The subsequent formation of technocratic government led by former ECB vice president Lucas Papademos in 2011-2012 further reinforced perceptions that democratic choice had been subordinated to external constraint. These developments contributed to a broader reframing of the crisis as one of democratic authority.

The twin elections of 2012 marked a decisive, if asymmetrical, rupture in the Greek party system. The combined vote share of PASOK and ND fell from 77.4 per cent in 2009 to 32.0 per cent in May 2012, while anti-austerity forces surged on both the radical left and right.[21] PASOK experienced the more profound collapse, losing its status as a principal governing party, whereas ND, despite substantial losses, remained the largest party in both contests and eventually formed a coalition government following the second June 2012 election.

SYRIZA, previously a small party in the parliamentary left, emerged as the principal vehicle for political opposition to austerity drawing support from protest mobilisation and the disintegration of PASOK's electoral base.[22] Meanwhile, the neo-Nazi Golden Dawn exploited the acute socioeconomic dislocatio and declining institutional trust to move from the extra-parliamentary margins into a prominent position within the party system.[23] This polarisation reflected the social costs of fiscal adjustment but also signalled a deeper politicisation of economic governance, as austerity became a central axis of political identity and mobilisation.

In January 2015, SYRIZA formed a governing coalition with the Independent Greeks (ANEL), a right-wing nationalist-populist party created following a 2012 split from ND. Its victory marked the first time since the restoration of democracy in 1974 that an elected party-led government was headed by neither PASOK nor ND, formally breaking their longstanding dominance. The coalition was ideologically incongruous: it brought together the radical left and nationalist right, which diverged on immigration, religion, minority rights, and social policy, but were united principally by opposition to bailout conditionality and a shared rhetorical defence of national sovereignty against externally imposed austerity.

SYRIZA's electoral mandate rested on a promise to renegotiate Greece's bailout terms, recover democratic control over economic policy, and challenge a system of crisis governance that it portrayed as technocratic and insufficiently accountable. Its electoral manifesto proposed debt restructuring and promised an end to austerity. But it did not offer a blueprint for withdrawal from the Eurozone, let alone the EU.[24] Instead, it invoked democracy, social justice, solidarity and dignity, framing its position as an appeal to Europe's foundational value.[25] SYRIZA's political discourse thus sought to expose what it presented as a contradiction between liberal norms and the practices of crisis governance.

This strategy resonated beyond Greece. SYRIZA cultivated alliances with other anti-austerity movements, most notably Spain's PODEMOS, framing austerity as a transnational problem rooted in the institutional design of the Eurozone.[26] These efforts aimed to internationalise Greece's position and reframe its crisis as emblematic of broader systemic dysfunction within European governance. Despite this transnational dimension, Greece remained structurally isolated in the negotiations with its creditors , lacking sufficient coalition support to alter the Eurogroup's position. Having defended their own adjustment programmes, and facing domestic anti-austerity challengers, other crisis-ridden governments in Europe had strong incentives to oppose concessions that might vindicate SYRIZA's strategy.

SYRIZA's emphasis on dignity and democratic legitimacy aligns with Reinhard Wolf's analysis of normative resistance by weaker actors within hierarchical systems. Wolf argues that actors lacking material leverage often mobilise moral claims to contest unequal arrangements and reassert agency. SYRIZA's strategy exemplified this dynamic: by framing austerity as a violation of democratic self-determination and social rights, it sought to shift the terms of debate without possessing the means to enforce material concessions.[27]

The Greek economist Yanis Varoufakis, appointed finance minister in early 2015, became the most visible exponent of this approach. Varoufakis publicly criticised the so-called 'Troika' for enforcing a rigid and self-defeating policy framework that prioritised debt repayment over recovery. His critique did not reject the LIO outright but instead appealed to what he portrayed as its original purpose: to promote stability, growth, and cooperative problem-solving rather than punitive discipline. In this sense, Varoufakis' intervention reinforced SYRIZA's broader strategy of contestation from within. While Varoufakis advocated significant reform of Eurozone governance, neither he nor the party leadership articulated a credible strategy for exit from the Eurozone. The possibility of 'Grexit' (Greek exit from the Eurozone) functioned

primarily as a bargaining signal. Yet, the absence of a viable exit option critically shaped the scope and limits of Greece's challenge, a point that becomes central to understanding the subsequent institutional response.

The rise of SYRIZA and the politicisation of austerity transformed Greece from a largely compliant recipient of adjustment into an active challenger to the rules of euro-area crisis governance. Greece was not entirely without material leverage: at critical moments, the prospect of default or 'Grexit; threatened financial contagion and challenged the presumed irreversibility of monetary union. But this leverage was temporary and progressively weakened as the euro area developed stronger financial safeguards and became better prepared to contain a Greek exit. By 2015, 'Grexit' remained politically costly for Europe but posed a substantially greater economic threat to Greece itself. SYRIZA's late challenge therefore combined normative claims concerning democracy and social justice with a limited and highly asymmetric capacity for material disruption. It contested the legitimacy of the prevailing rules but lacked the power either to overturn them or to secure renegotiation on Greece's terms.

The following section examines how European and international institutions responded to this challenge and how Greek dissent was ultimately disciplined and reincorporated within the existing framework.

4. Institutional Responses and the Limits of Resilience

In early 2015, the SYRIZA government adopted a confrontational approach in its negotiations with the 'Troika' (EC, ECB, IMF) seeking to overturn or substantially revise the austerity conditions attached to Greece's bailout agreements. Greece demanded debt relief, fiscal flexibility, and a shift toward growth-oriented policies, framing these demands as economically rational and democratically legitimate. [28]

At the centre of this strategy was an attempt to expand Greece's bargaining leverage by questioning the credibility and desirability of Eurozone rules as they were being applied. The government sought to mobilise public opinion domestically and internationally, cultivate alliances with sympathetic policymakers and economists, and exploit uncertainty around the potential consequences of a 'Grexit'. This approach reframed the crisis as a systemic failure of European governance, in which austerity undermined recovery and social cohesion.[29]

The response from European and international institutions was swift and coordinated. Rather than engaging Greece's demands on their substantive merits, creditor governments and supranational bodies prioritised the preservation of existing rules and precedents. The German government supported by several northern European states, viewed concessions to Greece as a threat to fiscal discipline and feared that renegotiation would embolden other indebted member states such as Portugal, Spain, or Italy. From this perspective, Greece's challenge was treated as a potential disruption to the broader governance architecture of the Eurozone.

The ECB exercised considerable leverage during the confrontation through its control over the conditions governing liquidity provision to Greek banks. In February 2015, it withdrew the waiver permitting Greek government securities to serve as collateral in ordinary refinancing operations, forcing the banks to rely on more expensive Emergency Liquidity Assistance (ELA). Although the ELA ceiling was repeatedly raised as deposits flowed out of the banking system, the ECB declined to increase it following the announcement of the referendum in late June. The resulting bank closure and capital controls intensified domestic pressure on the government. The use of monetary authority in this context has consequently been interpreted as a disciplinary instrument that demonstrated the practical limits of permissible dissent within the Eurozone.[30]

The July 2015 referendum represented the apex of Greece's confrontational strategy. Called at short notice after negotiations had reached an impasse, it asked voters whether they accepted the terms contained in two creditor working documents centred on fiscal adjustment and structural reform. Although the government formally presented the ballot as a decision on those terms rather than on euro membership, European officials and Greece's domestic opposition framed it as a choice between accepting the programme and risking 'Grexit'. By campaigning for rejection, the Greek government sought to convert popular opposition to austerity into negotiating leverage. The decisive 61.3 per cent "No" vote renewed its domestic mandate but did not appreciably strengthen its position abroad: the proposal identified on the ballot had already expired, the creditors remained unwilling to offer substantial concessions, and most Greek voters opposed leaving the euro. The referendum therefore exposed the limits of democratic mobilisation when it was unsupported by a credible exit option or sufficient institutional and material leverage. In its immediate aftermath, banks remained closed, capital controls continued, and a temporary Greek exit from the Eurozone was openly considered during the ensuing negotiations. [31]

Facing escalating economic risks and isolation within the Eurogroup, the Greek government ultimately accepted the framework for a third bailout at the Euro Summit of 13 July 2015. Greece was not entirely without diplomatic support: France rejected the proposal for a temporary Grexit and played an important mediating role, particularly through the informal negotiations among François Hollande, Angela Merkel and the Greek premier Alexis Tsipras that helped produce the final compromise. [32] The Obama administration likewise pressed both Athens and its European creditors to reach an agreement that would preserve Greece's euro membership, while advocating a combination of structural reform, renewed growth and

measures to secure debt sustainability.[33] These interventions helped avert Grexit, but neither provided support for SYRIZA's attempt to reverse austerity nor fundamentally altered the asymmetry of the negotiations.

With no viable external source of liquidity, the government accepted an agreement that largely reaffirmed the central elements of previous adjustment programmes. Varoufakis' resignation on 6 July, after the referendum but before the final agreement, marked the replacement of the government's confrontational negotiating strategy by a more accommodationist approach oriented towards securing an agreement and preserving Greece's euro membership. [34] The agreement thus closed the acute phase of confrontation and initiated Greece's reintegration into the existing crisis-management framework, a process consolidated by the successful completion of the programme in August 2018, the first of Greece's three adjustment programmes to be carried through to its formal conclusion.

The confrontation between the Greek government and its European and international creditors reveals more than a clash of policy preferences or economic orthodoxies. It illuminates how the LIO manages internal dissent by allowing political and normative contestation to surface while progressively constraining its material consequences. European and international institutions absorbed and redirected opposition, steering conflict back into established governance frameworks.

Throughout the negotiations, Greek attempts to broaden the agenda by invoking democratic mandates, social justice, or debt sustainability arguments were consistently translated into narrower discussions over fiscal benchmarks, programme compliance, and liquidity provision. This process reshaped the terrain on which contestation could operate, privileging technical criteria over political claims. At the same time, the pace of crisis management imposed severe temporal constraints. Deadlines linked to bond repayments and ECB liquidity decisions

compressed decision-making and heightened the costs of delay, weakening Greece's bargaining position and transforming prolonged contestation into a liability.

These dynamics were reinforced by the technocratic organisation of crisis governance. Key decisions were taken in opaque forums such as the Eurogroup, where political disagreement could be reframed as technical necessity and discretionary judgements presented as rule-bound outcomes. Contestation thus remained visible in public discourse but was increasingly neutralised at the institutional level. Appeals to democratic legitimacy were countered by moral narratives of responsibility and credibility, in which compliance with rules was cast as the precondition for solidarity and stability.

These practices reveal a mode of disciplinary incorporation through which the LIO contains internal challenge without fundamental transformation. Greece's dissent was neither meaningless, nor transformative: it exposed tensions within the order and momentarily expanded the space of critique, yet its material effects were tightly circumscribed. The outcome was the reabsorption of the opposition into a system that proved capable of managing contestation while preserving its core institutional architecture.

From an institutional perspective, the 2015 confrontation demonstrated the resilience of Eurozone governance structures. The coordinated response of the EC, ECB, and IMF reaffirmed the authority of established rules and signalled that challenges to fiscal orthodoxy would not be accommodated through renegotiation. The institutional order absorbed the shock by narrowing the range of acceptable policy outcomes and reasserting control over adjustment pathways.

At the same time, the episode exposed the limits of institutional adaptability. The continued prioritisation of programme conditionality and fiscal rules, despite their evident social and

economic costs, reinforced perceptions of democratic deficit and technocratic domination. Critical scholarship interpreted the outcome as evidence that national elections and popular mobilisation carried limited weight when they conflicted with the requirements of Eurozone economic governance. The resolution of the Greek confrontation thus combined institutional stability with political delegitimation: the Eurozone survived, but at the cost of deepening distrust and political disillusionment in Greece and, more broadly, across the European periphery.[35]

5. Small state strategies in the LIO: 2015 and beyond

Following the confrontation of 2015, Greece entered a new phase in its relationship with the LIO, initiated by its acceptance of a third bailout programme and consolidated by the programme's successful completion in 2018. The immediate period of overt contestation gave way to a strategy of pragmatic adjustment aimed at restoring economic stability, repairing relations with key partners, and re-establishing Greece's credibility within Euro-Atlantic institutions. Rather than representing a retreat from agency, this shift reflected a recalibration of strategy under conditions of clearly defined institutional constraint.

Greece's post-2015 strategy illustrates how small states adapt once the limits of confrontation become evident. The acceptance of conditionality did not signal ideological conversion to austerity, but a recognition that continued resistance without credible exit options risked economic collapse and political marginalisation. Adaptation, in this sense, functioned as a means of preserving room for manoeuvre within the order rather than as passive compliance. The return to cooperation reinforced the authority of Eurozone governance while simultaneously enabling Greece to reposition itself as a constructive actor within the system.

Through the implementation of programme commitments and the restoration of fiscal stability, successive Greek governments of different political persuasions sought to overcome the stigma of exceptionalism associated with the crisis years. This normalisation occurred incrementally rather than with the formal conclusion of the bailout alone. Greece returned to regular European economic-policy coordination in 2018, exited the enhanced surveillance framework in August 2022 and regained investment grade status from several major credit-rating agencies in 2023.[36] Although post-programme surveillance remained in place, its less exceptional form indicated Greece's gradual reintegration into the ordinary structures of euro-area governance.

At the same time, Greece pursued a more active foreign policy extending beyond economic adjustment. Post-crisis recalibration involved identifying domains in which Greece could exercise agency without directly challenging the economic rules of the Eurozone. Chief among these was the Eastern Mediterranean, where regional instability, energy competition and changing alignments created opportunities for strategic engagement. Successive governments deepened cooperation with Cyprus, Israel and Egypt through trilateral arrangements and wider regional initiatives, while presenting Greece as a stable Western partner at the intersection of Europe, the Balkans and the Middle East. [37]

These initiatives are best understood as a strategy of nested alignment with the LIO.[38] Greece retained the EU and NATO as the foundations of its economic and security position while developing an additional network of partnerships capable of supplying diplomatic support, military cooperation and regional leverage. Its relationships with Israel, Egypt, the UAE and Saudi Arabia brought Greece into closer strategic cooperation with both liberal and non-liberal, but predominantly Western-aligned, regional states. The result was a form of strategic diversification intended to broaden Greece's sources of diplomatic and security support.

Energy and infrastructure diplomacy formed part of this repositioning. Participation in Eastern Mediterranean energy initiatives, investment in LNG and electricity-interconnection projects, and the development of Alexandroupolis as an energy and military-logistics hub allowed Athens to leverage its geographic position.[39] These activities aligned Greece with European efforts to diversify energy supplies and with US interest in reinforcing the southeastern flank of the Euro-Atlantic area. These developments complicate any treatment of the LIO as a fixed environment. The order confronting Greece after 2015 was not identical to that of 2009. The euro-area crisis was followed by Russia's annexation of Crimea, growing US–China rivalry, Brexit, challenges to US alliance commitments during the Trump presidencies, the war in Gaza and Russia's full-scale invasion of Ukraine. The liberal order became more contested and security-oriented, while the boundaries separating its institutional core from surrounding regional arrangements became increasingly indistinct. Greece's agency therefore evolved alongside the order itself: its economic reintegration coincided with geopolitical diversification at the LIO's southeastern frontier.

Greece's post-crisis strategy consequently entailed more than repairing its international image. Where the crisis years had framed the country as a problem to be managed, Athens increasingly sought to establish itself as a reliable partner, regional hub and potential gateway between the Euro-Atlantic core, the Western Balkans and the Middle East. Adaptation therefore operated as strategic repositioning within, and partly across the contested boundaries of a changing international order. This repositioning gives empirical substance to a central debate in the small-state literature concerning the relationship between vulnerability and agency. Rebecca Pedi's critique of Greece's 'Melian' narrative identifies the risks of responding to structural weakness primarily through claims of victimhood, justice and moral entitlement. Her alternative 'David' strategy emphasizes accurate assessment of the international environment,

careful preparation, alliance-building, reputation and the strategic use of the limited resources available to a small state.[40]

Broader small-state scholarship helps explain why such a strategy might prove more effective. Small states can compensate for limited material capabilities through institutional shelter, policy specialization, reputation-building and collective action, but their influence normally depends on selecting priorities and constructing coalitions rather than relying on discursive appeals alone.[41] Research on euro-area governance similarly demonstrates that outcomes are shaped by the interaction of coercive, institutional and ideational forms of power; ideas can redefine problems and expose legitimacy deficits, but they rarely overcome entrenched institutional and material asymmetries by themselves.[42] Seen in this light, Greece's normative resistance and subsequent strategic adaptation constituted successive, and partly overlapping, forms of agency: the former politicised the constraints of the existing order, while the latter sought to recover room for manoeuvre through credibility, institutional engagement and alliance-building.

6. Conclusion

The Greek debt crisis provides a revealing case of small-state agency within the liberal international order. Greece challenged the terms on which authority was exercised within it. During the crisis, Greek actors invoked democracy, dignity, sovereignty and social justice to contest austerity and technocratic governance. Although the possibility of default or 'Grexit' provided some disruptive leverage, this diminished as the Eurozone strengthened its financial safeguards and became better prepared to contain Greece's departure. By 2015, non-agreement presented considerably greater risks to Greece than to its creditors. Normative contestation

exposed the tensions between liberal principles and crisis-management practices but could not overcome this material asymmetry.

The institutional response demonstrated how an order can absorb internal dissent without accommodating the challenger's central demands. Control over liquidity, programme conditionality and the authority attributed to fiscal rules progressively narrowed the range of feasible choices available to the Greek government. The Eurozone thereby preserved its institutional integrity, but its resilience carried political costs. The marginal influence of electoral mandates and the referendum result reinforced perceptions that crisis governance privileged technocratic authority and creditor confidence over democratic responsiveness. The outcome consequently combined institutional stabilisation with political delegitimation.

Greece's subsequent trajectory shows that accommodation changed the form of its political agency. The completion of the third programme in 2018 initiated a broader process of economic and institutional normalisation. Greece simultaneously sought to recover room for manoeuvre through reputation-building, alliance formation and more active security, energy and regional diplomacy. Its closer relationships with the United States and France, together with partnerships involving Israel, Egypt, the UAE and Saudi Arabia, supplemented its traditional reliance on the EU and NATO. This strategy of nested alignment combined continued institutional embeddedness with diversification across the political margins of the LIO.

The Greek case therefore suggests that resistance and adaptation should not be treated as mutually exclusive alternatives. They can constitute successive and partly overlapping forms of small-state agency. Normative resistance may politicise asymmetry and expose legitimacy deficits, while strategic adaptation can convert institutional membership and geographical position into more limited forms of influence. Neither strategy removes structural constraints;

together they demonstrate that weaker states are not merely passive recipients of international rules.

This argument is necessarily conditional. Portugal, Ireland and Spain also experienced external constraint, but Greece stood out for the severity of its contraction and the intensity with which adjustment became a struggle over democratic authority. Its inability to alter the institutional outcome reflected a particular conjunction of financial dependence, political isolation, restricted coalition support and the absence of a credible and domestically acceptable exit option. Under different conditions, including stronger coordination among debtor states or less costly alternatives to institutional membership, the scope for renegotiation might have been wider.

Nor was the order to which Greece adapted static. Since 2009, geopolitical rivalry, Brexit, uncertainty over US commitments and the return of major interstate war to Europe have made the LIO more contested and security-oriented. Greece's economic reintegration thus coincided with an effort to reposition itself along the order's southeastern frontier, where liberal institutions interact with less formal partnerships and non-liberal states. This raises a broader question about whether such arrangements extend the order or reveal tensions between its normative commitments and geopolitical practices.

Ultimately, the resilience of the LIO lies partly in its capacity to constrain internal challenges while preserving cooperation and reintegrating dissatisfied members. For small states, agency within such an order is genuine but circumscribed: they can politicise rules, expose contradictions and improve their position through coalitions and strategic contributions, but they rarely possess the resources to transform institutional structures unilaterally. Greece's

movement from confrontation to reintegration and diversification therefore shows that small-state agency consists in continually negotiating a position within its changing boundaries.

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